

# ATTESTATION ENGAGEMENT

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## Township of Lower Yoder

Cambria County, Pennsylvania

11-217

Liquid Fuels Tax Fund

For the Period

January 1, 2018 to December 31, 2020

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## September 2021



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 Lower Yoder, Cambria County, for the period January 1, 2018 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.

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

### Independent Auditor's Report (Continued)

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.

As discussed in Finding No. 3, the township expended a total of \$21,260.38 from its Liquid Fuels Tax Fund for purchase of anti-skid without advertising for bids. Additionally, as discussed in Finding No. 4, the township expended \$18,550.42 for the purchase of anti-skid without maintaining documentation for price quotations.

In our opinion, except for the matters discussed in the preceding paragraph, 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 Lower Yoder, Cambria County, for the period January 1, 2018 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. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be significant deficiencies in internal control:

- Documentation Supporting Transfers 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 Lower Yoder, Cambria 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*:

- Noncompliance With Advertising And Bidding Requirements.
- Documentation For Price Quotations Was Not Available For Examination.
- A Complete Record Of Township Meeting Minutes Was Not Available For Examination - Recurring.

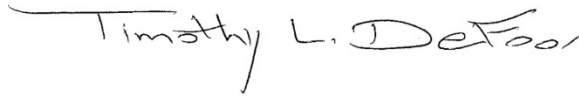
We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the findings below:

- Late Receipt Of Allocation - Recurring.

Independent Auditor's Report (Continued)

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

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

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

August 10, 2021

Timothy L. DeFoor  
Auditor General

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TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background

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

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

Each municipality must deposit 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 LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 BACKGROUND  
 FOR THE PERIOD  
 JANUARY 1, 2018 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 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

*Criteria*

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

Section 1 of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

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

2017	2018	2019	2020
\$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 LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 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 LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 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 LOWER YODER  
 CAMBRIA 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	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	90,227.58	-	90,227.58
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	174.42	-	174.42
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 90,402.00</u>	 <u>\$ -</u>	 <u>\$ 90,402.00</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 154,474.46	\$ -	\$ 154,474.46
Receipts:			
2. State allocation	102,489.08	-	102,489.08
2a. Turnback allocation	-	-	-
2b. Interest on investments	2,776.61	-	2,776.61
2c. Miscellaneous	-	-	-
3. Total receipts	<u>105,265.69</u>	<u>-</u>	<u>105,265.69</u>
4. Total funds available	<u>259,740.15</u>	<u>-</u>	<u>259,740.15</u>
5. Expenditures (Section 1)	<u>90,402.00</u>	<u>-</u>	<u>90,402.00</u>
6. Balance, December 31, 2018	<u><u>\$ 169,338.15</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 169,338.15</u></u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 85,910.16	\$ -	\$ 85,910.16
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	20,497.82	-	20,497.82
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	106,407.98	-	106,407.98
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>106,407.98</u>	<u>-</u>	<u>106,407.98</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 106,407.98</u>	<u>\$ -</u>	<u>\$ 106,407.98</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	49,712.83	-	49,712.83
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	357.08	-	357.08
Highway construction and rebuilding projects	-	-	-
Miscellaneous	18,732.19	-	18,732.19
 Total (To Section 2, Line 5)	 <u>\$ 68,802.10</u>	 <u>\$ -</u>	 <u>\$ 68,802.10</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 169,338.15	\$ -	\$ 169,338.15
Receipts:			
2. State allocation	105,364.26	-	105,364.26
2a. Turnback allocation	-	-	-
2b. Interest on investments	4,471.21	-	4,471.21
2c. Miscellaneous	13,087.32	-	13,087.32
3. Total receipts	<u>122,922.79</u>	<u>-</u>	<u>122,922.79</u>
4. Total funds available	<u>292,260.94</u>	<u>-</u>	<u>292,260.94</u>
5. Expenditures (Section 1)	<u>68,802.10</u>	<u>-</u>	<u>68,802.10</u>
6. Balance, December 31, 2019	<u><u>\$ 223,458.84</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 223,458.84</u></u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 106,407.98	\$ -	\$ 106,407.98
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	21,072.85	-	21,072.85
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	127,480.83	-	127,480.83
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>127,480.83</u>	<u>-</u>	<u>127,480.83</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 127,480.83</u>	<u>\$ -</u>	<u>\$ 127,480.83</u>



TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	52,583.62	.03	52,583.65
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	2,309.06	-	2,309.06
Highway construction and rebuilding projects	206,301.50	-	206,301.50
Miscellaneous	757.46	-	757.46
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 261,951.64</u>	<u>\$ .03</u>	<u>\$ 261,951.67</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 223,458.84	\$ -	\$ 223,458.84
Receipts:			
2. State allocation	102,100.20	-	102,100.20
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,234.81	-	1,234.81
2c. Miscellaneous	35,606.53	-	35,606.53
3. Total receipts	<u>138,941.54</u>	<u>-</u>	<u>138,941.54</u>
4. Total funds available	<u>362,400.38</u>	<u>-</u>	<u>362,400.38</u>
5. Expenditures (Section 1)	<u>261,951.64</u>	<u>.03</u>	<u>261,951.67</u>
6. Balance, December 31, 2020	<u>\$ 100,448.74</u>	<u>\$ (.03)</u>	<u>\$ 100,448.71</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA 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	\$ 127,480.83	\$ -	\$ 127,480.83
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	20,420.04	-	20,420.04
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	147,900.87	-	147,900.87
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>147,900.87</u>	<u>-</u>	<u>147,900.87</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 100,448.74</u>	<u>\$ (.03)</u>	<u>\$ 100,448.71</u>

TOWNSHIP OF LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2018 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.

