

# ATTESTATION ENGAGEMENT

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Township of Grant  
Indiana County, Pennsylvania  
32-213  
Liquid Fuels Tax Fund  
For the Period  
January 1, 2017 to December 31, 2021

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January 2024



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Michael Carroll  
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 Grant, Indiana County, for the period January 1, 2017 to December 31, 2021. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. 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 involves performing procedures to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with ethical requirements relating to the engagement.

As described in the Auditor Description of Select Transactions section of this report, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

## Independent Auditor's Report (Continued)

As discussed in the Findings and Recommendations section of this report:

- The township expended \$23,278.50 during 2017 from its Liquid Fuels Tax Fund for the purchase of a 1999 Ford F-550 truck without advertising for bids. Additionally, the township expended \$22,124.76 during 2020 from its Liquid Fuels Tax Fund to grind, grade, and compact Hartman Road and Burns Road without advertising for bids (see Finding No. 3).
- The township expended \$17,445.57 for dry grinds for Kinnan/Sheesley Roads on July 6, 2021, and \$13,750.00 for the purchase of reclaimed stone on various dates during 2021 from its Liquid Fuels Tax Fund. However, documentation for price quotations was not available for examination (see Finding No. 4).
- The municipality expended \$927.27 during 2017, \$588.00 during 2018 and \$13,210.00 during 2021 for nonpermissible items. On April 6, 2018, the municipality reimbursed \$1,176.00 to the Liquid Fuels Tax Fund. Additionally, on October 22, 2021, the municipality received \$8,160.00 from the Indiana County Conservation District related to some of the nonpermissible items and deposited those funds into the Liquid Fuels Tax Fund, leaving \$5,389.27 to be reimbursed to its Liquid Fuels Tax Fund (see Finding No. 5).

In our opinion, except for the bulleted matters discussed above, 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 Grant, Indiana County, for the period January 1, 2017 to December 31, 2021, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

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.

## Independent Auditor's Report (Continued)

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 was 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.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of Township of Grant, Indiana 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 the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Liquid Fuels Money Over Expended On Project.
- Liquid Fuels Money Improperly Expended On Project.
- Noncompliance With Advertising And Bidding Requirements.
- Documentation For Price Quotations Was Not Available For Examination.
- Nonpermissible Expenditures - Recurring.
- Liquid Fuels Money Transferred To The General Fund.

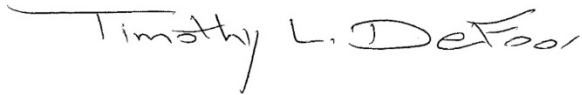
We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation.

Independent Auditor's Report (Continued)

The purpose of this report is to determine whether the municipality's Liquid Fuels Tax Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Township of Grant, Indiana County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line above the first name.

Timothy L. DeFoor  
Auditor General  
January 12, 2024

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TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, see also 72 P.S. § 2615.5, et sec., provides municipalities other than counties (i.e., 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 upon: (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.

Title 75 Pa.C.S. § 9511 of the Pennsylvania Vehicle Code 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 the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either 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 such a 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.

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development’s (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure 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.

*Criteria*

The criteria for the Form MS-965 With Adjustment are described below.

Section 1 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:

2017	2018	2019	2020	2021
\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00	\$11,500.00

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

2017	2018	2019	2020	2021
\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00	\$11,500.00

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



TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background (Continued)

Section 2 of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is available from the Department of Transportation in March of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- Municipalities that transferred roads from the Commonwealth of Pennsylvania to the municipality through the Highway Transfer Program receive annual turnback allocations in March of each year from the Department of Transportation. Turnback allocations are based on the mileage of the roads transferred.
- Expenditures include the total transferred from Section 1.

Section 3 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.

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background (Continued)

*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 Form MS-965 has 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 Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

*Basis Of Accounting*

The accompanying Forms MS-965 With Adjustments is 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.

