

ATTESTATION ENGAGEMENT

Township of Mann
Bedford County, Pennsylvania
05-216
Liquid Fuels Tax Fund
For the Period
January 1, 2017 to December 31, 2018

March 2020



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

Yassmin Gramian, P.E.
Acting 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 Mann, Bedford County, for the period January 1, 2017 to December 31, 2018. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria set forth in Note 1. 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*.

As described in Finding No. 2, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings and Recommendations and Summary Of Prior Examinations' Recommendations sections of this report.

- The municipality did not maintain documentation to support expenditures of \$3,539.02 during 2017 and \$10,159.00 during 2018 (see Finding No. 1).
- The municipality expended \$7,111.84 during 2017 for nonpermissible expenditures (see Finding No. 3).
- The municipality expended \$1,308.00 during 2018 for related party transactions (see Finding No. 4).
- As a result of findings in our 2007-2009 and 2010-2011 examination reports, the Department of Transportation determined that the municipality was required to reimburse \$69,532.45 to its Liquid Fuels Tax Fund. As of December 31, 2018, the municipality had reimbursed \$49,434.42 to its Liquid Fuels Tax Fund leaving a balance due of \$20,098.03 (see Summaries of 2007-2009 and 2010-2011 Examination Recommendations).
- As a result of findings in our 2012-2014 and 2015-2016 examination reports and findings contained in a Turnback examination report, the Department of Transportation determined that the municipality was required to reimburse \$76,176.68 to its Liquid Fuels Tax Fund. The municipality reimbursed \$15,235.32 to its Liquid Fuels Tax Fund on March 5, 2019, which was subsequent our examination period, leaving \$60,941.34 due its Liquid Fuels Tax Fund (see Summary of 2012-2014 and 2015-2016 Examination Recommendations).

In our opinion, except for the bulleted matters discussed above, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Mann, Bedford County, for the period January 1, 2017 to December 31, 2018, in accordance with the criteria set forth in Note 1.

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.

Independent Auditor's Report (Continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Form 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 Form MS-965 is presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be material weaknesses in internal control:

- Documentation Supporting Expenditures Were Not Available For Examination - Recurring.
- Failure To Properly Prepare Forms MS-965 - Recurring.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Mann, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Nonpermissible Expenditure - Recurring.
- Related Party Transactions.

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

- Late Receipt Of Allocation - Recurring.
- Idle Funds Held In A Noninterest-Bearing Account - Recurring.

Independent Auditor's Report (Continued)

Five of the six examination findings contained in this report cite conditions that existed in the operation of the municipality during the previous engagement periods and were not corrected during the current examination period. The municipality should strive to comply with the recommendations 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 Mann, 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.



Eugene A. DePasquale
Auditor General

January 31, 2020

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TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

