

# ATTESTATION ENGAGEMENT

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Township of Pavia  
Bedford County, Pennsylvania  
05-222  
Liquid Fuels Tax Fund  
For the Period  
January 1, 2020 to December 31, 2021

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October 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 Pavia, Bedford County, for the period January 1, 2020 to December 31, 2021. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 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. 1, during the examination period the municipality expended \$89,910.00 in 2020 and \$46,630.00 in 2021 for snow plowing. However, the municipality accepted lump sum bids for the snow plowing without the approval of the Department of Transportation.

## Independent Auditor's Report (Continued)

In our opinion, except for the matter 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 Pavia, Bedford County, for the period January 1, 2020 to December 31, 2021, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

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

Our consideration of internal control over reporting on the Forms MS-965 was for the limited purpose of expressing an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## 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 Township of Pavia, Bedford County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts on the Forms MS-965. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Lump Sum Bidding Without Approval Of The Department of Transportation - Recurring.

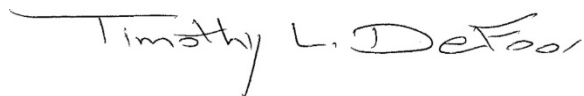
We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation - Recurring.

The examination finding for lump sum bidding cites a condition that existed in the operation of the municipality during the previous engagement period and was not corrected during the current examination period. The municipality should strive to comply with the recommendations noted in this report.

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 Pavia, Bedford County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Timothy L. DeFoor  
Auditor General  
September 13, 2022

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TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

Background

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

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

Each municipality must deposit the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In such a case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

TOWNSHIP OF PAVIA  
 BEDFORD COUNTY  
 LIQUID FUELS TAX FUND  
 BACKGROUND  
 FOR THE PERIOD  
 JANUARY 1, 2020 TO DECEMBER 31, 2021

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development’s (DCED) Report of Elected and Appointed Officials by January 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:

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

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

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

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

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

Background (Continued)

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

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

Section 3 of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.



TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

Background (Continued)

*Basis of Presentation*

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

*Basis Of Accounting*

The accompanying Form MS-965 With Adjustments is prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

*General Fixed Assets*

General fixed assets are recognized as expenditures at the time of purchase. No depreciation has been provided on the heavy equipment used to maintain and repair roads and bridges.

TOWNSHIP OF PAVIA  
 BEDFORD 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	93,110.00	(3,200.00)	89,910.00
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	3,200.00	3,200.00
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	21.04	-	21.04
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 93,131.04</u>	<u>\$ -</u>	<u>\$ 93,131.04</u>

TOWNSHIP OF PAVIA  
 BEDFORD 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	\$ 100,604.21	\$ -	\$ 100,604.21
Receipts:			
2. State allocation	33,859.16	-	33,859.16
2a. Turnback allocation	-	-	-
2b. Interest on investments	274.10	-	274.10
2c. Miscellaneous	-	-	-
3. Total receipts	<u>34,133.26</u>	<u>-</u>	<u>34,133.26</u>
4. Total funds available	<u>134,737.47</u>	<u>-</u>	<u>134,737.47</u>
5. Expenditures (Section 1)	<u>93,131.04</u>	<u>-</u>	<u>93,131.04</u>
6. Balance, December 31, 2020	<u><u>\$ 41,606.43</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,606.43</u></u>

TOWNSHIP OF PAVIA  
 BEDFORD 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	\$ 54,591.59	\$ -	\$ 54,591.59
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	6,771.83	-	6,771.83
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	61,363.42	-	61,363.42
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>61,363.42</u>	<u>-</u>	<u>61,363.42</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 41,606.43</u>	<u>\$ -</u>	<u>\$ 41,606.43</u>

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

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	46,630.00	-	46,630.00
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 46,630.00</u>	 <u>\$ -</u>	 <u>\$ 46,630.00</u>

TOWNSHIP OF PAVIA  
 BEDFORD 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	\$ 41,606.43	\$ -	\$ 41,606.43
Receipts:			
2. State allocation	31,424.55	-	31,424.55
2a. Turnback allocation	-	-	-
2b. Interest on investments	7.98	-	7.98
2c. Miscellaneous	28,765.00	-	28,765.00
3. Total receipts	<u>60,197.53</u>	<u>-</u>	<u>60,197.53</u>
4. Total funds available	<u>101,803.96</u>	<u>-</u>	<u>101,803.96</u>
5. Expenditures (Section 1)	<u>46,630.00</u>	<u>-</u>	<u>46,630.00</u>
6. Balance, December 31, 2021	<u><u>\$ 55,173.96</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 55,173.96</u></u>

TOWNSHIP OF PAVIA  
 BEDFORD 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	\$ 41,606.43	\$ -	\$ 41,606.43
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	6,284.91	-	6,284.91
3. PENNDOT approved adjustments	<u>19,757.00</u>	<u>(19,757.00)</u>	<u>-</u>
4. Total funds available for equipment acquisition	67,648.34	(19,757.00)	47,891.34
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>67,648.34</u>	<u>(19,757.00)</u>	<u>47,891.34</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 55,173.96</u>	<u>\$ (7,282.62)</u>	<u>\$ 47,891.34</u>

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

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

Adjustments

2020 - Section 1

Adjustments were made to “Winter maintenance services” and “Storm sewers and drains” because expenditures of \$3,200.00 were misclassified.

2021 - Section 3

An adjustment of \$(19,757.00) was made to “PENNDOT approved adjustments” because there were no approved adjustments.



