

# ATTESTATION ENGAGEMENT

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Township of Granville

Mifflin County, Pennsylvania

44-206

Liquid Fuels Tax Fund

For the Period

January 1, 2017 to December 31, 2021

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December 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
Department of the 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 Granville, Mifflin 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)

In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Granville, Mifflin 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; 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.

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 a certain deficiency in internal control, described in the finding listed below, that we consider to be a material weakness in internal control:

- Inadequate Internal Control Over The Facsimile Signature Stamp.

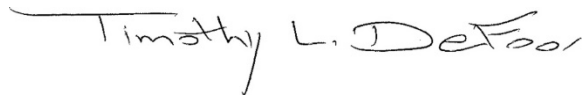
### Independent Auditor's Report (Continued)

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

- Liquid Fuels Money Over Expended On Project.

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 Granville, Mifflin 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  
November 7, 2023

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TOWNSHIP OF GRANVILLE  
MIFFLIN 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 GRANVILLE  
MIFFLIN 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:

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>\$10,700.00</u>	<u>\$10,900.00</u>	<u>\$11,100.00</u>	<u>\$11,300.00</u>	<u>\$11,500.00</u>

- 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:

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>\$10,700.00</u>	<u>\$10,900.00</u>	<u>\$11,100.00</u>	<u>\$11,300.00</u>	<u>\$11,500.00</u>

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

TOWNSHIP OF GRANVILLE  
MIFFLIN 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 GRANVILLE  
MIFFLIN 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 GRANVILLE  
 MIFFLIN 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	\$ 6,694.22	\$ -	\$ 6,694.22
Computer/Computer related training	-	-	-
Major equipment purchases	27,861.22	-	27,861.22
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	24,641.97	-	24,641.97
Traffic control devices	5,291.31	-	5,291.31
Street lighting	5,913.27	-	5,913.27
Storm sewers and drains	4,969.78	-	4,969.78
Repairs of tools and machinery	30,919.78	-	30,919.78
Maintenance and repair of roads and bridges	51,992.45	-	51,992.45
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total (To Section 2, Line 5)	<u>\$ 158,284.00</u>	<u>\$ -</u>	<u>\$ 158,284.00</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 56,557.31	\$ -	\$ 56,557.31
Receipts:			
2. State allocation	205,385.25	-	205,385.25
2a. Turnback allocation	17,800.00	-	17,800.00
2b. Interest on investments	327.41	-	327.41
2c. Miscellaneous	11,511.56	-	11,511.56
3. Total receipts	235,024.22	-	235,024.22
4. Total funds available	291,581.53	-	291,581.53
5. Expenditures (Section 1)	158,284.00	-	158,284.00
6. Balance, December 31, 2017	<u>\$ 133,297.53</u>	<u>\$ -</u>	<u>\$ 133,297.53</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 56,557.31	\$ -	\$ 56,557.31
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	44,637.05	-	44,637.05
3. PENNDOT approved adjustments	<u>4,250.00</u>	<u>-</u>	<u>4,250.00</u>
4. Total funds available for equipment acquisition	105,444.36	-	105,444.36
5. Less: Major equipment expenditures	<u>27,861.22</u>	<u>-</u>	<u>27,861.22</u>
6. Remainder	<u>77,583.14</u>	<u>-</u>	<u>77,583.14</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 77,583.14</u>	<u>\$ -</u>	<u>\$ 77,583.14</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 3,797.75	\$ -	\$ 3,797.75
Computer/Computer related training	-	-	-
Major equipment purchases	55,213.60	-	55,213.60
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	31,964.32	-	31,964.32
Traffic control devices	3,531.37	8,368.91	11,900.28
Street lighting	6,248.79	-	6,248.79
Storm sewers and drains	4,035.99	-	4,035.99
Repairs of tools and machinery	19,474.17	-	19,474.17
Maintenance and repair of roads and bridges	52,543.71	(8,368.91)	44,174.80
Highway construction and rebuilding projects	10,939.94	-	10,939.94
Miscellaneous	79.18	(79.18)	-
Total (To Section 2, Line 5)	<u>\$ 187,828.82</u>	<u>\$ (79.18)</u>	<u>\$ 187,749.64</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 133,297.53	\$ -	\$ 133,297.53
Receipts:			
2. State allocation	215,314.15	-	215,314.15
2a. Turnback allocation	17,800.00	-	17,800.00
2b. Interest on investments	1,375.71	-	1,375.71
2c. Miscellaneous	5,117.82	-	5,117.82
3. Total receipts	239,607.68	-	239,607.68
4. Total funds available	372,905.21	-	372,905.21
5. Expenditures (Section 1)	187,828.82	(79.18)	187,749.64
6. Balance, December 31, 2018	<u>\$ 185,076.39</u>	<u>\$ 79.18</u>	<u>\$ 185,155.57</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 77,583.14	\$ -	\$ 77,583.14
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	46,622.83	-	46,622.83
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	124,205.97	-	124,205.97
5. Less: Major equipment expenditures	<u>55,213.60</u>	<u>-</u>	<u>55,213.60</u>
6. Remainder	<u>68,992.37</u>	<u>-</u>	<u>68,992.37</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 68,992.37</u>	<u>\$ -</u>	<u>\$ 68,992.37</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 5,406.04	\$ -	\$ 5,406.04
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	40,138.59	-	40,138.59
Traffic control devices	16,108.50	7,801.80	23,910.30
Street lighting	19,946.44	-	19,946.44
Storm sewers and drains	1,227.86	-	1,227.86
Repairs of tools and machinery	34,185.91	-	34,185.91
Maintenance and repair of roads and bridges	87,926.60	-	87,926.60
Highway construction and rebuilding projects	36,998.07	(7,754.46)	29,243.61
Miscellaneous	47.34	(47.34)	-
Total (To Section 2, Line 5)	<u>\$ 241,985.35</u>	<u>\$ -</u>	<u>\$ 241,985.35</u>



TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 185,076.39	\$ 79.18	\$ 185,155.57
Receipts:			
2. State allocation	222,119.20	-	222,119.20
2a. Turnback allocation	17,800.00	-	17,800.00
2b. Interest on investments	4,581.49	-	4,581.49
2c. Miscellaneous	5,610.25	(79.18)	5,531.07
3. Total receipts	250,110.94	(79.18)	250,031.76
4. Total funds available	435,187.33	-	435,187.33
5. Expenditures (Section 1)	241,985.35	-	241,985.35
6. Balance, December 31, 2019	<u>\$ 193,201.98</u>	<u>\$ -</u>	<u>\$ 193,201.98</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 68,992.37	\$ -	\$ 68,992.37
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	47,983.84	-	47,983.84
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	116,976.21	-	116,976.21
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>116,976.21</u>	<u>-</u>	<u>116,976.21</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 116,976.21</u>	<u>\$ -</u>	<u>\$ 116,976.21</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 3,415.12	\$ -	\$ 3,415.12
Computer/Computer related training	-	-	-
Major equipment purchases	29,529.04	-	29,529.04
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	21,073.79	-	21,073.79
Traffic control devices	4,114.43	-	4,114.43
Street lighting	5,228.51	-	5,228.51
Storm sewers and drains	-	-	-
Repairs of tools and machinery	24,423.00	-	24,423.00
Maintenance and repair of roads and bridges	36,643.75	28,685.00	65,328.75
Highway construction and rebuilding projects	28,685.00	(28,685.00)	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 153,112.64</u>	<u>\$ -</u>	<u>\$ 153,112.64</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 193,201.98	\$ -	\$ 193,201.98
Receipts:			
2. State allocation	216,537.40	-	216,537.40
2a. Turnback allocation	17,800.00	-	17,800.00
2b. Interest on investments	2,128.96	-	2,128.96
2c. Miscellaneous	10,735.66	-	10,735.66
3. Total receipts	247,202.02	-	247,202.02
4. Total funds available	440,404.00	-	440,404.00
5. Expenditures (Section 1)	153,112.64	-	153,112.64
6. Balance, December 31, 2020	<u>\$ 287,291.36</u>	<u>\$ -</u>	<u>\$ 287,291.36</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 116,976.21	\$ -	\$ 116,976.21
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	46,867.48	-	46,867.48
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	163,843.69	-	163,843.69
5. Less: Major equipment expenditures	<u>29,529.04</u>	<u>-</u>	<u>29,529.04</u>
6. Remainder	<u>134,314.65</u>	<u>-</u>	<u>134,314.65</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 134,314.65</u>	<u>\$ -</u>	<u>\$ 134,314.65</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 9,332.09	\$ -	\$ 9,332.09
Computer/Computer related training	-	-	-
Major equipment purchases	79,951.54	-	79,951.54
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	26,284.97	-	26,284.97
Traffic control devices	4,886.98	-	4,886.98
Street lighting	4,846.25	-	4,846.25
Storm sewers and drains	178.29	-	178.29
Repairs of tools and machinery	34,965.50	(16.96)	34,948.54
Maintenance and repair of roads and bridges	48,705.18	28,685.00	77,390.18
Highway construction and rebuilding projects	70,260.00	(28,685.00)	41,575.00
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 279,410.80</u>	<u>\$ (16.96)</u>	<u>\$ 279,393.84</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 287,291.36	\$ -	\$ 287,291.36
Receipts:			
2. State allocation	200,592.34	-	200,592.34
2a. Turnback allocation	17,800.00	-	17,800.00
2b. Interest on investments	1,219.74	-	1,219.74
2c. Miscellaneous	3,049.24	-	3,049.24
3. Total receipts	222,661.32	-	222,661.32
4. Total funds available	509,952.68	-	509,952.68
5. Expenditures (Section 1)	279,410.80	(16.96)	279,393.84
6. Balance, December 31, 2021	<u>\$ 230,541.88</u>	<u>\$ 16.96</u>	<u>\$ 230,558.84</u>