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2017 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 5,950.00	\$ -	\$ 5,950.00
Computer/Computer related training	-	178.97	178.97
Major equipment purchases	23,278.50	-	23,278.50
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	13,908.72	-	13,908.72
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	5,575.00	5,575.00
Repairs of tools and machinery	9,927.59	206.76	10,134.35
Maintenance and repair of roads and bridges	124,907.51	(5,434.80)	119,472.71
Highway construction and rebuilding projects	63,345.19	-	63,345.19
Miscellaneous	1,277.22	9,650.05	10,927.27
 Total (To Section 2, Line 5)	 <u>\$ 242,594.73</u>	 <u>\$ 10,175.98</u>	 <u>\$ 252,770.71</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2017 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2017	\$ 118,254.57	\$ -	\$ 118,254.57
Receipts:			
2. State allocation	117,195.14	-	117,195.14
2a. Turnback allocation	71,760.00	-	71,760.00
2b. Interest on investments	508.36	14.99	523.35
2c. Miscellaneous	40,412.29	-	40,412.29
3. Total receipts	<u>229,875.79</u>	<u>14.99</u>	<u>229,890.78</u>
4. Total funds available	<u>348,130.36</u>	<u>14.99</u>	<u>348,145.35</u>
5. Expenditures (Section 1)	<u>242,594.73</u>	<u>10,175.98</u>	<u>252,770.71</u>
6. Balance, December 31, 2017	<u>\$ 105,535.63</u>	<u>\$ (10,160.99)</u>	<u>\$ 95,374.64</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2017 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 86,925.94	\$ -	\$ 86,925.94
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	37,791.03	-	37,791.03
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	124,716.97	-	124,716.97
5. Less: Major equipment expenditures	<u>23,278.50</u>	<u>-</u>	<u>23,278.50</u>
6. Remainder	<u>101,438.47</u>	<u>-</u>	<u>101,438.47</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 101,438.47</u>	<u>\$ (6,063.83)</u>	<u>\$ 95,374.64</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 91.23	\$ (91.23)	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	42,589.22	411.54	43,000.76
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	120,360.70	120,360.70
Repairs of tools and machinery	15,603.70	445.25	16,048.95
Maintenance and repair of roads and bridges	204,861.08	(107,833.46)	97,027.62
Highway construction and rebuilding projects	-	-	-
Miscellaneous	13,557.60	(12,969.60)	588.00
	<u>13,557.60</u>	<u>(12,969.60)</u>	<u>588.00</u>
Total (To Section 2, Line 5)	<u>\$ 276,702.83</u>	<u>\$ 323.20</u>	<u>\$ 277,026.03</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2018	\$ 105,535.63	\$ (10,160.99)	\$ 95,374.64
Receipts:			
2. State allocation	122,816.50	-	122,816.50
2a. Turnback allocation	71,760.00	-	71,760.00
2b. Interest on investments	672.88	111.35	784.23
2c. Miscellaneous	83,049.98	-	83,049.98
3. Total receipts	<u>278,299.36</u>	<u>111.35</u>	<u>278,410.71</u>
4. Total funds available	<u>383,834.99</u>	<u>(10,049.64)</u>	<u>373,785.35</u>
5. Expenditures (Section 1)	<u>276,702.83</u>	<u>323.20</u>	<u>277,026.03</u>
6. Balance, December 31, 2018	<u><u>\$ 107,132.16</u></u>	<u><u>\$ (10,372.84)</u></u>	<u><u>\$ 96,759.32</u></u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 101,438.47	\$ (6,063.83)	\$ 95,374.64
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	38,915.30	-	38,915.30
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	140,353.77	(6,063.83)	134,289.94
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>140,353.77</u>	<u>(6,063.83)</u>	<u>134,289.94</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 107,132.16</u>	<u>\$ (10,372.84)</u>	<u>\$ 96,759.32</u>



TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2019 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 675.00	\$ -	\$ 675.00
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	62,601.02	36.03	62,637.05
Traffic control devices	10,725.00	-	10,725.00
Street lighting	-	-	-
Storm sewers and drains	-	11,355.00	11,355.00
Repairs of tools and machinery	12,465.20	105.16	12,570.36
Maintenance and repair of roads and bridges	195,286.82	(34,978.35)	160,308.47
Highway construction and rebuilding projects	50,339.76	15,882.15	66,221.91
Miscellaneous	3,782.49	(3,782.49)	-
	<u>\$ 335,875.29</u>	<u>\$ (11,382.50)</u>	<u>\$ 324,492.79</u>
Total (To Section 2, Line 5)	<u>\$ 335,875.29</u>	<u>\$ (11,382.50)</u>	<u>\$ 324,492.79</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2019 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2019	\$ 107,132.16	\$ (10,372.84)	\$ 96,759.32
Receipts:			
2. State allocation	125,672.82	-	125,672.82
2a. Turnback allocation	71,760.00	-	71,760.00
2b. Interest on investments	532.58	-	532.58
2c. Miscellaneous	181,167.96	(.45)	181,167.51
3. Total receipts	<u>379,133.36</u>	<u>(.45)</u>	<u>379,132.91</u>
4. Total funds available	<u>486,265.52</u>	<u>(10,373.29)</u>	<u>475,892.23</u>
5. Expenditures (Section 1)	<u>335,875.29</u>	<u>(11,382.50)</u>	<u>324,492.79</u>
6. Balance, December 31, 2019	<u>\$ 150,390.23</u>	<u>\$ 1,009.21</u>	<u>\$ 151,399.44</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2019 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 107,132.16	\$ (10,372.84)	\$ 96,759.32
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	39,486.56	-	39,486.56
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	146,618.72	(10,372.84)	136,245.88
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>146,618.72</u>	<u>(10,372.84)</u>	<u>136,245.88</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 146,618.72</u>	<u>\$ (10,372.84)</u>	<u>\$ 136,245.88</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2020 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	31,909.88	(.01)	31,909.87
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	670.00	18,905.00	19,575.00
Repairs of tools and machinery	18,142.54	1,330.60	19,473.14
Maintenance and repair of roads and bridges	158,900.63	(37,200.77)	121,699.86
Highway construction and rebuilding projects	147,560.26	-	147,560.26
Miscellaneous	19,010.38	(19,010.38)	-
	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total (To Section 2, Line 5)	<u>\$ 376,193.69</u>	<u>\$ (35,975.56)</u>	<u>\$ 340,218.13</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2020 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2020	\$ 150,390.23	\$ 1,009.21	\$ 151,399.44
Receipts:			
2. State allocation	122,274.41	-	122,274.41
2a. Turnback allocation	71,760.00	-	71,760.00
2b. Interest on investments	977.98	.03	978.01
2c. Miscellaneous	35,972.00	-	35,972.00
3. Total receipts	<u>230,984.39</u>	<u>.03</u>	<u>230,984.42</u>
4. Total funds available	<u>381,374.62</u>	<u>1,009.24</u>	<u>382,383.86</u>
5. Expenditures (Section 1)	<u>376,193.69</u>	<u>(35,975.56)</u>	<u>340,218.13</u>
6. Balance, December 31, 2020	<u>\$ 5,180.93</u>	<u>\$ 36,984.80</u>	<u>\$ 42,165.73</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2020 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 146,618.72	\$ (10,372.84)	\$ 136,245.88
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	38,806.88	-	38,806.88
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	185,425.60	(10,372.84)	175,052.76
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>185,425.60</u>	<u>(10,372.84)</u>	<u>175,052.76</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 5,180.93</u>	<u>\$ 36,984.80</u>	<u>\$ 42,165.73</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	33,966.33	10,243.20	44,209.53
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	6,710.00	6,710.00
Repairs of tools and machinery	18,523.71	-	18,523.71
Maintenance and repair of roads and bridges	339,636.33	(16,418.22)	323,218.11
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 392,126.37</u>	 <u>\$ 534.98</u>	 <u>\$ 392,661.35</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2021	\$ 5,180.93	\$ 36,984.80	\$ 42,165.73
Receipts:			
2. State allocation	113,478.21	-	113,478.21
2a. Turnback allocation	71,760.00	-	71,760.00
2b. Interest on investments	518.04	-	518.04
2c. Miscellaneous	214,859.16	-	214,859.16
3. Total receipts	<u>400,615.41</u>	<u>-</u>	<u>400,615.41</u>
4. Total funds available	<u>405,796.34</u>	<u>36,984.80</u>	<u>442,781.14</u>
5. Expenditures (Section 1)	<u>392,126.37</u>	<u>534.98</u>	<u>392,661.35</u>
6. Balance, December 31, 2021	<u><u>\$ 13,669.97</u></u>	<u><u>\$ 36,449.82</u></u>	<u><u>\$ 50,119.79</u></u>



TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 5,180.93	\$ 36,984.80	\$ 42,165.73
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	37,047.64	-	37,047.64
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	42,228.57	36,984.80	79,213.37
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>42,228.57</u>	<u>36,984.80</u>	<u>79,213.37</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 13,669.97</u>	<u>\$ 36,449.82</u>	<u>\$ 50,119.79</u>

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
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The following information relates to certain types of transactions for which the Pennsylvania Department of Transportation requested that we provide additional detail:

Adjustments

2017 - Section 1

An adjustment of \$178.97 was made to “Computer/Computer related training” because an electronic fund transfer for software was not reported.

An adjustment of \$5,575.00 was made to “Storm sewers and drains” because these expenditures were misclassified as maintenance and repairs of roads and bridges.

An adjustment of \$206.76 was made to “Repairs of tools and machinery” because expenditures of \$206.75 were misclassified as miscellaneous and check No. 4092 was reported as \$230.61 but was issued for \$230.62.

An adjustment of \$(5,434.80) was made to “Maintenance and repairs of roads and bridges” because \$5,575.00 for storms sewers and drains were misclassified, \$143.20 was misclassified as miscellaneous, and check No. 4093 was reported as \$759.20 but was issued for \$756.20.

An adjustment of \$9,650.05 was made to “Miscellaneous” because expenditures of \$206.75 for repairs of tools and machinery and \$143.20 of maintenance and repairs were misclassified and a transfer in error to the General Fund of \$10,000.00 was not reported.

2017 - Section 2

An adjustment of \$14.99 was made to “Interest on investments” because interest earnings were understated.