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 MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31st and the Survey of Financial Condition By March 15th.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 2017 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Finding No. 2)</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 3,657.14	\$ (2,857.14)	\$ 800.00
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	5,984.42	550.00	6,534.42
Traffic control devices	-	739.70	739.70
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	18,718.98	438.00	19,156.98
Maintenance and repair of roads and bridges	140,678.19	(1,891.38)	138,786.81
Highway construction and rebuilding projects	-	-	-
Miscellaneous (Note 5)	138.00	20,550.86	20,688.86
	<u>138.00</u>	<u>20,550.86</u>	<u>20,688.86</u>
Total (To Section 2, Line 5)	<u>\$ 169,176.73</u>	<u>\$ 17,530.04</u>	<u>\$ 186,706.77</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 2017 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Finding No. 2)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2017	\$ 45,000.65	\$ -	\$ 45,000.65
Receipts:			
2. State allocation	150,039.91	-	150,039.91
2a. Turnback allocation	13,600.00	-	13,600.00
2b. Interest on investments (Note 3)	-	129.97	129.97
2c. Miscellaneous (Note 4)	10,000.00	11,359.60	21,359.60
3. Total receipts	<u>173,639.91</u>	<u>11,489.57</u>	<u>185,129.48</u>
4. Total funds available	<u>218,640.56</u>	<u>11,489.57</u>	<u>230,130.13</u>
5. Expenditures (Section 1)	<u>169,176.73</u>	<u>17,530.04</u>	<u>186,706.77</u>
6. Balance, December 31, 2017	<u>\$ 49,463.83</u>	<u>\$ (6,040.47)</u>	<u>\$ 43,423.36</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD 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	\$ 45,000.65	\$ -	\$ 45,000.65
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	32,727.98	-	32,727.98
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	77,728.63	-	77,728.63
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>77,728.63</u>	<u>-</u>	<u>77,728.63</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 49,463.83</u>	<u>\$ (6,040.47)</u>	<u>\$ 43,423.36</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 2018 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Finding No. 2)</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 19,819.86	\$ (15,419.86)	\$ 4,400.00
Computer/Computer related training	-	-	-
Major equipment purchases	-	15,000.00	15,000.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	6,599.35	60.00	6,659.35
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	7,030.00	-	7,030.00
Repairs of tools and machinery	15,429.24	(.05)	15,429.19
Maintenance and repair of roads and bridges	138,819.84	410.71	139,230.55
Highway construction and rebuilding projects	-	-	-
Miscellaneous (Note 5)	600.00	9,666.80	10,266.80
 Total (To Section 2, Line 5)	 <u>\$ 188,298.29</u>	 <u>\$ 9,717.60</u>	 <u>\$ 198,015.89</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 2018 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Finding No. 2)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2018	\$ 49,463.83	\$ (6,040.47)	\$ 43,423.36
Receipts:			
2. State allocation	154,904.66	1,017.04	155,921.70
2a. Turnback allocation	13,600.00	-	13,600.00
2b. Interest on investments (Note 3)	.20	485.60	485.80
2c. Miscellaneous (Note 4)	10,664.88	2,167.69	12,832.57
3. Total receipts	<u>179,169.74</u>	<u>3,670.33</u>	<u>182,840.07</u>
4. Total funds available	<u>228,633.57</u>	<u>(2,370.14)</u>	<u>226,263.43</u>
5. Expenditures (Section 1)	<u>188,298.29</u>	<u>9,717.60</u>	<u>198,015.89</u>
6. Balance, December 31, 2018	<u><u>\$ 40,335.28</u></u>	<u><u>\$ (12,087.74)</u></u>	<u><u>\$ 28,247.54</u></u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 2018 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments (Finding No. 2)</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 49,463.83	\$ (6,040.47)	\$ 43,423.36
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	33,700.93	203.41	33,904.34
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	83,164.76	(5,837.06)	77,327.70
5. Less: Major equipment expenditures	<u>-</u>	<u>15,000.00</u>	<u>15,000.00</u>
6. Remainder	<u>83,164.76</u>	<u>(20,837.06)</u>	<u>62,327.70</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 40,335.28</u>	<u>\$ (12,087.74)</u>	<u>\$ 28,247.54</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 NOTES TO FORMS MS-965 WITH ADJUSTMENTS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2018

1. Criteria

Section 1

This section 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:

2014	2015/2016	2017	2018
\$10,300.00	\$10,500.00	\$10,700.00	\$10,900.00

- 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:

2014	2015/2016	2017	2018
\$10,300.00	\$10,500.00	\$10,700.00	\$10,900.00

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

Section 2

This section 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.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

1. Criteria (Continued)

Section 3

This section 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.

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 Forms MS-965 have 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 Forms 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 are 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.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

1. Criteria (Continued)

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.

2. Deposits

The Second Class Township Code, Title 53 P.S. § 68204, authorizes the township to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts, of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in financial institutions. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

There were no deposits exposed to custodial credit risk as of December 31, 2018. Custodial credit risk, as defined by GASB No. 40, as amended, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

Fund Balance

The fund balance as of December 31, 2018, consists of the following:

Cash	\$28,247.54
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TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 NOTES TO FORMS MS-965 WITH ADJUSTMENTS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2018

3. Interest On Investments

Our examination disclosed that the municipality deposited some of its idle liquid fuels tax money in an interest-bearing account which earned \$129.97 during 2017 and \$485.80 during 2018.

4. 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>
General Fund	Reimbursements (Summary of 2010-2011 Examination Recommendations)	\$10,000.00	\$10,000.00
General Fund Bedford County Tax Bureau	Deposit in error (Note 7)	10,000.00	-
Resident	Deposit in error (Note 7)	-	2,167.69
Vendor	Refund for signs	-	664.88
	Totals	<u>\$21,359.60</u>	<u>\$12,832.57</u>

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 NOTES TO FORMS MS-965 WITH ADJUSTMENTS
 FOR THE PERIOD
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5. 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>2017</u>	<u>2018</u>
General Fund	Correction of deposit in error (Note 7)	\$10,000.00	\$ -
United States Treasury	Nonpermissible expenditure (Finding No. 3)	7,111.84	-
Various	Undocumented expenditures (Finding No. 1)	3,539.02	10,159.00
Financial Institution	Bank service charges	<u>38.00</u>	<u>107.80</u>
Totals		<u>\$20,688.86</u>	<u>\$10,266.80</u>

6. Bank Loan

On June 24, 2014, the municipality borrowed \$22,208.26 from Hometown Bank to pay off several existing lines of credit. The term of the loan was for five years at an interest rate of 5.0 percent. Principal and interest payments of \$419.86 are due monthly. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$8,806.96 and \$1,881.95, respectively. Additionally, the municipality paid principal of \$1,808.29 and interest of \$291.01.

