

ATTESTATION ENGAGEMENT

Borough of Point Marion

Fayette County, Pennsylvania

26-413

Liquid Fuels Tax Fund

For the Period

January 1, 2020 to December 31, 2021

September 2023



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 Borough of Point Marion, Fayette County, for the period January 1, 2020 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 municipality did not maintain invoices or payroll records to support expenditures of \$2,988.24 during 2020 and \$13,797.74 during 2021 (see Finding No. 1).
- On October 26, 2021, and again on October 27, 2021, the municipality expended \$3,690.84 for the same invoice (see Finding No. 2).
- During 2021, the municipality expended \$15,417.00 for the purchase of a 2009 Ford F-150. However, documentation for price quotations was not available for our examination (see Finding No. 3).

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 Borough of Point Marion, Fayette County, for the period January 1, 2020 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, 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 the internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

Our consideration of internal control 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies below to be material weaknesses:

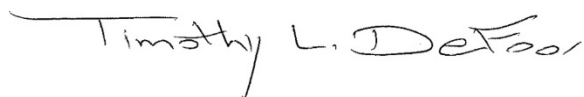
- Documentation Supporting Expenditures Was Not Available For Examination - Recurring.
- Duplicate Payment Of Invoice.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Borough of Point Marion, Fayette 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Documentation For Price Quotations Was Not Available For Examination.

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 Borough of Point Marion, Fayette 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.



Timothy L. DeFoor
Auditor General
September 7, 2023

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BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 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.

BOROUGH OF POINT MARION
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2020 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 31st and the Survey of Financial Condition By March 15th.
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:

2018	2019	2020	2021
\$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:

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

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

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 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.

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 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 Form 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.

BOROUGH OF POINT MARION
 FAYETTE 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	1,752.22	-	1,752.22
Major equipment purchases	20,000.00	-	20,000.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	1,752.06	-	1,752.06
Street lighting	18,942.18	-	18,942.18
Storm sewers and drains	-	-	-
Repairs of tools and machinery	1,718.44	-	1,718.44
Maintenance and repair of roads and bridges	4,744.21	-	4,744.21
Highway construction and rebuilding projects	-	-	-
Miscellaneous	1,325.14	-	1,325.14
 Total (To Section 2, Line 5)	 <u>\$ 50,234.25</u>	 <u>\$ -</u>	 <u>\$ 50,234.25</u>

BOROUGH OF POINT MARION
 FAYETTE 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	\$ 67,096.50	\$ -	\$ 67,096.50
Receipts:			
2. State allocation	44,430.86	-	44,430.86
2a. Turnback allocation	-	-	-
2b. Interest on investments	214.96	-	214.96
2c. Miscellaneous	-	-	-
3. Total receipts	<u>44,645.82</u>	<u>-</u>	<u>44,645.82</u>
4. Total funds available	<u>111,742.32</u>	<u>-</u>	<u>111,742.32</u>
5. Expenditures (Section 1)	<u>50,234.25</u>	<u>-</u>	<u>50,234.25</u>
6. Balance, December 31, 2020	<u><u>\$ 61,508.07</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,508.07</u></u>

BOROUGH OF POINT MARION
 FAYETTE 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	\$ 53,711.99	\$ -	\$ 53,711.99
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	8,886.17	-	8,886.17
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	62,598.16	-	62,598.16
5. Less: Major equipment expenditures	20,000.00	-	20,000.00
6. Remainder	<u>42,598.16</u>	<u>-</u>	<u>42,598.16</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 42,598.16</u>	<u>\$ -</u>	<u>\$ 42,598.16</u>

