

COMPLIANCE AUDIT

Wheatland Volunteer Firemen's Relief Association

Mercer County, Pennsylvania

For the Period

January 1, 2023, to November 21, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Ms. Te Ata Cornman, Vice President
Wheatland Volunteer Firemen's
Relief Association
Mercer County

We have conducted a compliance audit of the former Wheatland Volunteer Firemen's Relief Association (relief association) for the period January 1, 2023, to November 21, 2024. The audit was conducted pursuant to authority derived from Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania; Section 403 of The Fiscal Code, 72 P.S. § 403; and the Volunteer Firefighters' Relief Association Act ("VFRA Act"), see 35 Pa.C.S. § 7418.

The objectives of the audit were:

1. To determine if the former relief association took appropriate corrective action to address the finding contained in our prior audit report.
2. To determine if the former relief association complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.

Our audit was limited to the areas related to the objectives identified above and was not, nor was it required to be, conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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 association 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 objectives. 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, 2023, to November 21, 2024:

- The former relief association did not take appropriate corrective action to address the findings contained in our prior audit report, as detailed below and discussed in the Status of Prior Findings section of this report.
- The former relief association, in all significant respects, complied with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds, except as noted in the findings listed below and discussed later in this report.

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Hold Relief Association Meetings

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Update The Relief Association Bylaws

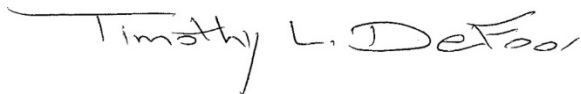
Finding No. 3 – Failure To Maintain Surety (Fidelity) Bond Coverage

Finding No. 4 – Improper Documentation Of Dissolution And Merger

We are concerned by the number of findings noted and strongly encourage timely implementation of the recommendations noted in this audit report.

In addition, as of November 21, 2024, the former relief association completed the process of dissolution and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association.

The contents of this report were discussed with the management of the former relief association and, where appropriate, their responses have been included in the report. We would like to thank former relief association officials for the cooperation extended to us during the conduct of the audit.



Timothy L. DeFoor
Auditor General
October 10, 2025

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BACKGROUND

Pursuant to Article VIII, Section 10 of the Constitution of the Commonwealth of Pennsylvania,¹ Section 403 of The Fiscal Code,² and the Volunteer Firefighters' Relief Association Act ("VFRA Act"),³ 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, commonly referred to as Act 205,⁴ 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.

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

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

¹ Pa. Const. Art. VIII § 10.

² 72 P.S. § 403.

³ 35 Pa.C.S. § 7411 *et seq.*

⁴ 53 P.S. § 895.701 *et seq.*

BACKGROUND – (Continued)

The former relief association was allocated state aid from the following municipalities:

<u>Municipality</u>	<u>County</u>	<u>2023</u>	<u>2024</u>
Wheatland Borough	Mercer	\$3,435	**
Hermitage City	Mercer	*	\$3,416

* During the current audit period, the relief association did not receive an allocation of state aid from Hermitage City in 2023. Municipalities have sole discretion to distribute their annual allocation of state aid received to any relief association providing fire service to the municipality.

** As of January 1, 2024, Wheatland Borough merged with Hermitage City and the allocation of state aid for 2024 was received from Hermitage City.

As of November 21, 2024, the former relief association dissolved its organization. Thereafter, the former relief association did not receive any further state aid allocations.

Based on the relief association's records, its total cash as of November 21, 2024, was \$0, as illustrated below:

Cash	<u>\$</u>	<u>0</u>
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BACKGROUND – (Continued)

Based on the relief association's records, its total expenditures for the period January 1, 2023, to November 21, 2024, were \$17,644, as noted below. The accuracy of these expenditures was evaluated as part of the Department's audit to conclude on the relief association's compliance with applicable state laws, contracts, bylaws, and administrative procedures as they relate to the receipt of state aid and the expenditure of relief association funds.⁵ **The scope of the Department's audit does not include the issuance of an opinion on the accuracy of these amounts.**

Expenditures:

Fire Services:

Equipment purchased	\$ 100
Equipment maintenance	135
Total Fire Services	<u>\$ 235</u>

Other Expenditures:

Transfer of monetary assets *	<u>\$ 17,409</u>
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Total Expenditures	<u>\$ 17,644</u>
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* Transfer of Monetary Assets/Dissolution of Relief Association.

As of November 21, 2024, the former relief association completed the process of dissolution and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association. Consequently, all remaining monetary assets and equipment were transferred to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association. Due to the dissolution of the former relief association, we are providing officials of Joint Hermitage/Patagonia Volunteer Firemen's Relief Association with copies of this report.

