

# COMPLIANCE AUDIT

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## Duncott Hose Company Volunteer Firemen's Relief Association Schuylkill County, Pennsylvania For the Period January 1, 2012 to August 28, 2015

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April 2016



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DEPASQUALE  
AUDITOR GENERAL

Mr. John Kellman, Jr., President  
Duncott Hose Company Volunteer  
Firemen's Relief Association  
Schuylkill County

We have conducted a compliance audit of the former Duncott Hose Company Volunteer Firemen's Relief Association (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, as consolidated by the Act of November 23, 2010 (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, for the period January 1, 2012 to August 28, 2015.

The objective of the audit was to determine if the former relief association received state aid 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 objective identified above.

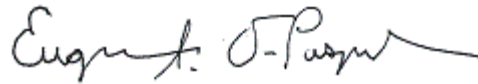
Relief association officers are responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the relief association's administration of state aid and accumulated relief funds complies with applicable state laws, contracts, bylaws, and administrative procedures, including the safeguarding of assets. Relief association officers are responsible for complying with applicable state laws, contracts, bylaws, and administrative procedures. It is our responsibility to perform procedures to obtain sufficient, appropriate evidence to the extent necessary to satisfy the audit objective. We believe that our audit provides a reasonable basis for our conclusions.

Based on our audit procedures, we conclude that, for the period January 1, 2012 to August 28, 2015, the former relief association, in all significant respects, expended state aid and accumulated relief funds in compliance with applicable state laws, contracts, bylaws, and administrative procedures. However, as of August 28, 2015, the former relief association dissolved its organization and subsequently transferred all remaining monetary assets and equipment to the South Cass Citizens Fire Company Relief Association of Primrose.

The supplementary financial information contained in this report is presented for purposes of additional disclosure and analysis. We performed only limited procedures on the supplementary financial information and, accordingly, express no form of assurance on it.

The contents of this report were discussed with the management of the former relief association. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.

April 22, 2016

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

EUGENE A. DEPASQUALE  
Auditor General

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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, as consolidated by the Act of November 23, 2010, (P.L. 1181, No. 118), at 35 Pa.C.S. § 7411 *et seq.*, 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 former 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 118 governs the overall operation of volunteer firefighters' relief associations. The relief association's bylaws define the specific operational procedures by which the relief association conducts business. To fulfill its primary purpose, Act 118 authorizes specific types of expenditures and prescribes appropriate volunteer firefighters' relief association investment options. Within the parameters established by Act 118, it is the responsibility of the 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 that is or are recognized as providing the service to the municipality.

## **BACKGROUND – (Continued)**

The former relief association did not receive any state aid distributions from municipalities during the current audit period. In addition, the former relief association has not received any state aid allocations since 2009, and the former distributing municipality, Cass Township, no longer recognizes the affiliated Duncott Hose Company as a fire service provider for the township.

As of August 28, 2015, the former relief association dissolved its organization. Consequently, the former relief association transferred all remaining monetary assets and distributed all remaining relief association equipment to South Cass Citizens Fire Company Relief Association of Primrose. As a result, we will verify the receipt of such equipment during our next audit of the South Cass Citizens Fire Company Relief Association of Primrose.

The volunteer firefighters' relief association and the affiliated fire service organization are separate, legal entities. The former relief association was affiliated with the following fire service organization:

Duncott Hose Company

DUNCOTT HOSE COMPANY VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
SUPPLEMENTARY FINANCIAL INFORMATION  
FOR THE PERIOD JANUARY 1, 2012 TO AUGUST 28, 2015

Cash Balance:	\$	-
Expenditures:		
Administrative Services:		
Other administrative expenses	\$	<u>66</u>
Other Expenditures:		
Transfer of monetary assets *	\$	<u>50,479</u>

\*Transfer of Monetary Assets/Dissolution of Relief Association.

As of August 28, 2015, the former relief association completed the process of dissolution. Consequently, all remaining monetary assets were transferred to the South Cass Citizens Fire Company Relief Association of Primrose.

DUNCOTT HOSE COMPANY VOLUNTEER FIREMEN'S RELIEF ASSOCIATION  
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

**The Honorable Tom W. Wolf**  
Governor  
Commonwealth of Pennsylvania

Duncott Hose Company Volunteer Firemen's Relief Association Governing Body:

**Mr. John Kellman, Jr.**  
President

**Mr. Cyril Rushanan**  
Treasurer

A report was also distributed to the following municipality, which allocated foreign fire insurance tax monies to this relief association:

**Ms. Evelyn Bergan**  
Secretary  
Cass Township

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: [news@PaAuditor.gov](mailto:news@PaAuditor.gov).