Adjustments

2020 - Section 1

An adjustment of \$.03 was made to “Winter maintenance services” because check No. 315 was reported as \$14,091.95 but was issued for \$14,091.98.

Miscellaneous Receipts

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

Source	Description	2019	2020
Vendor	Refund	\$ 357.08	\$ -
General Fund	Reimbursement (Finding No. 2)	11,091.05	-
Commonwealth of Pennsylvania	Deposits in error	1,639.19	1,513.88
General Fund	Reimbursement (Finding No. 1)	-	17,092.65
Local business	Reimbursement for damages	-	17,000.00
		<hr/>	<hr/>
Totals		\$13,087.32	\$35,606.53

TOWNSHIP OF LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2020

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>2019</u>	<u>2020</u>
General Fund	Undocumented transfer (Finding No. 1)	\$17,092.65	\$ -
General Fund	Correction of deposits in error	<u>1,639.54</u>	<u>757.46</u>
Totals		<u><u>\$18,732.19</u></u>	<u><u>\$757.46</u></u>

Deposits In Error

On June 3, 2019 and December 2, 2019, the Commonwealth of Pennsylvania electronically deposited \$887.44 and \$751.75, respectively, into the Liquid Fuels Tax Fund in error. On June 1, 2020 and December 7, 2020, the Commonwealth of Pennsylvania deposited \$757.46 and \$756.42 respectively, into the Liquid Fuels Tax Fund in error.

On August 8, 2019, December 4, 2019 and June 25, 2020, the municipality transferred \$887.79, \$751.75 and \$757.46, respectively, into the General Fund to correct the deposits in error, which was \$.35 more than the amount required for the first three deposits in error. The municipality decided to leave the fourth deposit in error of \$756.42 in the Liquid Fuels Tax Fund.

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Our examination disclosed that the municipality did not maintain documentation, such as invoices or payroll records, to support a transfer of \$17,092.65 on January 8, 2019 from the municipality's Liquid Fuels Tax Fund to its General Fund.

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 expenditure were permissible according to the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations.

We were unable to determine why this condition occurred. However, on February 11, 2020, the municipality reimbursed \$17,092.65 to the Liquid Fuels Tax Fund.

**Recommendation**

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

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Management's Response

The municipal officials stated:

We agree with the finding.

Auditor's Conclusion

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

TOWNSHIP OF LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2018 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>
290391543	277	03/23/18	279	06/20/18	\$ 4,131.84
2903911851	277	03/23/18	279	06/20/18	6,959.21
Total					<u>\$11,091.05</u>

Although this money was reimbursed to the Liquid Fuels Tax Fund on February 12, 2019, the primary concern is the inadequate internal controls which enabled the duplicate payments of \$11,091.05 to remain undetected for one year.

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 finding occurred because there were no controls in place to prevent a duplicate payment of an invoice from occurring.

**Recommendation**

We 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:

Township controls in 2018 had deteriorated significantly due to fraud committed by the former Manager/Secretary/Treasurer, additionally, turnover in [the] highway department occurred. The new road master was not made aware of bidding quote procedures. The manager handled all bidding procedures. Controls will be in place to address this deficiency for future purchases.



TOWNSHIP OF LOWER YODER  
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JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Auditor's Conclusion

We reviewed a forensic report of municipal funds dated January 9, 2019. It did not note any misappropriations from the Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendation.

TOWNSHIP OF LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
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**Finding No. 3 - Noncompliance With Advertising And Bidding Requirements**

Our examination disclosed that the township expended \$21,260.38 during 2018 from the Liquid Fuels Tax Fund for the purchase of anti-skid without advertising for bids. These expenditures were as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
51509	01/15/18	278	03/28/18	\$ 2,756.14
51614	01/31/18	278	03/28/18	1,546.09
51758	02/15/18	278	03/28/18	5,188.37
51973	03/15/18	278	03/28/18	2,533.90
53853	10/15/18	282	10/29/18	2,080.58
53994	10/31/18	284	11/16/18	2,556.68
54350	11/30/18	287	12/17/18	4,080.43
54476	12/15/18	290	12/31/18	518.19
Total				\$21,260.38

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

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$21,260.38 to its Liquid Fuels Tax Fund.

This finding occurred because there was a high turnover of employees in the Township and they were unaware of the bidding requirement.

TOWNSHIP OF LOWER YODER  
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FINDINGS AND RECOMMENDATIONS  
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JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Recommendations

We recommend that the township reimburse \$21,260.38 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 township officials stated:

Township controls in 2018 had deteriorated significantly due to fraud committed by the former Manager/Secretary/Treasurer, additionally, turnover in highway department occurred. The new road master was not made aware of bidding quote procedures. The manager handled all bidding procedures. Controls will be in place to address this deficiency for future purchases.