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INDIANA COUNTY  
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Adjustments (Continued)

2018 - Section 1

An adjustment of \$(91.23) was made to “Minor equipment purchases” because these expenditures for repairs of tools and machinery were misclassified.

An adjustment of \$411.54 was made to “Winter maintenance services” because check No. 4168 was reported as \$854.40 but was issued for \$1,265.91 and check No. 4291 was reported as \$995.56 but was issued for \$995.59.

An adjustment of \$120,360.70 was made to “Storm sewers and drains” because these expenditures were misclassified as maintenance and repairs of roads and bridges.

An adjustment of \$445.25 was made to “Repairs of tools and machinery” because expenditures of \$334.02 were misclassified as miscellaneous, expenditures of \$91.23 were misclassified as minor equipment purchases, and check No. 4246 was reported as \$16.00 but was issued for \$36.00.

An adjustment of \$(107,833.46) was made to “Maintenance and repairs of roads and bridges” because expenditures of \$120,360.70 for storm sewers and drains were misclassified, expenditures of \$12,527.58 were misclassified as miscellaneous, check No. 4242 was reported as \$765.26 but was issued for \$765.23, and check No. 4308 was reported as \$254.90 but was issued for \$254.59.

An adjustment of \$(12,969.60) was made to “Miscellaneous” because expenditures of \$334.02 for repairs of tools and machinery were misclassified, expenditures of \$12,527.58 for maintenance and repairs were misclassified, and a reconciliation adjustment of \$(108,00) was removed.

2018 - Section 2

An adjustment of \$(10,160.99) was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance in 2017 - Section 2.

An adjustment of \$111.35 was made to “Interest on investments” because interest earnings were understated.

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Adjustments (Continued)

2018 - Section 3

An adjustment of \$(6,063.83) was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2017 - Section 3.

2019 - Section 1

An adjustment of \$36.03 was made to "Winter maintenance services" because check No. 4343 was reported as \$1,172.53 but was issued for \$1,172.56 and check No. 4492 was reported as \$1,037.46 but was issued for \$1,073.46.

An adjustment of \$11,355.00 was made to "Storm sewer and drains" because these expenditures were misclassified as maintenance and repairs of roads and bridges.

An adjustment of \$105.16 was made to "Repairs of tools and machinery" because these expenditures were misclassified as miscellaneous.

An adjustment of \$(34,978.35) was made to "Maintenance and repairs of roads and bridges" because expenditures of \$1,258.80 were misclassified as miscellaneous, expenditures of \$3,111.26 were misclassified as highway construction and rebuilding projects, expenditures of \$11,355.00 for storm sewers and drains were misclassified, expenditures of \$18,993.41 for highway construction and rebuilding projects were misclassified, and check No. 4437 was reported as \$10,006.64 but was issued for \$1,006.64.

An adjustment of \$15,882.15 was made to "Highway construction and rebuilding projects" because expenditures of \$18,993.41 were misclassified as maintenance and repairs of roads and bridges and expenditures of \$3,111.26 for maintenance and repairs of roads and bridges were misclassified.

An adjustment of \$(3,782.49) was made to "Miscellaneous" because expenditures of \$105.16 for repairs of tools and machinery and \$1,258.80 for maintenance and repairs were misclassified, and a general journal balance adjustment of \$(2,418.53) was removed.

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Adjustments (Continued)

2019 - Section 2

An adjustment of \$(10,372.84) was made to "Balance, January 1, 2019" to reflect the adjustment made to the fund balance in 2018 - Section 2.

An adjustment of \$(.45) was made to "Miscellaneous" because these receipts were overstated.

2019 - Section 3

An adjustment of \$(10,372.84) was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2018 - Section 3.

2020 - Section 1

An adjustment of \$(.01) was made to "Winter maintenance services" because check No. 4534 was reported as \$631.21 but was issued for \$631.20.

An adjustment of \$18,905.00 was made to "Storm sewers and drains" because these expenditures were misclassified as miscellaneous.

An adjustment of \$1,330.60 was made to "Repairs of tools and machinery" because check No. 4604 was reported as \$871.56 but was issued for \$1,225.22, check No. 4606 was reported as \$0.00 but was issued for \$871.56, and expenditures of \$105.38 were misclassified as miscellaneous.

An adjustment of \$(37,200.77) was made to "Maintenance and repairs of roads and bridges" because check No. 4599 was reported as \$42,395.00 but was issued for \$4,395.00, an ACH for \$955.16 was not reported, ACH 16 was reported as \$1,212.48 but was issued for \$1,121.48, and ACH 19 was reported as \$996.73 but was issued for \$931.80.

