ATTESTATION ENGAGEMENT

Township of East Pennsboro

Cumberland County, Pennsylvania

21-101

Liquid Fuels Tax Fund

For the Period

January 1, 2014 to December 31, 2015

October 2016

Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DEPASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Leslie Richards
Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of East Pennsboro, Cumberland County, for the period January 1, 2014 to December 31, 2015. The municipality's management is responsible for the Forms MS-965. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Township of East Pennsboro, Cumberland County's Forms MS-965 for the period January 1, 2014 to December 31, 2015 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each municipality's Liquid Fuels Tax Fund to ensure that funds received are expended in accordance with applicable laws and regulations. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 403 of *The Fiscal Code*.

As described in Note 4, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of East Pennsboro, Cumberland County, for the period January 1, 2014 to December 31, 2015, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Forms MS-965 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over reporting on the Forms MS-965 was for the limited purpose of expressing an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of East Pennsboro, Cumberland County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts on the Forms MS-965. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note matters that, while not required to be included in this report by *Government Auditing Standards*, have been included in the findings below:

- Documentation For Price Quotations Was Not Available For Examination.

- Nonpermissible Expenditure.

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of the Township of East Pennsboro, Cumberland County, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the courtesy extended by the Township of East Pennsboro, Cumberland County, to us during the course of our examination. If you have any questions, please feel free to contact Michael B. Kashishian, CPA, CGAP, CFE, Director, Bureau of County Audits, at 717-787-1363.

October 5, 2016

Eugene A. DePasquale
Auditor General

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TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, (72 P.S. § 2615.5 et sec.), provides municipalities other than counties (townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state, and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

The Vehicle Code, Title 75 P.S. § 9511, provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit their allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In this case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).

2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. Publication 9, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31st and the Survey of Financial Condition By March 15th.

4. Insure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.

5. Insure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2014 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments (Note 4)	Adjusted Amount
Major equipment purchases	$ 159,240.47	$ (14,644.47)	$ 144,596.00
Minor equipment purchases	2,403.53	(2,403.53)	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	216,614.42	-	216,614.42
Traffic control devices	3,752.55	-	3,752.55
Street lighting	156,738.95	-	156,738.95
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	17,048.00	17,048.00
Maintenance and repair of roads and bridges	12,451.02	-	12,451.02
Highway construction and rebuilding projects	167,862.80	-	167,862.80
Miscellaneous (Note 6)	-	8.33	8.33
Total (To Section 2, Line 5)	$ 719,063.74	$ 8.33	$ 719,072.07

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2014 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments (Note 4)	Adjusted Amount
1. Balance, January 1, 2014	$ 351,623.74	$ -	$ 351,623.74
Receipts:			
2. State allocation	470,921.92	-	470,921.92
2a. Turnback allocation	9,480.00	-	9,480.00
2b. Interest on investments (Note 3)	830.27	-	830.27
2c. Miscellaneous (Note 5)	2,438.00	8.33	2,446.33
3. Total receipts	483,670.19	8.33	483,678.52
4. Total funds available	835,293.93	8.33	835,302.26
5. Expenditures (Section 1)	719,063.74	8.33	719,072.07
6. Balance, December 31, 2014	$ 116,230.19	$ -	$ 116,230.19

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2014 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments (Note 4)	Adjusted Amount
1. Prior year equipment balance	$ 196,774.44	$ -	$ 196,774.44
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	96,080.38	-	96,080.38
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	292,854.82	-	292,854.82
5. Less: Major equipment expenditures	159,240.47	(14,644.47)	144,596.00
6. Remainder	133,614.35	14,644.47	148,258.82
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 116,230.19	$ -	$ 116,230.19

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2015 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments (Note 4)	Adjusted Amount
Major equipment purchases	$ 128,600.78	$ -	$ 128,600.78
Minor equipment purchases	1,220.90	-	1,220.90
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	223,642.27	-	223,642.27
Traffic control devices	17,004.68	-	17,004.68
Street lighting	159,256.56	-	159,256.56
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	13,562.31	-	13,562.31
Highway construction and rebuilding projects	58,481.81	-	58,481.81
Miscellaneous (Note 7)	-	430.00	430.00
Total (To Section 2, Line 5)	$ 601,769.31	$ 430.00	$ 602,199.31

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2015 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments (Note 4)	Adjusted Amount
1. Balance, January 1, 2015	$ 116,230.19	$ -	$ 116,230.19
Receipts:			
2. State allocation	518,138.83	-	518,138.83
2a. Turnback allocation	9,480.00	-	9,480.00
2b. Interest on investments (Note 3)	615.04	-	615.04
2c. Miscellaneous (Note 5)	1,918.00	430.00	2,348.00
3. Total receipts	530,151.87	430.00	530,581.87
4. Total funds available	646,382.06	430.00	646,812.06
5. Expenditures (Section 1)	601,769.31	430.00	602,199.31
6. Balance, December 31, 2015	$ 44,612.75	$ -	$ 44,612.75