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:

Wheatland Volunteer Fire Department

⁵ Accuracy was evaluated for a selection of transactions based on dollar amount, category, and/or random selection.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
STATUS OF PRIOR FINDINGS

NONCOMPLIANCE WITH PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

The former relief association has not complied with the following prior audit findings. These findings are noted below and discussed in detail in the Findings and Recommendations section of this report:

- Failure To Hold Relief Association Meetings
- Failure To Update The Relief Association Bylaws

We are concerned by the former relief association's failure to correct these previously reported audit findings. Since the former relief association dissolved its organization and consequently transferred its monetary assets and equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association's management should strive to implement the recommendations and corrective actions noted in this audit report.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – Noncompliance With Prior Audit Recommendation – Failure To Hold Relief Association Meetings

Condition: The relief association failed to hold regular monthly meetings as required by the relief association's bylaws. As such, the relief association's records may not reflect the approval of all financial transactions that occurred during the audit period.

A similar condition was noted in our prior audit report.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

The relief association's bylaws at Article V, Section 1A states:

Regular meetings of the association shall be the second Tuesday of each month at 6:00 p.m. (18:00 hrs).

Cause: Relief association officials stated that the relief could not meet a quorum throughout the audit period despite the relief association being notified of this condition during the prior audit.

Effect: Without holding regular meetings and maintaining detailed minutes of meetings that address all financial-related transactions, there is insufficient evidence that relief association business was documented and presented before the membership for approval.

Recommendation: Due to the dissolution of the former relief association, copies of this audit report will be provided to the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, to ensure they are aware of conditions identified in the former relief association's operations. We recommend that the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association hold all required meetings and maintain detailed minutes of meetings as required by the VFRA Act and the relief association's bylaws evidencing the discussion and approval of all financial-related business conducted by the relief association and whether quorum requirements were met. For further guidance, please refer to the Auditor General's Publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 1 – (Continued)

Management Response: The former relief association dissolved and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association effective November 21, 2024. Consequently, no response was obtained from the former relief association. However, officials of Joint Hermitage/Patagonia Volunteer Firemen's Relief Association were provided with copies of this audit report for review and consideration.

Auditor's Conclusion: We are concerned by the former relief association's failure to correct this previously reported audit finding. As a result of the dissolution of the former relief association and the subsequent transfer of its monetary assets and equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, it is recommended that the management of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association strive to implement the recommendations outlined in this audit report.

Finding No. 2 – Noncompliance With Prior Audit Recommendation – Failure To Update The Relief Association Bylaws

Condition: The existing bylaws contain outdated language related to conducting business based on Act 84 of June 11, 1968, rather than the VFRA Act.

Criteria: The relief association's bylaws at Article VII, Section G(3) stipulate the following:

All transactions of business of the relief association, shall fall in line with the guidelines of the sole legislation governing the volunteer firemen's relief associations throughout the state, that being commonly referred to as 'State Act 84'.

Furthermore, prudent business practice dictates that the relief association should update its bylaws to ensure that the relief association conducts its affairs in compliance with the VFRA Act.

Cause: The former relief association officials did not provide a reason why it has not updated its bylaws to comply with the VFRA Act despite the relief association being notified of this condition during the prior audit.

Effect: As a result of the relief association not updating its bylaws, the relief association may not have conducted its affairs in compliance with the VFRA Act.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 2 – (Continued)

Recommendation: Due to the dissolution of the former relief association, copies of this audit report will be provided to the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, to ensure they are aware of conditions identified in the former relief association's operations. We recommend that the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association ensure its bylaws are updated to meet the requirements set forth in the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: The former relief association dissolved and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association effective November 21, 2024. Consequently, no response was obtained from the former relief association. However, officials of Joint Hermitage/Patagonia Volunteer Firemen's Relief Association were provided with copies of this audit report for review and consideration.

Auditor's Conclusion: We are concerned by the former relief association's failure to correct this previously reported audit finding. As a result of the dissolution of the former relief association and the subsequent transfer of its monetary assets and equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, it is recommended that the management of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association strive to implement the recommendations outlined in this audit report.

Finding No. 3 – Failure To Maintain Surety (Fidelity) Bond Coverage

Condition: The relief association failed to maintain surety (fidelity) bond coverage on its authorized disbursing officer, as required by the VFRA Act. The relief association's surety (fidelity) bond coverage expired on January 1, 2024.

