

ATTESTATION ENGAGEMENT

Township of Gilmore
Greene County, Pennsylvania
30-207

Liquid Fuels Tax Fund
For the Period
January 1, 2019 to December 31, 2020

March 2022



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 Yassmin Gramian, P.E.
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 Gilmore, Greene County, for the period January 1, 2019 to December 31, 2020. 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. Those standards require that we plan and perform the examination 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.

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

- The municipality did not maintain documentation, such as invoices, to support expenditures of \$10,854.80 during 2019 for stone and equipment. The municipality reimbursed \$6,000.00 to the Liquid Fuels Tax Fund on August 30, 2021, which was subsequent to the examination period, leaving \$4,854.80 due the municipality's Liquid Fuels Tax Fund. (see Finding No. 1).
- During 2019 the municipality paid invoices totaling \$235.00 twice (see Finding No. 2).

Independent Auditor's Report (Continued)

- Our examination disclosed that the township expended \$6,000.00 with check No. 1118 for an Okada plate compactor and \$6,700.00 with check No. 1117 for a bucket and rotary tilt required to make the plate compactor move during 2019 from the Liquid Fuels Tax Fund. However, documentation for price quotations were not available for examination (see Finding No. 3).
- The municipality expended \$502.93 during 2019 from the Liquid Fuels Tax Fund for raw cinders, which is a nonpermissible expenditure (see Finding No. 4).

In our opinion, except for the bulleted matters discussed above, the Forms MS-965 With Adjustments presents, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Gilmore, Greene County, for the period January 1, 2019 to December 31, 2020, 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 the internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

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

Independent Auditor's Report (Continued)

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. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be material weaknesses in internal control:

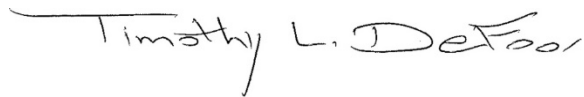
- Documentation Supporting Expenditures Was Not Available For Examination.
- Duplicate Payment Of Invoices.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Gilmore, Greene 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*:

- Documentation For Price Quotations Was Not Available For Examination.
- Nonpermissible Expenditure.

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 Gilmore, Greene 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
January 13, 2022

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TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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 GILMORE
 GREENE COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2020

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:

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

- 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
\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00

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

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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 GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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.

TOWNSHIP OF GILMORE
 GREENE 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	\$ 3,010.00	\$ -	\$ 3,010.00
Computer/Computer related training	-	-	-
Major equipment purchases	12,700.00	-	12,700.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	502.93	-	502.93
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	11,038.55	-	11,038.55
Maintenance and repair of roads and bridges	90,950.68	-	90,950.68
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 118,202.16</u>	<u>\$ -</u>	<u>\$ 118,202.16</u>

TOWNSHIP OF GILMORE
 GREENE 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	\$ 139,934.91	\$ -	\$ 139,934.91
Receipts:			
2. State allocation	104,152.27	-	104,152.27
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,456.86	-	1,456.86
2c. Miscellaneous	-	-	-
3. Total receipts	<u>105,609.13</u>	<u>-</u>	<u>105,609.13</u>
4. Total funds available	<u>245,544.04</u>	<u>-</u>	<u>245,544.04</u>
5. Expenditures (Section 1)	<u>118,202.16</u>	<u>-</u>	<u>118,202.16</u>
6. Balance, December 31, 2019	<u><u>\$ 127,341.88</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127,341.88</u></u>

TOWNSHIP OF GILMORE
 GREENE 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	\$ 20,358.13	\$ -	\$ 20,358.13
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	20,830.45	-	20,830.45
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	41,188.58	-	41,188.58
5. Less: Major equipment expenditures	<u>12,700.00</u>	<u>-</u>	<u>12,700.00</u>
6. Remainder	<u>28,488.58</u>	<u>-</u>	<u>28,488.58</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 28,488.58</u>	<u>\$ -</u>	<u>\$ 28,488.58</u>

TOWNSHIP OF GILMORE
 GREENE 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	699.00	-	699.00
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	1,340.00	-	1,340.00
Repairs of tools and machinery	10,048.04	-	10,048.04
Maintenance and repair of roads and bridges	29,637.00	-	29,637.00
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 41,724.04</u>	<u>\$ -</u>	<u>\$ 41,724.04</u>

TOWNSHIP OF GILMORE
 GREENE 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	\$ 127,341.88	\$ -	\$ 127,341.88
Receipts:			
2. State allocation	101,331.64	-	101,331.64
2a. Turnback allocation	-	-	-
2b. Interest on investments	835.40	-	835.40
2c. Miscellaneous	3,353.43	-	3,353.43
3. Total receipts	105,520.47	-	105,520.47
4. Total funds available	232,862.35	-	232,862.35
5. Expenditures (Section 1)	41,724.04	-	41,724.04
6. Balance, December 31, 2020	<u>\$ 191,138.31</u>	<u>\$ -</u>	<u>\$ 191,138.31</u>

