



**BUCKTAIL VOLUNTEER FIREMEN'S RELIEF ASSOCIATION**

**HEREIN REFERRED TO AS:**

**BUCKTAIL VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION**

**CAMERON COUNTY**

**COMPLIANCE AUDIT REPORT**

**FOR THE PERIOD**

**JANUARY 1, 2006 TO MARCH 13, 2007**



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## BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and the Volunteer Firefighters' Relief Association Act, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), the Department of the Auditor General's duty is to audit the accounts and records of every volunteer firefighters' relief association to determine that funds received under the Foreign Fire Insurance Tax Distribution Law, Act of December 18, 1984, (P.L. 1005, No. 205), as amended 53 P.S. § 895.701 et seq. (commonly referred to as Act 205), are properly expended.

The Bucktail Volunteer Firefighters' Relief Association was a charitable organization that was formed primarily to afford financial protection to volunteer firefighters and to encourage individuals to participate in volunteer fire service.

Act 84 governs the overall operation of the volunteer firefighters' relief association. The relief association's bylaws define the specific operational procedures by which the volunteer firefighters' relief association conducts business. To fulfill its primary purpose, Act 84 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 84, it is the responsibility of the volunteer firefighters' relief association to choose investments in a proper and prudent manner.

Volunteer firefighters' relief associations receive public tax monies, and the association officers therefore have a responsibility to the public to conduct the association's financial affairs in a businesslike manner and to maintain sufficient financial records to support the propriety of all association transactions. Volunteer firefighters' relief association officers are also responsible for ensuring that the association operates in accordance with applicable state laws, contracts, bylaws and administrative procedures.

Act 205 sets forth the computation of the Foreign Fire Insurance Tax Distribution paid to each applicable municipality throughout the Commonwealth of Pennsylvania. The amount of the distribution is based upon the population of each municipality and the market value of real estate within the municipality. Upon receipt of this distribution, the municipality must allocate the funds to the volunteer firefighters' relief association of the fire service organization or fire service organizations, which is or are recognized as providing the service to the municipality.

BACKGROUND (Continued)

The Bucktail Volunteer Firefighters' Relief Association was allocated state aid from the following municipality:

<u>Municipality</u>	<u>County</u>	<u>2006</u>
Driftwood Borough	Cameron	\$531

However, as of March 13, 2007, the Bucktail Volunteer Firefighters' Relief Association dissolved its organization. Thereafter, it did not receive any further state aid allocations (see Accompanying Expenditure Information).

The volunteer firefighters' relief association and the affiliated fire service organization were separate, legal entities. The Bucktail Volunteer Firefighters' Relief Association was affiliated with the following fire service organization:

Bucktail Volunteer Fire Department

Mr. Melvin Kehl, President  
BUCKTAIL VOLUNTEER FIREFIGHTERS'  
RELIEF ASSOCIATION  
Cameron County

We have conducted a compliance audit of the Bucktail Volunteer Firefighters' Relief Association pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania, Section 403 of The Fiscal Code, Act of April 9, 1929, (P.L. 343, No. 176), and mandated by the Volunteer Firefighters' Relief Association Act, Act of June 11, 1968, (P.L. 149, No. 84), as amended, 53 P.S. § 8501 et seq. (commonly referred to as Act 84), for the period January 1, 2006 to March 13, 2007. The audit was conducted in accordance with *Government Auditing Standards* applicable to performance audits, issued by the Comptroller General of the United States.

The objectives of the audit were:

1. To determine if the volunteer firefighters' relief association took appropriate corrective action to address the finding contained in our prior audit report; and
2. To determine if the volunteer firefighters' relief association received and expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws and administrative procedures.

Our audit was limited to the areas related to the objectives identified above.

Volunteer firefighters' relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Bucktail Volunteer Firefighters' Relief Association's administration of state aid and accumulated funds complies with applicable state laws, contracts, bylaws and administrative procedures including the safeguarding of assets. In conducting our audit, we obtained an understanding of the volunteer firefighters' relief association's internal controls as they relate to the association's compliance with applicable state laws, contracts, bylaws and administrative procedures significant within the context of the audit objectives. We also tested transactions, confirmed the Bucktail Volunteer Firefighters' Relief Association's investment balance and the cash balance as of March 13, 2007, with the custodian of the funds, and interviewed selected officials to the extent necessary to satisfy the audit objectives.

The results of our audit for the period January 1, 2006 to March 13, 2007, found, in all significant respects, the Bucktail Volunteer Firefighters' Relief Association received and expended funds in compliance with applicable state laws, contracts, bylaws and administrative procedures, except as noted in the following finding discussed later in this report. The results of our tests indicated the Bucktail Volunteer Firefighters' Relief Association expended funds as presented in the accompanying information. However, effective March 13, 2007, the relief association dissolved its organization and all remaining assets were transferred to the Sinnamahoning Volunteer Firefighters' Relief Association (see Accompanying Expenditure Information).

Finding – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain Officer's Bond Coverage

We were unable to discuss the contents of this report with the management of the Bucktail Volunteer Firefighter's Relief Association due to the dissolution of the association. We are providing officials of the Sinnamahoning Volunteer Firefighters' Relief Association with a copy of this report so that they are aware of the conditions of the Bucktail Volunteer Firefighters' Relief Association that were detected during the course of the audit.