TOWNSHIP OF GRANVILLE  
 MIFFLIN 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	\$ 134,314.65	\$ -	\$ 134,314.65
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	43,678.47	-	43,678.47
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	177,993.12	-	177,993.12
5. Less: Major equipment expenditures	<u>79,951.54</u>	<u>-</u>	<u>79,951.54</u>
6. Remainder	<u>98,041.58</u>	<u>-</u>	<u>98,041.58</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 98,041.58</u>	<u>\$ -</u>	<u>\$ 98,041.58</u>



TOWNSHIP OF GRANVILLE  
MIFFLIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2017 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

2018 - Section 1

Adjustments were made to “Traffic control devices” and “Maintenance and repair of roads and bridges” because expenditures of \$8,368.91 were misclassified.

An adjustment of \$(79.18) was made to “Miscellaneous” because check No. 5826 was voided but was included as an expenditure.

2019 - Section 1

Adjustments were made to “Traffic control devices,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$7,801.80 were misclassified.

2019 - Section 2

An adjustment of \$79.18 was made to “Balance, January 1, 2019” to reflect the adjustment made to the fund balance in 2018 - Section 2.

An adjustment of \$(79.18) was made to “Miscellaneous” because these receipts were overstated.

2020 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$28,685.00 were misclassified.

2021 - Section 1

An adjustment of \$(16.96) was made to “Repairs of tools and machinery” because check No. 6258 was voided but was included as an expenditure.

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$28,685.00 were misclassified.

TOWNSHIP OF GRANVILLE  
 MIFFLIN COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2017 TO DECEMBER 31, 2021

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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Commonwealth of Pennsylvania	Road lighting agreement	\$ 1,036.86	\$1,209.26	\$1,418.85	\$ 8,240.17	\$1,005.19
Derry Township	Reimbursement for road maintenance	2,006.36	2,110.34	2,195.28	2,131.92	1,981.95
General Fund	Correction of transfer in error	121.50	-	-	-	-
General Fund	Reimbursement for portion of paving project	4,033.89	-	-	-	-
Vendor	Sale of equipment	4,250.00	-	-	-	-
Vendor	Refund for returned materials	-	-	1,869.60	-	62.10
Insurance Company	Reimbursement for damages	62.95	-	-	-	-
Commonwealth of Pennsylvania	Grant	-	1,798.22	-	-	-
General Fund	Reimbursement for fuel	-	-	47.34	363.57	-
Totals		<u>\$11,511.56</u>	<u>\$5,117.82</u>	<u>\$5,531.07</u>	<u>\$10,735.66</u>	<u>\$3,049.24</u>

Transfer In Error

On June 19, 2015, the municipality transferred \$121.50 from its Liquid Fuels Tax Fund to its General Fund in error. On April 26, 2017, the municipality transferred this amount from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

TOWNSHIP OF GRANVILLE  
MIFFLIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

Bank Loan

On January 19, 2016, the municipality borrowed \$80,000.00 from Juniata Valley Bank to purchase a 2016 Ford dump truck. The term of the loan was for three years at an interest rate of 2.19 percent. Principal and interest payments of \$27,861.22 are due annually.