BOROUGH OF POINT MARION
 FAYETTE 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	15,417.00	-	15,417.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	5,571.98	-	5,571.98
Traffic control devices	-	-	-
Street lighting	25,471.43	-	25,471.43
Storm sewers and drains	-	-	-
Repairs of tools and machinery	548.46	-	548.46
Maintenance and repair of roads and bridges	21,468.59	(5,000.00)	16,468.59
Highway construction and rebuilding projects	-	-	-
Miscellaneous	72.00	5,000.00	5,072.00
 Total (To Section 2, Line 5)	 <u>\$ 68,549.46</u>	 <u>\$ -</u>	 <u>\$ 68,549.46</u>

BOROUGH OF POINT MARION
 FAYETTE 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	\$ 61,508.07	\$ -	\$ 61,508.07
Receipts:			
2. State allocation	40,906.59	-	40,906.59
2a. Turnback allocation	-	-	-
2b. Interest on investments	129.52	-	129.52
2c. Miscellaneous	6,945.93	-	6,945.93
3. Total receipts	47,982.04	-	47,982.04
4. Total funds available	109,490.11	-	109,490.11
5. Expenditures (Section 1)	68,549.46	-	68,549.46
6. Balance, December 31, 2021	<u>\$ 40,940.65</u>	<u>\$ -</u>	<u>\$ 40,940.65</u>

BOROUGH OF POINT MARION
 FAYETTE 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	\$ 42,598.16	\$ -	\$ 42,598.16
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	8,181.32	-	8,181.32
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	50,779.48	-	50,779.48
5. Less: Major equipment expenditures	15,417.00	-	15,417.00
6. Remainder	<u>35,362.48</u>	<u>-</u>	<u>35,362.48</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 35,362.48</u>	<u>\$ -</u>	<u>\$ 35,362.48</u>

BOROUGH OF POINT MARION
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

The following information relates to certain types of transactions for which the Pennsylvania Department of Transportation requested that we provide additional detail:

Adjustments

2021 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Miscellaneous” because expenditures of \$5,000.00 were misclassified.

Miscellaneous Receipts

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

<u>Source</u>	<u>Description</u>	<u>2021</u>
Payroll Fund	Reimbursement for payroll	\$5,473.38
General Fund	Reimbursement (Summary Of Prior Examination Recommendations)	<u>1,472.55</u>
Totals		<u>\$6,945.93</u>

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>2020</u>	<u>2021</u>
Vendor	Report	\$39.99	\$-
Borough employee	Undocumented expenditure (see Finding No. 1)	110.00	-
Financial Institution	Bank service charge	36.00	-
General Fund	Undocumented expenditure (see Finding No. 1)	1,139.15	-
Financial Institution	Bank service charges	-	72.00
Water Fund	Transfer (see Finding No. 1)	<u>-</u>	<u>5,000.00</u>
Totals		<u>\$1,325.14</u>	<u>\$5,072.00</u>

BOROUGH OF POINT MARION
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 1 - Documentation Supporting Expenditures Was Not Available For Examination - Recurring

We cited the municipality for failing to maintain documentation supporting expenditures in our prior report for the period January 1, 2018, to December 31, 2019. Our current examination disclosed that the municipality did not maintain invoices or payroll records to support expenditures of \$2,988.24 during 2020 and \$13,797.74 during 2021 as follows:

Check No.	Check Date	Amount
1335	05/21/20	\$ 110.00
1341	07/21/20	1,739.09
Transfer	09/21/20	1,139.15
2020 Total		\$2,988.24
Transfer	07/28/21	\$ 5,000.00
Transfer	08/30/21	7,354.11
Transfer	09/09/21	1,443.63
2021 Total		\$13,797.74

Good internal control procedures ensure that there is documentation to support all expenditures.

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 expenditures made without supporting documentation, are outside the scope of permissible expenditures.

Without adequate documentation, we could not determine if the expenditures were permissible according to the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations.

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 1 - Documentation Supporting Expenditures Was Not Available For Examination - Recurring (Continued)

We were unable to determine the cause of this condition.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$16,785.98 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$16,785.98 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again further recommend that the municipality ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.

Management's Response

The municipal officials stated:

The borough will correct moving forward.