An adjustment of \$(19,010.38) was made to "Miscellaneous" because expenditures of \$18,905.00 for storm sewers and drains and \$105.38 for repairs of tools and machinery were misclassified

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Adjustments (Continued)

2020 - Section 2

An adjustment of \$1,009.21 was made to “Balance, January 1, 2020” to reflect the adjustment made to the fund balance in 2019 - Section 2.

An adjustment of \$.03 was made to “Interest on investments” because interest earnings were understated.

2020 - Section 3

An adjustment of \$(10,372.84) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2019 - Section 3.

2021 - Section 1

An adjustment of \$10,243.20 was made to “Winter maintenance services” because these expenditures were misclassified as maintenance and repairs of roads and bridges.

An adjustment of \$6,710.00 was made to “Storm sewers and drains” because these expenditures were misclassified as maintenance and repairs of road and bridges.

An adjustment of \$(16,418.22) was made to “Maintenance and repairs of roads and bridges” because expenditures of \$10,243.20 for winter maintenance services and \$6,710.00 for storm sewers and drains were misclassified, check No. 4691 was reported as \$1,059.88 but was issued for \$1,059.89, and check No. 4724 for \$534.97 was not reported.

2021 - Section 2

An adjustment of \$36,984.80 was made to “Balance, January 1, 2021” to reflect the adjustment made to the fund balance in 2020 - Section 2.

2021 - Section 3

An adjustment of \$36,984.80 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2020 - Section 3.

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2017-2019 Miscellaneous Receipts

The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during 2017-2019:

Source	Description	2017	2018	2019
Indiana County Conservation District	Dirt, Gravel, and Low Volume Road Maintenance Grants	\$40,412.29	\$55,147.68	\$129,494.51
General Fund	Dirt, Gravel, and Low Volume Road Maintenance Grants	-	16,726.30	-
General Fund	Reimbursement (Finding No. 6)	-	10,000.00	-
General Fund	Reimbursements (Finding No. 5)	-	1,176.00	-
Indiana County	County aid (Finding No. 2)	-	-	51,673.00
Totals		<u>\$40,412.29</u>	<u>\$83,049.98</u>	<u>\$181,167.51</u>

2020-2021 Miscellaneous Receipts

The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during 2020-2021:

Source	Description	2020	2021
Indiana County Conservation District	Dirt, Gravel, and Low Volume Road Maintenance Grants	\$35,972.00	\$112,989.35
Keystone Communities Grant	Grant (Finding No. 1)	-	100,000.00
Grant Township Superstructure Account	Excess funds to close account	-	1,869.81
Totals		<u>\$35,972.00</u>	<u>\$214,859.16</u>

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Miscellaneous Expenditures

The following miscellaneous expenditures were paid from the Liquid Fuels Tax Fund during the examination period:

<u>Payee</u>	<u>Description</u>	<u>2017</u>	<u>2018</u>
Vendors	Nonpermissible expenditures (Finding No. 5)	\$ 927.27	\$588.00
General Fund	Transfer (Finding No. 6)	<u>10,000.00</u>	<u>-</u>
Totals		<u>\$10,927.27</u>	<u>\$588.00</u>

Pennsylvania Infrastructure Bank Loan

On November 15, 2011, the municipality borrowed \$288,722.00 from the Department of Transportation Infrastructure Bank for road project No. 11-32-213-01 CA BL. The term of the loan was for ten years at an interest rate of 1.625 percent. Principal and interest payments of \$31,515.02 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$83,890.27 and \$10,654.79, respectively. Additionally, the municipality paid principal of \$129,580.58 and interest of \$2,183.84 from the General Fund.

During the current examination period, the municipality paid principal of \$75,251.15 and interest of \$2,327.80 from the Liquid Fuels Tax Fund. These amounts are reflected in highway construction and rebuilding projects on the 2017 and 2019 Forms MS-965 - Section 1. The loan was paid-in-full on March 1, 2019.

Bank Loan

On October 22, 2015, the municipality borrowed \$53,109.00 from First National Bank of Pennsylvania to purchase a dump body and related truck equipment. The term of the loan was for five years at an interest rate of 2.61 percent. Principal and interest payments of \$11,488.79 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$11,392.53 and \$96.26, respectively. Additionally, the municipality paid principal of \$10,431.08 and interest of \$1,057.71 from the General Fund.

During the current examination period, the municipality paid principal of \$31,285.39 and interest of \$1,687.70 from the General Fund. The loan was paid-in-full on April 8, 2019.



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Bank Loan

On July 13, 2020, the municipality borrowed \$250,000.00 from Marion Center National Bank until the Pennsylvania Infrastructure Bank loan was approved. The term of the loan was for eight years at an interest rate of 3.25 percent. Twelve monthly consecutive interest payments are due beginning August 13, 2020. Fifty-nine monthly consecutive principal and interest payments of \$4,525.52 are due monthly beginning August 13, 2021.