TOWNSHIP OF GILMORE
 GREENE 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	\$ 28,488.58	\$ -	\$ 28,488.58
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	20,266.33	-	20,266.33
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	48,754.91	-	48,754.91
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>48,754.91</u>	<u>-</u>	<u>48,754.91</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 48,754.91</u>	<u>\$ -</u>	<u>\$ 48,754.91</u>

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

Miscellaneous Receipts

On January 7, 2020, the municipality deposited \$3,353.43 into its Liquid Fuels Tax Fund that was received from the Commonwealth of Pennsylvania for a winter maintenance agreement.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

Our examination disclosed that the municipality did not maintain documentation, such as invoices, to support expenditures of \$10,854.80 during 2019 for stone and equipment.

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.

This condition occurred because the current secretary/treasurer was not employed at the time these expenditures were made and could not find the invoices.

The municipality reimbursed \$6,000.00 to the Liquid Fuels Tax Fund on August 30, 2021, which was subsequent to the examination period.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$4,854.80 to its Liquid Fuels Tax Fund.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

Recommendations

We recommend that the municipality reimburse \$4,854.80 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We 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:

New secretary/treasurer maintains internal control to prevent missing invoices.

Auditor's Conclusion

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

TOWNSHIP OF GILMORE
 GREENE COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2020

Finding No. 2 - Duplicate Payment Of Invoices

Our examination disclosed that the municipality paid the following invoices 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>
61368-0002	1095	05/09/19	1102	05/19/19	\$200.00
N/A	1110	06/30/19	1114	08/01/19	35.00
				Total	<u>\$235.00</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 payments of \$235.00 to occur and not be detected prior to our examination.

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.

We were unable to determine why this condition occurred because the current secretary/treasurer was not employed by the municipality at the time these expenditures were made.

Recommendations

We recommend that the municipality reimburse \$235.00 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:

New secretary/ treasurer maintains internal control to prevent duplicate payments.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Finding No. 2 - Duplicate Payment Of Invoices (Continued)

Auditor's Conclusion

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

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

Our examination disclosed that the township expended \$6,000.00 with check No. 1118 for an Okada plate compactor and \$6,700.00 with check No. 1117 for a bucket and rotary tilt required to make the plate compactor move during 2019 from the Liquid Fuels Tax Fund. These were both attachments for a mini excavator that the township already owned. The township was required to obtain three written or telephonic price quotations for these expenditures. However, documentation for price quotations were not available for examination. 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 \$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, and \$11,800.00 and \$21,900.00 for 2022.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$12,700.00 to its Liquid Fuels Tax Fund.

We were unable to determine why this condition occurred because the current secretary/treasurer was not employed by the municipality at the time these expenditures were made.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$12,700.00 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the township reimburse \$12,700.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The municipal officials stated:

The amount required for reimbursement should only be for the second purchase which increased the amount above quote threshold, not the entire amount.

Auditor's Conclusion

Because the two pieces of equipment worked in conjunction with each other, they are considered one purchase for the purpose of obtaining price quotations. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Finding No. 4 - Nonpermissible Expenditure

Our examination disclosed that the municipality expended \$502.93 during 2019 from the Liquid Fuels Tax Fund for raw cinders, which is a nonpermissible expenditure.

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

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

We were unable to determine why this condition occurred because the current secretary/treasurer was not employed by the municipality at the time these expenditures were made.

The failure to comply with the Liquid Fuels Tax Municipal Allocation Law could result in the municipality having to reimburse \$502.93 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$502.93 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

Management's Response

The municipal officials stated:

Cinders will no longer be purchased using the Liquid Fuels Tax Funds.

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Finding No. 4 - Nonpermissible Expenditure (Continued)

Auditor's Conclusion

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

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

An exit conference was held October 7, 2021. Those participating were:

TOWNSHIP OF GILMORE

The Honorable Jeffrey Rode, Chairperson of the Board of Supervisors

The Honorable Jared Rode, Vice-Chairperson of the Board of Supervisors

Mr. Richard Kerch, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Michele Simpson, Auditor

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

TOWNSHIP OF GILMORE
GREENE COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

This report was initially distributed to:

The Honorable Yassmin Gramian, P.E.
Secretary
Department of Transportation

Township of Gilmore
Greene County
P.O. Box 6
181 Hero Road
New Freeport, PA 15352

The Honorable Jeffrey Rode
Chairperson of the Board of Supervisors

The Honorable Jared Rode
Vice-Chairperson of the Board of Supervisors

Mr. Richard Kerch
Secretary/Treasurer

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