Auditor's Conclusion

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

BOROUGH OF POINT MARION
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 2 - Duplicate Payment Of Invoice

Our examination disclosed that the municipality paid the following invoice twice:

<u>Invoice Number</u>	<u>First Check No.</u>	<u>First Date Paid</u>	<u>Second Check No.</u>	<u>Second Date Paid</u>	<u>Invoice Amount</u>
N/A	EFT	10/26/21	EFT	10/27/21	<u>\$3,690.84</u>

Although this money should be reimbursed to the Liquid Fuels Tax Fund, the primary concern is the inadequate internal controls which enabled the duplicate payment of \$3,690.84 to remain undetected.

Good internal controls ensure that all invoices are reviewed timely to avoid duplicate payments. The failure to follow this procedure increases the possibility that duplicate payments can be made on vendor invoices and go undetected for long periods of time.

This condition occurred because the new secretary/treasurer did not realize the first payment was made.

Recommendations

We recommend that the municipality reimburse \$3,690.84 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation. We also recommend that the municipal officials contact the vendor as soon as possible to obtain reimbursement.

We further recommend that the municipality establish and implement internal controls to ensure vendor invoices are reviewed timely to avoid duplicate payments.

Management's Response

The municipal officials stated:

Management reviews all invoices for payment.

Auditor's Conclusion

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

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 3 - Documentation For Price Quotations Was Not Available For Examination

Our examination disclosed that the borough expended \$15,417.00 during 2021 from the Liquid Fuels Tax Fund for the purchase of a 2009 Ford F-150. The borough was required to obtain three written or telephonic price quotations for this expenditure. However, documentation for price quotations was not available for examination.

The above expenditure was not made in compliance with the contract requirements of *The Borough Code*, 53 P.S. § 46402(a.1), (also found at § 1402(a.1) of *The Borough 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 \$11,500.00 and \$21,300.00 for 2020, \$11,800.00 and \$21,900.00 for 2021, \$12,200.00 and \$22,500.00 for 2022, and \$12,200.00 and \$22,500.00 for 2023.

This condition occurred because the new secretary/treasurer did not realize it was necessary.

The failure to comply with *The Borough Code* could result in the borough having to reimburse \$15,417.00 to its Liquid Fuels Tax Fund

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 3 - Documentation For Price Quotations Was Not Available For Examination
(Continued)

Recommendations

We recommend that the borough reimburse \$15,417.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the borough comply with *The Borough Code* as noted in this finding.

Management's Response

The municipal officials stated:

The borough will follow liquid fuels procurement procedures moving forward.

Auditor's Conclusion

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

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$29,798.24 to its Liquid Fuels Tax Fund. This amount consists of \$28,325.69 for failing to maintain documentation supporting expenditures and \$1,472.55 for nonpermissible expenditures.

During our current examination, we reviewed a letter dated November 18, 2021, from the Department of Transportation, directing the municipality to reimburse \$1,472.55 of the \$29,788.24 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed \$1,472.55 to its Liquid Fuels Tax Fund on November 9, 2021.

In our prior report, we also recommended that the municipality:

- Continues to ensure good internal control over expenditures by maintaining adequate support documentation to support all expenditures.
- Complies with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

During our current examination, we noted that the municipality did not comply with first bulleted recommendation but did comply with our second bulleted recommendation (see Finding No. 1).

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

An onsite closeout meeting was held September 7, 2023. Those participating were:

BOROUGH OF POINT MARION

The Honorable Carl Ables, Mayor

The Honorable Joseph Corcoran, President of Council

Mr. Harold L. Whyel, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Suzy Pitts, CPA, Audit Manager

BOROUGH OF POINT MARION
FAYETTE COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Borough of Point Marion
Fayette County
426 Morgantown Street
P.O. Box 236
Point Marion, PA 15474

The Honorable Carl Ables
Mayor

The Honorable Joseph Corcoran
President of Council

Mr. Harold L. Whyel
Secretary/Treasurer

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