During the current examination period the municipality paid interest of \$1,828.12 from the Liquid Fuels Tax Fund. This amount is reflected in highway construction and rebuilding projects on the 2020 Form MS-965 - Section 1. Additionally, the municipality paid principal of \$250,000.00 and interest of \$631.95 from the General Fund. The loan was paid-in-full on December 11, 2020.

Pennsylvania Infrastructure Bank Loan

On October 1, 2020, the municipality borrowed \$250,000.00 from the Department of Transportation Infrastructure Bank for road project No. 19-32213-004. The term of the loan was for eight years at an interest rate of 2.657 percent. Principal and interest payments of \$35,052.91 are due annually.

During the current examination period, the municipality paid principal of \$28,490.41 and interest of \$6,562.50 from the Pinevale Resurfacing Account. The municipality intends to use Liquid Fuels Tax Fund money in future years to repay this loan. The outstanding balance of the loan as of December 31, 2021 was \$221,509.59, plus interest.

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**Finding No. 1 - Liquid Fuels Money Over Expended On Project**

Our examination disclosed that the municipality expended \$145,732.14 of Liquid Fuels Tax Fund money during 2020 on construction project No. 19-32213-004. However, the amount of Liquid Fuels Tax Fund money approved by the Department of Transportation to be expended from the Liquid Fuels Tax Fund for this project was \$45,832.14. The difference of \$99,900.00 should have been paid directly from the General Fund.

The Department of Transportation's Regulations do not permit a municipality to expend Liquid Fuels Tax Fund money in excess of the amount approved on Municipal Services Completion Report Form MS-999.

On January 29, 2021, the municipality deposited a Keystone Communities Grant of \$100,000.00 into the Liquid Fuels Tax Fund, which was \$100.00 more than the amount over expended.

Recommendation

We recommend that the municipality expend only the approved amount of Liquid Fuels Tax Fund money on road construction projects.

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.

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**Finding No. 2 - Liquid Fuels Money Improperly Expended On Project**

Our examination disclosed that although Liquid Fuels Tax Fund money was not approved to be expended on construction project No. 18-32213-001, Liquid Fuels Tax Fund money of \$51,673.00 was spent during 2019 on the project. The expenditures related to this project should have been paid directly from the General Fund.

The Department of Transportation's *Publication 9* outlines the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states that nonpermissible expenditures include construction and reconstruction projects without prior approval from the Department of Transportation.

We were unable to determine the cause of this condition.

On September 23, 2019, the municipality deposited county aid funds of \$51,673.00 to the Liquid Fuels Tax Fund that were received from Indiana County.

Recommendation

We recommend that no liquid fuels tax funds be expended for construction projects without the prior approval of the Department of Transportation.

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.

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**Finding No. 3 - Noncompliance With Advertising And Bidding Requirements**

Our examination disclosed that the township expended \$23,278.50 during 2017 from its Liquid Fuels Tax Fund for the purchase of a 1999 Ford F-550 truck without advertising for bids. Additionally, the township expended \$22,124.76 during 2020 from its Liquid Fuels Tax Fund to grind, grade, and compact Hartman Road and Burns Road without advertising for bids.

The above expenditures were not made in compliance with the advertising, bidding, and contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(a), (also found at § 3102(a) of *The Second Class Township Code* as published by the Local Government Commission), which requires that purchases over \$18,500.00 during 2012 must be advertised, bid, and awarded by contract. The bidding threshold increased to purchases over \$19,700 for 2017, \$20,100.00 for 2018, \$20,600.00 for 2019, \$21,000.00 for 2020, \$21,300.00 for 2021, \$21,900.00 for 2022, and \$22,500.00 for 2023. *The Second Class Township Code*, 53 P.S. § 68104(a), (also found at § 3104(a) of *The Second Class Township Code* as published by the Local Government Commission) further states that advertising, bidding and contract requirements should not be evaded through piecemeal purchases.

The condition occurred because the township did not know they had to bid when purchasing a used piece of equipment. Additionally, the township thought that the grind/grade/compact work was going to be under the bidding threshold.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$45,403.26 to its Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the township reimburse \$45,403.26 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

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**Finding No. 3 - Noncompliance With Advertising And Bidding Requirements (Continued)**

Management's Response

The secretary/treasurer stated:

Pub. 9 had an unclear presentation of bidding requirements regarding used equipment. We proceeded with the purchase under the understanding that you could spend 15% of your liquid fuels on equipment and 10% from turnback allocation.

Dry grind. The bidding threshold changed and the price was under \$22,500.00. Again, Vendor A subcontracts to Vendor B, so we cut out the middle man and Vendor C doesn't answer.