November 1, 2007

JACK WAGNER  
Auditor General



BUCKTAIL VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
STATUS OF PRIOR FINDING

NONCOMPLIANCE WITH PRIOR AUDIT FINDING AND RECOMMENDATION

The Bucktail Volunteer Firefighters' Relief Association has not complied with the prior audit finding as further discussed in the following finding noted in the Finding and Recommendation section of this report:

- Noncompliance With Prior Audit Recommendation –  
Failure to Maintain Officer's Bond Coverage

We were concerned with the volunteer firefighters' relief association's failure to correct the previously reported audit finding. There is no recommendation or corrective action for this previously reported audit finding due to the relief association's transfer of monetary assets to the Sinnamahoning Volunteer Firefighters' Relief Association

BUCKTAIL VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
FINDING AND RECOMMENDATION

Finding – Noncompliance With Prior Audit Recommendation –  
Failure to Maintain Officer's Bond Coverage

Condition: As cited in the prior two audit reports, the relief association failed to maintain bond coverage on the disbursing officer, as required by Act 84. The relief association was without bond coverage from September 1, 2001 through the date of this report.

Criteria: Act 84 at 53 P.S. § 8505(c) states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary, or otherwise, shall be bonded by corporate surety for the faithful performance of his duties. The amount of such bond shall be at least as great as the maximum cash balance in current funds of the association at any time during the fiscal year, and the premium on such bond shall be a proper charge against the funds of the association.

Cause: While notified of this condition in the prior two audit reports, relief association officials neglected the Act 84 provision regarding the maintenance of officer's bond coverage.

Effect: As a result of the disbursing officer of the relief association not being bonded, the relief association's cash assets were not adequately safeguarded.

Recommendation: No recommendation is deemed necessary due to the dissolution of the Bucktail Volunteer Firefighter's Relief Association and transfer of assets to the Sinnamahoning Volunteer Firefighter's Relief Association. We are providing the officials of the Sinnamahoning Volunteer Firefighters' Relief Association with a copy of this report so they are aware of the conditions of the Bucktail Volunteer Firefighter's Relief Association that were detected during the course of this audit.

BUCKTAIL VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
 ACCOMPANYING EXPENDITURE INFORMATION  
 FOR THE PERIOD JANUARY 1, 2006 TO MARCH 13, 2007

Act 84 at 53 P.S. § 8502(1) states, in part, that:

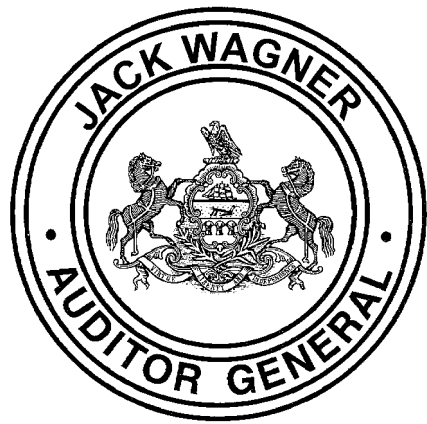
A volunteer firefighters' relief association is an organization formed primarily for the purpose of affording financial protection to volunteer firefighters against the consequences of misfortune suffered as a result of their participation in the fire service. Such an association may also serve other purposes, . . . provided only that adequate provisions be first made to serve its primary purpose. . . .

Act 84 at 53 P.S. § 8506, authorizes the investment of relief association funds and outlines the types of benefits and services that can be provided with volunteer firefighters' relief association funds. All expenditures must be properly authorized as prescribed in the volunteer firefighters' relief association bylaws and approved at an association meeting.

USES OF FUNDS:

Benefit Services:	
Insurance premiums	\$ 1,000
Total Benefit Services	\$ 1,000
Fire Services:	
Equipment maintenance	\$ 105
Total Fire Services	\$ 105
Administrative Services:	
Transfer of monetary assets to Sinnamahoning Volunteer Firefighters' Relief Association*	\$ 2,353
Total Administrative Services	\$ 2,353

\* During the year 2006, the membership of the Bucktail Volunteer Firefighters' Relief Association voted to approve the dissolution of their relief association and the subsequent transfer of assets to the Sinnamahoning Volunteer Firefighters' Relief Association. Effective March 13, 2007, the Bucktail Volunteer Firefighters' Relief Association completed the process of dissolution by transferring its remaining monetary assets to the Sinnamahoning Volunteer Firefighters' Relief Association.



BUCKTAIL VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania

Bucktail Volunteer Firefighters' Relief Association Officers:

Mr. Melvin Kehl, President

Ms. Donna Kehl, Secretary/Treasurer

Sinnamahoning Volunteer Firefighters' Relief Association Officers:

Mr. Melvin Kehl, President

Mr. Bruce Whiteman, Secretary

Ms. Donna Kehl, Treasurer

Reports were also distributed to each municipality, which allocated foreign fire insurance tax monies to this relief association.

Ms. Joyce E. Sherry, Secretary  
Driftwood Borough

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).