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2015 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 116,230.19	$ -	$ 116,230.19
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	105,523.77	-	105,523.77
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	221,753.96	-	221,753.96
5. Less: Major equipment expenditures	128,600.78	-	128,600.78
6. Remainder	93,153.18	-	93,153.18
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 44,612.75	$ -	$ 44,612.75

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

1. Criteria

Section 1

This section of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

- Major equipment purchases are purchases of road machinery and road equipment with varying yearly costs in excess of the amounts indicated below:

2012	2013	2014	2015/2016
$10,000.00	$10,200.00	$10,300.00	$10,500.00

- Minor equipment purchases are purchases of road machinery and road equipment with varying yearly costs, or less, than the amounts indicated below:

2012	2013	2014	2015/2016
$10,000.00	$10,200.00	$10,300.00	$10,500.00

- Agility projects are exchanges of services with the Department of Transportation.

Section 2

This section of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation was received from the Department of Transportation in March of each year beginning in 2014. The amount the municipality receives is based half on its population and half on its road mileage.

- The turnback allocation was received from the Department of Transportation in March of each year beginning in 2014. A municipality receives a yearly turnback allocation based on road mileage for all roads that were transferred to the municipality from the Commonwealth of Pennsylvania through the Highway Transfer Program.

1. Criteria (Continued)

Section 2 (Continued)

- Expenditures include the total transferred from Section 1.

Section 3

This section of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

Basis Of Presentation

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Forms MS-965 have been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Forms MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

1. Criteria (Continued)

Basis Of Accounting

The accompanying Forms MS-965 With Adjustments are prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

General Fixed Assets

General fixed assets are recognized as expenditures at the time of purchase. No depreciation has been provided on the heavy equipment used to maintain and repair roads and bridges.

2. Deposits

The First Class Township Code, Title 53 P.S. § 56705.1, authorizes the township to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.

- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in a financial institution. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

2. Deposits (Continued)

There were no deposits exposed to custodial credit risk as of December 31, 2015. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

Fund Balance

The fund balance as of December 31, 2015, consists of the following:

Cash	$44,612.75

3. Interest On Investments

Our examination disclosed that the municipality deposited idle liquid fuels tax money in an interest-bearing account which earned $830.27 during 2014, and $615.04 during 2015, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2014 - Section 1

Adjustments were made to "Major equipment purchases," "Minor equipment purchases," and "Repairs of tools and machinery" because expenditures of $17,048.00 were misclassified.

An adjustment of $8.33 was made to "Miscellaneous" because a transfer in error to the Payroll Fund was not reported (see Note 6).

2014 - Section 2

An adjustment of $8.33 was made to "Miscellaneous" because a reimbursement for a transfer in error was not reported (see Note 6).

4. Adjustments (Continued)

2014 - Section 3

An adjustment of $(14,644.47) was made to "Major equipment expenditures" to reflect the adjustment made to major equipment purchases in 2014 - Section 1.

2015 - Section 1

An adjustment of $430.00 was made to "Miscellaneous" because a bank error was not reported (see Note 7).

2015 - Section 2

An adjustment of $430.00 was made to "Miscellaneous" because a reimbursement for a bank error was not reported (see Note 7).

5. Miscellaneous Receipts

The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during the examination period:

Source	Description	2014	2015
General Fund	Reimbursement (Summary of 2011-2012 Examination Recommendation)	$2,438.00	$ -
Payroll Fund	Reimbursement for transfer in error (Note 6)	8.33	-
General Fund	Reimbursement (Finding No. 2)	-	1,918.00
General/Sewer Revenue Funds	Reimbursement for bank error (Note 7)	-	430.00
Totals		$2,446.33	$2,348.00

6. Transfer In Error

On June 2, 2014, the municipality transferred $8.33 from its Liquid Fuels Fund to its Payroll Fund in error. On December 12, 2014, the municipality transferred this amount from its Payroll Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

7. Bank Error

On November 9, 2015, the municipality's financial institution posted General/Sewer Revenue Funds check No. 57293 for $430.00 from the Liquid Fuels Tax Fund. On December 8, 2015, the municipality's financial institution reversed the transaction to correct the bank error.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

Finding No. 1 - Documentation For Price Quotations Was Not Available For Examination

Our examination disclosed that the township expended $18,619.60 during 2014 from the Liquid Fuels Tax Fund for the purchase pipe. The township was required to obtain three written or telephonic price quotations for these expenditures. However, the township only received one telephonic quotation and documentation for at least two additional price quotations was not available for examination. Additionally, the township was a member of the Capital Area Council of Government, but did not purchase the below pipe from its bid. The purchases were as follows:

Invoice Number	Invoice Date	Check Number	Check Date	Amount
343869	05/15/14	1246	06/04/14	$ 350.00
344187	05/19/14	1246	06/04/14	290.00
348581	07/16/14	1263	09/03/14	1,905.00
348674	07/17/14	1263	09/03/14	1,342.60
349605	07/30/14	1263	09/03/14	360.00
349604	07/30/14	1263	09/03/14	796.00
350679	08/13/14	1270	10/01/14	1,620.00
351078	08/18/14	1263	09/03/14	1,840.00
351370	08/21/14	1263	09/03/14	6,643.00
351844	08/27/14	1263	09/03/14	2,054.00
355413	10/14/14	1275	11/06/14	729.00
355490	10/16/14	1275	11/06/14	690.00
Total				$18,619.60

The above expenditures were not made in compliance with the contract requirements of *The First Class Township Code*, 53 P.S. § 56802(a.1), (also found at § 1802(a.1) of *The First Class Township Code* as published by the Local Government Commission), which states, in part:

> Written or telephonic price quotations from at least three qualified and responsible contractors shall be requested for all contracts [during 2012] that exceed ten thousand dollars ($10,000.00) but are less than the amount [in excess of $18,500.00] requiring advertisement and competitive bidding or, in lieu of price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors exist in the market area within which it is practicable to obtain quotations. A written record of telephonic price quotations shall be made and shall contain at least the date of the quotation, the name of the contractor and the contractor's representative, the construction, reconstruction, repair, maintenance or work which was the subject of the quotation and the price.

Finding No. 1 - Documentation For Price Quotations Was Not Available For Examination (Continued)

> Written or telephonic price quotations from at least three qualified and responsible contractors shall be requested for all contracts [during 2012] that exceed ten thousand dollars ($10,000.00) but are less than the amount [in excess of $18,500.00] requiring advertisement and competitive bidding or, in lieu of price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors exist in the market area within which it is practicable to obtain quotations. A written record of telephonic price quotations shall be made and shall contain at least the date of the quotation, the name of the contractor and the contractor's representative, the construction, reconstruction, repair, maintenance or work which was the subject of the quotation and the price. Written price quotations, written records of telephonic price quotations and memoranda shall be retained for a period of three years.

The thresholds for obtaining price quotations increased to purchases between 10,300.00 and $19,100.00 for 2014 and $10,500.00 and $19,400.00 for 2015 and 2016.

The failure to comply with *The First Class Township Code* could result in the township having to reimburse $18,619.60 to its Liquid Fuels Tax Fund.

During 2015 we did not note any instances of a failure to obtain price quotations.

Recommendations

We recommend that the township reimburse $18,619.60 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the township continues to comply with *The First Class Township Code* as noted in this finding.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

During our next examination we will determine if the township complied with our recommendations.

Finding No. 2 - Nonpermissible Expenditure

Our examination disclosed that the municipality expended $1,918.00 during 2014 from the Liquid Fuels Tax Fund for sanitary manholes, which is a nonpermissible expenditure.

The Liquid Fuels Tax Municipal Allocation Law, 72 P.S. § 2615.4, provides, in part, that monies herein allocated may be used only for construction, reconstruction, maintenance, and repairs of such public roads or streets, including bridges, culverts and drainage structures, for which they are legally responsible. Also permitted are expenditures involving acquisition, maintenance, repairs and operation of street signs, traffic signs, traffic signal control systems, road equipment, and snow fences.

The Department of Transportation has been statutorily authorized to promulgate regulations concerning the administration of Liquid Fuels Tax Fund money and has determined that certain items, including sanitary manholes, are outside the scope of permissible expenditures.

On January 22, 2015, the municipality reimbursed $1,918.00 to the Liquid Fuels Tax Fund.

Recommendation

We recommend that, in the future, the municipality complies with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

During our next examination we will determine if the municipality complied with our recommendation.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

Summary Of 2011-2012 Examination Recommendation

In our 2011-2012 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse $2,438.00 to its Liquid Fuels Tax Fund for failing to obtain project approval.

During our prior examination we received a letter dated September 30, 2013, from the Department of Transportation informing the municipality to reimburse $2,438.00 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on January 29, 2014.

Summary Of 2013 Examination Recommendation

In our 2013 report we recommended that the municipality improve internal controls over disbursements by requiring at least two signatures on all disbursements from the Liquid Fuels Tax Fund account.

During our current examination we noted that the municipality complied with our recommendations.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

An exit conference was held August 10, 2016. Those participating were:

TOWNSHIP OF EAST PENNSBORO

Ms. Jackie Weltmer, Accountant
Mr. Jared Hockenberry, Engineer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Tammy Fleisher, Auditor

The results of the examination were presented and discussed in their entirety.

TOWNSHIP OF EAST PENNSBORO
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2014 TO DECEMBER 31, 2015

This report was initially distributed to:

The Honorable Leslie Richards
Secretary
Department of Transportation

Township of East Pennsboro
Cumberland County
98 South Enola Drive
Enola, PA 17025

The Honorable John W. Kuntzelman
President of the Board of Commissioners

Mr. A. John Pietropaoli
Township Manager/Secretary

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.