Auditor's Conclusion

The amount of Liquid Fuels Tax Fund money that may be expended from its Liquid Fuels Tax Fund for equipment each year is calculated in Section 3 of the Forms MS-965. However, the township is still required to follow the advertising and bidding requirements of *The Second Class Township Code*, which required purchases over \$19,700.00 during 2017 and purchases over \$21,000.00 during 2020 to be advertised and bid. During our next examination, we will determine if the municipality complied with our recommendations.

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**Finding No. 4 - Documentation For Price Quotations Was Not Available For Examination**

Our examination disclosed that the township expended \$17,445.57 for dry grinds for Kinnan/Sheesley Roads on July 6, 2021, and \$13,750.00 for the purchase of reclaimed stone on various dates during 2021 from its Liquid Fuels Tax Fund. The township was required to obtain three written or telephonic price quotations for these expenditures. However, documentation for price quotations was not available for examination. The reclaimed stone purchases were as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
260164	01/20/21	4661	02/02/21	\$ 265.00
260081	01/15/21	4661	02/02/21	265.00
260219	01/22/21	4661	02/02/21	265.00
260020	01/13/21	4661	02/02/21	1,060.00
650723	02/26/21	4674	03/01/21	265.00
650724	02/26/21	4674	03/01/21	265.00
260886	03/08/21	4683	04/05/21	530.00
261147	03/15/21	4683	04/05/21	520.00
261373	03/24/21	4683	04/05/21	260.00
260829	03/05/21	4683	04/05/21	265.00
650745	04/29/21	4696	05/03/21	265.00
650744	04/29/21	4696	05/03/21	265.00
264030	05/26/21	4707	06/01/21	542.00
263829	05/21/21	4707	06/01/21	1,084.00
263830	05/21/21	4707	06/01/21	542.00
263328	05/11/21	4707	06/01/21	522.00
263329	05/11/21	4707	06/01/21	522.00
263381	05/13/21	4707	06/01/21	522.00
265502	06/25/21	4723	07/06/21	270.00
267711	08/13/21	4755	09/03/21	810.00
267712	08/13/21	4755	09/03/21	270.00
267821	08/16/21	4755	09/03/21	1,044.00
270633	10/18/21	4765	11/08/21	522.00
270701	10/20/21	4765	11/08/21	2,088.00
650827	10/05/21	4765	11/08/21	522.00
2021 Total				<u><u>\$13,750.00</u></u>

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**Finding No. 4 - Documentation For Price Quotations Was Not Available For Examination**  
**(Continued)**

The above expenditures were not made in compliance with the contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(b), (also found at § 3102(b) of *The Second 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. 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 \$10,700.00 and \$19,700.00 for 2017, \$10,900.00 and \$20,100.00 for 2018, \$11,100.00 and \$20,600.00 for 2019, \$11,300.00 and \$21,000.00 for 2020, \$11,500.00 and \$21,300.00 for 2021, \$11,800 and \$21,900.00 for 2022, and \$12,200.00 and \$22,500.00 for 2023.

The secretary/treasurer stated that this condition occurred because the vendors were the only ones available in the area. However, no documentation was provided to confirm this.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$31,195.57 to its Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the township reimburse \$31,195.57 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
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**Finding No. 4 - Documentation For Price Quotations Was Not Available For Examination**  
**(Continued)**

Management's Response

The secretary/treasurer stated:

Vendor D reclaimed stone. All of Vendor D's materials are state approved materials. "Reclaimed" stone is a recycling/washing process of leftover concrete ran through a washing machine and separated into sand, stone and cementitious materials. The stone has a small amount of fines and leftover cement which when compacted gets very hard. Their stone comes from Vendor E and their sand comes from Vendor F. Vendor D all 8 plants are AC7 Green Star certified. When getting quotes for dry grind, we call Vendor C and Vendor A. Vendor A said they subcontract to Vendor B. Vendor C didn't respond. If a company subcontracted, just use the subcontractor outright.

Auditor's Conclusion

This finding is for failing to maintain documentation for price quotations. We are not questioning whether or not the material was permissible. The Department of Transportation will determine if the municipality will be required to reimburse \$31,195.57 to its Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendations.



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**Finding No. 5 - Nonpermissible Expenditures - Recurring**

We cited the municipality for nonpermissible expenditures in our prior examination for the period January 1, 2015 to December 31, 2016. Our current examination disclosed that the municipality expended \$927.27 during 2017, \$588.00 during 2018, and \$13,210.00 during 2021 from the Liquid Fuels Tax Fund for the following nonpermissible items:

<u>Description</u>	<u>Amount</u>	<u>Totals</u>
Radio repeater access	\$588.00	
Furnace filter	5.37	
Sidewalk rock salt melter	27.98	
Office broom	27.99	
Gas to heat office	73.45	
Light bulbs for building	27.98	
Dusk to dawn outside light	158.00	
Keys for shop and office	18.50	
	<hr/>	
2017 Total		\$ 927.27
Radio repeater access	588.00	
	<hr/>	
2018 Total		588.00
Slate for DGLV project – Mumau and Magnolia Roads	13,210.00	
	<hr/>	
2021 Total		<hr/> 13,210.00
Three Year Total		<hr/> <hr/> \$14,725.27

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.