TOWNSHIP OF PAVIA  
 BEDFORD COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2020 TO DECEMBER 31, 2021

**Finding No. 1 - Lump Sum Bidding Without Approval Of The Department Of Transportation - Recurring**

We cited the municipality for lump sum bidding without the approval of the Department of Transportation in our prior report for the period January 1, 2018 to December 31, 2019. Our current examination disclosed that the township expended a total of \$89,910.00 in 2020 and \$46,630.00 in 2021 for snow plowing on various township roads. Although the township advertised for bids for this service, the only proposals received for the services was for lump sum bids; \$44,630.00 for the plowing period of November 1, 2019 to May 31, 2020, \$44,630.00 for the plowing period November 1, 2020 to May 31, 2021, and \$46,630.00 for the period of November 1, 2021 to May 31, 2022. Lump sum bids are not permitted unless approved by the Department of Transportation. The municipality did not obtain the approval of the Department of Transportation to use a lump sum bid for the snow plowing. These expenditures are as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>	<u>Totals</u>
15318	01/03/2020	1155	01/07/2020	\$44,630.00	
15319	01/09/2020	1156	02/12/2020	650.00	
15881	12/14/2020	1002	12/14/2020	<u>44,630.00</u>	
2020 Total					\$ 89,910.00
16461	11/01/2021	1051	11/02/2021	<u>\$46,630.00</u>	
2021 Total					<u>46,630.00</u>
Two Year Total					<u><u>\$136,540.00</u></u>

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

**Finding No. 1 - Lump Sum Bidding Without Approval Of The Department Of  
Transportation - Recurring (Continued)**

Because lump sum bidding was not approved by the Department of Transportation these expenditures did not comply with the Department of Transportation's *Publication 9*, Appendix D, § 449.9), which states:

(c) Proposal

The proposal shall contain the approximate number of tons or square yards of materials for metric equivalents required, as reasonably estimated by the municipality. The bidder shall insert:

- (1) The unit price for each item (type of equipment x hourly rate)
- (2) The total price for each item (anti-skid quantity x price per ton)
- (3) The total price for any group of items, as to which the proposal requires a total or subtotal.

(d) Lump sum bids.

In special cases, the Director of the Bureau of Municipal Services of the Department may approve lump sum bids in lieu of the procedure set forth in subsection (c).

The township was informed at the exit conference of our prior examination on February 3, 2021, that lump sum bids were not permissible without the approval of the Department of Transportation. However, the municipality accepted a lump sum bid for snow removal without the approval of the Department of Transportation subsequent to being informed that it was nonpermissible.

The failure to comply with the Department of Transportation's *Publication 9* could result in the township having to reimburse \$136,540.00 to its Liquid Fuels Tax Fund.

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

**Finding No. 1 - Lump Sum Bidding Without Approval Of The Department Of  
Transportation - Recurring (Continued)**

Recommendations

We recommend that the township reimburse \$136,540.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that, in the future, the township complies with The Department of Transportation's *Publication 9* as noted in this finding.

Management's Response

The secretary/treasurer stated:

The lump sum bidding proposal was approved by our solicitor and he did not advise the board to seek approval from the Department of Transportation. We then proceeded to advertise and only received one bid. Therefore, we proceeded with the snow removal bid on the recommendation from legal.

Auditor's Conclusion

The municipality was informed at the exit conference of our prior examination that lump sum bids require prior approval by the Department of Transportation. Additionally, before the last lump sum contract was awarded the township reimbursed its Liquid Fuels Tax Fund for a similar finding in our prior report (see Summary Of Prior Examination Recommendations). The Department of Transportation will determine if the municipality should reimburse \$136,540.00 to its Liquid Fuels Tax Fund. This is a recurring finding. We strongly recommend that the municipality complies with our recommendations. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

**Finding No. 2 - Late Receipt Of Allocation - Recurring**

Our examination disclosed that the 2020 Liquid Fuels Tax Fund allocation of \$33,859.16, 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 October 23, 2020, 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.

However, the municipality stated that this condition occurred because the Department of Transportation did not have the correct municipal address due to a change in officials.

Because the municipality did not receive its allocation on time, the municipality did not have use of the 2020 allocation for more than seven 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.

A similar finding was also written in our prior report. However, we noted that the 2021 Liquid Fuels Tax Fund allocation was received timely.

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

**Finding No. 2 - Late Receipt Of Allocation - Recurring (Continued)**

Recommendation

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

Management's Response

The municipal officials stated:

It is my understanding that we had a late allocation due to an address change or incorrect address when supervisors and secretary changed.

Auditor's Conclusion

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

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$28,765.00 to its Liquid Fuels Tax Fund for lump sum bidding without the approval of the Department of Transportation.

During our current examination, we reviewed a letter dated July 14, 2021, from the Department of Transportation directing the municipality to reimburse \$28,765.00 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on September 9, 2021.

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

- Ensure that it follows its policy of requiring two signatures on all disbursements from the Liquid Fuels Tax Fund account.
- Comply with the Department of Transportation's *Publication 9* concerning lump sum bidding.
- Comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week of March.

During our current examination, we noted that the municipality complied with our first bulleted recommendation, did not comply with our second bulleted recommendation (see Finding No. 1) and did not comply with our third bulleted recommendation until 2021 (see Finding No. 2).

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

An exit conference was held May 31, 2022. Those participating were:

TOWNSHIP OF PAVIA

Ms. Paula R. Ickes, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Michele Garman, CFE, Audit Supervisor

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

TOWNSHIP OF PAVIA  
BEDFORD COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2021

This report was initially distributed to:

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

**Township of Pavia**  
Bedford County  
237 Pavia Road  
Imler, PA 16655

**The Honorable Cory Dibert**  
Chairman of the Board of Supervisors

**Ms. Paula R. Ickes**  
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).