Auditor's Conclusion

We reviewed a forensic report of municipal funds dated January 9, 2019. It did not note any misappropriations from the Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendation.

TOWNSHIP OF LOWER YODER  
 CAMBRIA COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Our examination disclosed that the township expended \$18,550.42 during 2019 from the Liquid Fuels Tax Fund for the purchase of anti-skid. The township was required to obtain three written or telephonic price quotations for these expenditures. However, documentation for price quotations was not available for examination. The anti-skid purchases were as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
54897	01/31/19	302	02/13/19	\$ 8,778.87
55067	02/15/19	305	03/14/19	2,538.97
55263	02/28/19	305	03/14/19	2,579.22
55390	03/15/19	307	04/02/19	2,611.65
55503	03/31/19	308	04/15/19	2,041.71
2019 Total				\$18,550.42

The above expenditures were not made in compliance with the contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(b), (also found at § 3102(b) of *The Second Class Township Code* as published by the Local Government Commission), which states, in part:

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

The thresholds for obtaining price quotations increased to purchases between \$10,900.00 and \$20,100.00 for 2018, \$11,100.00 and \$20,600.00 for 2019, \$11,300.00 and \$21,000.00 for 2020, and \$11,500.00 and \$21,300.00 for 2021.

TOWNSHIP OF LOWER YODER  
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FINDINGS AND RECOMMENDATIONS  
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**Finding No. 4 - 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 \$18,550.42 to its Liquid Fuels Tax Fund.

This condition occurred because there was a high turnover of employees in the Township and they were unaware of the requirement for price quotations.

Recommendations

We recommend that the township reimburse \$18,550.42 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 township officials stated:

We Agree with the finding.

Auditor's Conclusion

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

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
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**Finding No. 5 - A Complete Record Of Township Meeting Minutes Was Not Available For Examination - Recurring**

Our audit revealed that the minutes reflecting advertised meetings of township were not available at the examination site, with the exception of portions of two meetings to award road projects. The meeting minutes were in the prior township secretary/treasurer's system and had not been transcribed in order to be readable by the public from January 1, 2018 to September 19, 2018. The township's meeting minutes were completed timely in 2019 and 2020.

Section 1111 of *The Second Class Township Code* states, in part, that "the secretary shall attend all meetings of the borough council and keep full minutes of its proceedings. The secretary shall certify copies of any book, paper, bylaw, rule, regulation, resolution, ordinance or proceeding of the borough, under the seal, when so certified, shall be admissible in Commonwealth Court." Furthermore, Section 1113 states, in part, that "the minute book shall be open to inspection of any taxpayer."

The primary purpose of the minutes is to provide an official record of council meetings. Without a complete record of readable minutes, we were unable to determine if there were any references to the road projects or if any additional information would have had an impact on the propriety of liquid fuels expenditures. Additionally, we were unable to determine if litigation or related party transactions were noted.

This finding occurred because the prior secretary failed to transcribe monthly meeting minutes.

**Recommendation**

We recommend that, in the future, transcribed minutes for township meetings be available for public review within a reasonable period of time after each meeting.

**Management's Response**

The secretary/treasurer stated:

We agree with the finding.

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

**Finding No. 5 - A Complete Record Of Township Meeting Minutes Was Not Available For Examination - Recurring (Continued)**

Auditor's Conclusion

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

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

**Finding No. 6- Late Receipt Of Allocation - Recurring**

Our examination disclosed that the 2018 Liquid Fuels Tax Fund allocation of \$102,489.08, which should have been distributed from the Department of Transportation to the municipality during the first week of March of that year, was not received until July 5, 2018, because the municipality failed to comply with the Department of Transportation's *Publication 9*, Chapter Two, Section 2.4, which states:

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

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

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2018 allocation for four months. Furthermore, had the allocation been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

The 2019 and 2020 Liquid Fuels Tax Fund allocations were received on time.



TOWNSHIP OF LOWER YODER  
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**Finding No. 6 - Late Receipt Of Allocation - Recurring (Continued)**

Recommendation

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

Management's Response

The municipal officials stated:

We agree with the finding.

Auditor's Conclusion

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

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

An exit conference was held May 13, 2021. Those participating were:

TOWNSHIP OF LOWER YODER

Mrs. Barbara Godish, Treasurer

Ms. Natalie Urban, Secretary

The Honorable William Heim, Chairman of the Board of Supervisors

The Honorable Joseph Fatula, Supervisor

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Ronald J. Fairman, Auditor

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

TOWNSHIP OF LOWER YODER  
CAMBRIA COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2020

This report was initially distributed to:

**The Honorable Yassmin Gramian**  
Secretary  
Department of Transportation

**Township of Lower Yoder**  
Cambria County  
128 J Street  
Johnstown, PA 15906

**The Honorable William Heim**  
Chairman of the Board of Supervisors

**Ms. Natalie Urban**  
Secretary

**Mrs. Barbara Godish**  
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).