During the current examination period, the municipality paid principal of \$3,940.67 and interest of \$518.21 from the Liquid Fuels Tax Fund. These amounts are reflected in Miscellaneous on the 2017 and 2018 Forms MS-965 - Section 1. Additionally, the municipality paid principal of \$5,600.16 and interest of \$459.48 from the General Fund. The outstanding balance of the loan as of December 21, 2018 was \$2,052.18.

Because the loan was used to pay off several lines of credit for which we could not determine the purpose, the loan payments from the Liquid Fuels Tax Fund were nonpermissible expenditures (see Finding No. 1).

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

7. Deposits In Error

On April 4, 2017, the municipality deposited \$10,000.00 into its Liquid Fuels Tax Fund in error. On April 4, 2017, the municipality transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On May 15, 2017, the municipality deposited \$1,359.60 that was received from the Bedford County Tax Bureau into its Liquid Fuels Tax Fund in error. As of December 31, 2018, the \$1,359.60 remained in the Liquid Fuels Tax Fund.

On July 6, 2018 and July 10, 2018, the municipality deposited \$1,067.69 and \$1,100.00, respectively, into its Liquid Fuels Tax Fund that was received from residents in error. As of December 31, 2018 the \$2,167.69 remained in the Liquid Fuels Tax Fund.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

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

We cited the municipality for not maintaining documentation supporting expenditures in our prior two reports with the most recent being for the period January 1, 2015 to December 31, 2016. Our current examination disclosed that the municipality did not maintain invoices to support transfers of \$8,855.00 to the General Fund during 2018.

Additionally, the municipality expended \$3,439.02 in 2017 and \$1,019.86 in 2018 from the Liquid Fuels Tax Fund for monthly payments on a loan. The loan from Hometown Bank was used to pay off several existing lines of credit for which we could not determine the purpose. Because we could not determine the intent of the original lines of credit, the loan payments are not considered to be allowable expenditures from the Liquid Fuels Tax Fund (see Note 6).

Finally, the municipality expended \$100.00 in 2017 and \$284.14 in 2018 from the Liquid Fuels Tax Fund for monthly payments on various lines of credit from Hometown Bank. Because we could not determine the intent of the lines of credit, the payments are not considered to be allowable expenditures from the Liquid Fuels Tax 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 expenditures were permissible according to the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$13,698.02 to its Liquid Fuels Tax Fund.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

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

Recommendations

We recommend that the municipality reimburse \$13,698.02 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The municipal officials stated:

I can't find the receipts.

Auditor's Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Finding No. 2 - Failure To Properly Prepare Forms MS-965 - Recurring

We cited the municipality for failure to properly prepare Forms MS-965 in our prior three reports with the most recent being for the period January 1, 2015 to December 31, 2016. Our current examination disclosed that there were numerous errors made in the preparation of the municipality's 2017 and 2018 Forms MS-965. These errors resulted in the following adjustments:

2017 - Section 1

- An adjustment of \$(2,857.14) was made to "Minor equipment purchases" because expenditures of \$739.70 for traffic control devices, \$438.00 for repairs of tools and machinery, and \$1,679.44 for miscellaneous expenditures were misclassified.
- An adjustment of \$550.00 was made to "Winter maintenance services" because check No. 5637 was not reported.
- An adjustment of \$739.70 was made to "Traffic control devices" because these expenditures were misclassified as minor equipment purchases.
- An adjustment of \$438.00 was made to "Repairs of tools and machinery" because these expenditures were misclassified as minor equipment purchases.
- An adjustment of \$(1,891.38) was made to "Maintenance and repair of roads and bridges" because check No. 5655 for \$1,633.31 and check No. 5714 for \$258.07 were voided but included as expenditures.
- An adjustment of \$20,550.86 was made to "Miscellaneous" because \$1,679.44 of these expenditures were misclassified as minor equipment purchases and these expenditures were understated by \$18,871.42

2017 - Section 2

- An adjustment of \$129.97 was made to "Interest on investments" because interest earnings were not reported.
- An adjustment of \$11,359.00 was made to "Miscellaneous" because deposits in error were not reported (see Note 7).