Criteria: Section 7415(c)(4) of the VFRA Act states, in part, that:

. . . the disbursing officer, whether designated treasurer, comptroller, financial secretary or otherwise, shall be bonded by corporate surety for faithful performance of duty. The amount of the 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 the bond shall be a proper charge against the funds of the association.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 3 – (Continued)

In addition, Article IV, Section 4D of the former relief association's bylaws states:

[The Treasurer] with the Secretary, shall give bond approved by the Executive Board, and held by the President, in a sum approved by the Executive Board conditional upon the faithful performance of his duties. Premium on said bond to be paid for by the association.

Cause: Relief association officials indicated that this was an oversight.

Effect: As a result of the authorized disbursing officer of the relief association not having sufficient surety bond coverage, the relief association's cash balance was not adequately safeguarded in the event the disbursing officer commits a wrongful or fraudulent act. Additionally, without sufficient surety bond coverage, the relief association is not in compliance with the VFRA Act and its bylaws.

Recommendation: Due to the dissolution of the former relief association, copies of this audit report will be provided to the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, to ensure they are aware of conditions identified in the former relief association's operations. We recommend that the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association obtain surety (fidelity) bond coverage on the relief association's authorized disbursing officer in an amount greater than the relief association's maximum cash balance, as required by the VFRA Act. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

Management Response: The former relief association dissolved and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association effective November 21, 2024. Consequently, no response was obtained from the former relief association. However, officials of Joint Hermitage/Patagonia Volunteer Firemen's Relief Association were provided with copies of this audit report for review and consideration.

Auditor's Conclusion: As a result of the dissolution of the former relief association and the subsequent transfer of its monetary assets and equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, it is recommended that the management of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association strive to implement the recommendations outlined in this audit report.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – Improper Documentation Of Dissolution And Merger

Condition: The relief association did not properly document the dissolution of the relief association and the subsequent merger with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association. Specifically, the relief association did not provide meeting minutes documenting the membership's approval of the dissolution and merger or the membership's approval of the transfer of relief association-owned equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association.

Criteria: Section 7415(a) of the VFRA Act states, in part, that the relief association:

. . . must provide for taking and preserving minutes of all meetings and maintenance of such books of account as may be necessary and appropriate to afford a permanent record of its fiscal affairs.

Prudent business practice dictates that the relief association properly document the membership's approval of the dissolution and merger in its meeting minutes. Additionally, the transfer of equipment from the former relief association to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association should be documented and accompanied by a signed receipt from the recipient.

Cause: Relief association officials indicated that the President passed away, so the meeting never took place.

Effect: Without proper documentation, there is no evidence that the relief association's dissolution and subsequent merger with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association was presented before the membership for approval. In addition, without evidence of the equipment transfer, the former relief association is unable to certify the transfer of equipment purchased with relief association funds was properly approved by the membership.

Recommendation: Due to the dissolution of the former relief association, copies of this audit report will be provided to the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, to ensure they are aware of conditions identified in the former relief association's operations. We recommend that the officials of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association maintain detailed minutes of future meetings, evidencing the discussion and approval of all financial-related business conducted by the relief association. For further guidance, please refer to the Auditor General's publication, MANAGEMENT GUIDELINES FOR VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
FINDINGS AND RECOMMENDATIONS

Finding No. 4 – (Continued)

Management Response: The former relief association dissolved and merged with the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association effective November 21, 2024. Consequently, no response was obtained from the former relief association. However, officials of Joint Hermitage/Patagonia Volunteer Firemen's Relief Association were provided with copies of this audit report for review and consideration.

Auditor's Conclusion: As a result of the dissolution of the former relief association and the subsequent transfer of its monetary assets and equipment to the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association, it is recommended that the management of the Joint Hermitage/Patagonia Volunteer Firemen's Relief Association strive to implement the recommendations outlined in this audit report.

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Joshua D. Shapiro
Governor
Commonwealth of Pennsylvania

Wheatland Volunteer Firemen's Relief Association Governing Body:

Ms. Te Ata Cornman
Vice President

Mr. Gary Longwell
Secretary

Ms. Deborah Taylor
Treasurer

Joint Hermitage/Patagonia Volunteer Firemen's Relief Association Governing Body:

Mr. Keith A. Scheuermann
President

Mr. Thomas J. Rollinson
Vice President

Mr. Walter Y. Cowan
Secretary

Mr. Lawrence Clark
Treasurer

WHEATLAND VOLUNTEER FIREMEN'S RELIEF ASSOCIATION
REPORT DISTRIBUTION LIST

The following municipalities allocated foreign fire insurance tax monies to the former relief association and received a copy of this report:

Ms. Danielle E. Wanner
Secretary
Wheatland Borough

Mr. Gary Hinkson
City Manager
Hermitage City

This report is a matter of public record and is available online at 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.