During the current examination period, the municipality paid principal of \$80,000.00 and interest of \$3,074.82 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2017 and 2018 Forms MS-965 - Section 1. On March 22, 2018, the loan was paid-in-full.

Bank Loan

On August 26, 2019, the municipality borrowed \$132,936.00 from Juniata Valley Bank to purchase a 2020 International dump truck. The term of the loan was for five years at an interest rate of 3.55 percent. Principal and interest payments of \$29,529.04 are due annually.

During the current examination period, the municipality paid principal of \$50,797.24 and interest of \$8,260.84 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2020 and 2021 Forms MS-965 - Section 1. The outstanding balance of the loan as of December 31, 2021, was \$82,138.76, plus interest.

P.I.B. Loan

On July 16, 2018, the municipality borrowed \$821,045.00 from The Commonwealth of Pennsylvania for various road projects. The term of the loan was for eight years at an interest rate of 2.13 percent. Principal and interest payments of \$112,685.32 are due annually.

During the current examination period, the municipality paid principal of \$86,215.00 from the Liquid Fuels Tax Fund. This amount is reflected in maintenance and repair of roads and bridges on the 2019, 2020, and 2021 Forms MS-965 - Section 1. Additionally, the municipality paid principal of \$205,613.77 and interest of \$46,227.19 from the General Fund. The outstanding balance of the loan as of December 31, 2021, was \$529,216.23, plus interest.

TOWNSHIP OF GRANVILLE  
MIFFLIN COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

**Finding No. 1 - Inadequate Internal Control Over The Facsimile Signature Stamp**

Our examination disclosed a significant weakness in the municipality's internal control that requires at least two authorized signatures on checks drawn on the Liquid Fuels Tax Fund. The authorized signatures are the chairman of the board, vice-chairman of the board, and township manager. The chairman of the board and the vice-chairman of the board each have a facsimile signature stamp with their name on it. However, both facsimile signature stamps are stored in the safe at the township building. The township manager has access to the safe and the facsimile signature stamps, making it possible for the township manager to sign her name and apply the facsimile signature stamp of the chairman of the board or the vice-chairman of the board.

Good internal controls require that there are at least two authorized signatures on checks drawn on the Liquid Fuels Tax Fund. If a facsimile signature stamp represents any of the authorized signatures, then the municipal official whose signature is represented on each stamp, and only that municipal official, should apply the stamp and safeguard it to prevent unauthorized use. Without this control, the risk that errors or misappropriations may occur and remain undetected increases significantly.

We were unable to determine the cause of this condition.

**Recommendations**

We recommend that the municipality establish and implement an adequate system of internal controls over disbursements. This includes ensuring that there are at least two authorized signatures on checks, and that if the facsimile signature stamp of the municipal officials is used, each municipal official have their own stamp and the stamp should be maintained and applied by the municipal official whose name is represented on the stamp.

**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 recommendations.

TOWNSHIP OF GRANVILLE  
MIFFLIN COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

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

Our examination disclosed that the municipality expended \$8,368.91 of Liquid Fuels Tax Fund money on construction project No. 18-44206-006. 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 \$2,031.45. The difference of \$6,337.46 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 the Municipal Services Completion Report Form MS-999.

The failure to comply with the Department of Transportation's Regulations could result in the municipality having to reimburse \$6,337.46 to its Liquid Fuels Tax Fund.

We were unable to determine the cause of this condition.

**Recommendations**

We recommend that the municipality reimburse \$6,337.46 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further 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 recommendations.

TOWNSHIP OF GRANVILLE  
MIFFLIN COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2017 TO DECEMBER 31, 2021

An onsite closeout meeting was held November 1, 2023. Those participating were:

TOWNSHIP OF GRANVILLE

Ms. Mary Herto, Manager/Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Jordan M. Goodling, Auditor

TOWNSHIP OF GRANVILLE  
MIFFLIN 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 Granville**

Mifflin County  
100 Hellen Street  
Lewistown, PA 17044

**The Honorable Mark M. Ellinger**

Chairman of the Board of Supervisors

**Ms. Mary Herto**

Manager/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).