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**Finding No. 5 - Nonpermissible Expenditures - Recurring (Continued)**

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 those listed in the chart above, are outside the scope of permissible expenditures.

On April 6, 2018, the municipality reimbursed \$1,176.00 to the Liquid Fuels Tax Fund. Additionally, on October 22, 2021, the municipality received \$8,160.00 from the Indiana County Conservation District for the Dirt, Gravel, and Low Volume projects on Mumau and Magnolia Roads and deposited those funds into the Liquid Fuels Tax Fund. This reimbursement is included in miscellaneous receipts in the Auditor Description Of Select Transactions section of this report as part of the reimbursement received from the Indiana County Conservation District during 2021.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$5,389.27 to its Liquid Fuels Tax Fund.

The condition occurred because the township was not aware these expenditures could not be paid from the Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the municipality reimburse \$5,389.27 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again 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**

This is a recurring finding. We strongly recommend the municipality comply with our recommendation. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF GRANT  
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**Finding No. 6 - Liquid Fuels Money Transferred To The General Fund**

Our examination disclosed that the municipality transferred \$10,000.00 from its Liquid Fuels Tax Fund to its General Fund on July 17, 2021, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law. On January 8, 2018, the municipality reimbursed \$10,000.00 to the Liquid Fuels Tax Fund to correct this condition.

Unless a transfer is made for the reimbursement of permissible Liquid Fuels Tax Fund expenditures, the practice of transferring liquid fuels money into any account other than the Liquid Fuels Tax Fund account is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . .each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

This condition occurred due to an error that was detected and corrected by the secretary/treasurer while closing out the books for 2017.

The risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

Recommendation

We recommend that the municipality only transfer Liquid Fuels Tax Fund money to other funds if it is for the reimbursement of permissible Liquid Fuels Tax Fund 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 GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
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**Finding No. 7 - Late Receipt Of Allocation**

Our examination disclosed that the 2019 Liquid Fuels Tax Fund allocation of \$125,672.82, which should have been distributed from the Department of Transportation to the municipality during the first week of March of that year, was not received until August 15, 2019 because the municipality failed to comply with the Department of Transportation's *Publication 9*, Chapter Two, Section 2.4, which states:

To qualify for the annual liquid fuels tax allocation, a municipality shall:

- Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
- Make deposits and payments or expenditures in compliance with the Act 655. Failure to do so may result in not receiving allocations from PENNDOT until all discrepancies are resolved.
- Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition by March 15<sup>th</sup>.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
- Ensure 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.

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2019 allocation for more than five months. Furthermore, had the allocation been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

We further noted that all other allocations were all received on time during the examination period.

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
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**Finding No. 7 - Late Receipt Of Allocation (Continued)**

Recommendation

We recommend that the municipality continue to comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in March as outlined above.

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 GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
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Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$19,266.85 to its Liquid Fuels Tax Fund. This amount consists of \$754.79 for failing to maintain documentation for payroll expenditures, \$17,527.25 for nonpermissible expenditures, and \$984.81 for retroactive expenditures.

During our current examination, we reviewed a letter dated July 30, 2019, from the Department of Transportation stating that reimbursement would not be required.

In our prior report, we also recommended that:

- The municipality ensure good internal control over payroll by maintaining daily time sheets that identify the nature of work performed and the location of work assignments.
- The municipality comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.
- Only eligible costs in excess of grant money received be paid from the Liquid Fuels Tax Fund.
- Comply with the Department of Transportation's *Publication 9* as it relates to retroactive expenditures.

During our current examination, we noted that the municipality complied with the first and fourth recommendations but did not comply with the second and third recommendations. See Finding No. 5 for the second bulleted recommendation. Regarding the third bulleted recommendation, because there was no net effect on the permissible Liquid Fuels Tax Fund expenditures paid for the project, we decided not to include this as a finding in our current report.

TOWNSHIP OF GRANT  
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SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

A closeout meeting was held September 19, 2023. Those participating were:

TOWNSHIP OF GRANT

Ms. Amy Aikens, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Debra L. Alsippi, Audit Supervisor

TOWNSHIP OF GRANT  
INDIANA COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Township of Grant**  
Indiana County  
100 East Run Road  
Marion Center, PA 15759

**The Honorable Stacy Long**  
Chairperson of the Board of Supervisors

**Ms. Amy Aikens**  
Secretary/Treasurer

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).