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
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Finding No. 2 - Failure To Properly Prepare Forms MS-965 - Recurring (Continued)

2018 - Section 1

- An adjustment of \$(15,419.86) was made to “Minor equipment purchases” because expenditures of \$15,000.00 for major equipment purchases and \$419.86 for miscellaneous expenditures were misclassified.
- An adjustment of \$15,000.00 was made to “Major equipment purchases” because these expenditures were misclassified as minor equipment purchases.
- An adjustment of \$60.00 was made to “Winter maintenance services” because check No. 5736 was reported as \$600.00 but was issued for \$660.00.
- An adjustment of \$(.05) was made to “Repairs of tools and machinery” because check No. 5779 was reported as \$27.89 but was issued for \$27.84.
- An adjustment of \$410.71 was made to “Maintenance and repair of roads and bridges” because these expenditures were understated.
- An adjustment of \$9,666.80 was made to “Miscellaneous” because \$9,246.94 of these expenditures was not reported and \$419.86 of these expenditures was misclassified as minor equipment purchases.

2018 - Section 2

- An adjustment of \$(6,040.47) was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance in 2017 - Section 2.
- An adjustment of \$1,017.04 was made to “State allocation” because this receipt was understated.
- An adjustment of \$485.60 was made to “Interest on investments” because interest earnings were understated.
- An adjustment of \$2,167.69 was made to “Miscellaneous” because deposits in error were not reported (see Note 7).

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Failure To Properly Prepare Forms MS-965 - Recurring (Continued)

2018 - Section 3

- An adjustment of \$(6,040.47) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2017 - Section 3.
- An adjustment of \$203.41 was made to “Current year equipment allocation” because the state allocation of \$155,921.70 from 2018 - Section 2, which is used to calculate this figure, was understated.
- An adjustment of \$15,000.00 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2018 - Section 1.

Good internal controls ensure that the municipality complete its Forms MS-965 accurately and completely.

The failure to properly complete Forms MS-965 increases the risk that errors or misappropriations may occur and remain undetected.

Recommendation

We again recommend that the municipality ensure that its Forms MS-965 are complete and accurate.

Management’s Response

The municipal officials stated:

It was my mistake.

Auditor’s Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Finding No. 3 - Nonpermissible Expenditure - Recurring

We cited the municipality for nonpermissible expenditures in our prior examination for the period January 1, 2015 to December 31, 2016. Our current examination disclosed that the municipality expended \$7,111.84 during 2017 for payment of back payroll taxes.

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 back payroll taxes, are outside the scope of permissible expenditures.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$7,111.84 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$7,111.84 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that, in the future, the municipality complies with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

Management's Response

The municipal officials stated:

I believe this was a tax payment from the wrong account.

Auditor's Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 4 - Related Party Transactions

Our examination disclosed that the township expended \$1,308.00 during 2018 from the Liquid Fuels Tax Fund for road maintenance on various township roads. The vendor is the husband of the township secretary/treasurer. Due to the secretary/treasurer's financial interest in the company and the lack of an open and public award process, these contracts appear to violate *The Second Class Township Code* and The Public Official and Employee Ethics Act. Therefore, they should not have been entered into by the township.

The Second Class Township Code, 53 P.S. § 68102(i), as amended, states, in part:

No township official, either elected or appointed, or township employee who knows, or who by the exercise of reasonable diligence could know, shall be interested to any appreciable degree, either directly or indirectly, in any contract for the sale or furnishing of any supplies or materials for the use of the township or for any work to be done for such township involving the expenditure by the township of more than five hundred dollars (\$500.00) in any year unless the contract is awarded through the public bid process. This limitation does not apply if the officer or appointee of the township is an employee of the person, firm or corporations to which the money is to be paid in a capacity with no possible influence on the transaction and the officer cannot possibly be benefited thereby, either financially or otherwise. If a supervisor is within this exception, the supervisor shall so inform the board of supervisors and refrain from voting on the payments and shall in no manner participate in the contract. . . .

This information is also published in § 3102(i) of *The Second Class Township Code* as published by the Local Government Commission.

The Public Official and Employee Ethics Act ("Ethics Act"), 65 P.S. 1103(f), states, in part:

No public official or public employee or his spouse or child or any business in which the person or his spouse or child is associated shall enter into any contract valued at \$500 or more with the governmental body with which the public official or public employee is associated or any subcontract valued at \$500 or more with any person who has been awarded a contract with the governmental body with which the public official or public employee is associated, unless the contract has been awarded through an open and public process, including prior public notice and subsequent public disclosure of all proposals considered and contracts awarded. In such a case, the public official or public employee shall not have any supervisory or overall responsibility for the implementation or administration of the contract.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
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Finding No. 4 - Related Party Transactions (Continued)

Because these contracts violate *The Second Class Township Code* and the Ethics Act the township could be required by the Pennsylvania Department of Transportation to reimburse \$1,308.00 to its Liquid Fuels Tax Fund.

Copies of this finding will be forwarded to the Pennsylvania Department of Transportation and the State Ethics Commission for their review and whatever action they may deem appropriate.

Recommendations

We recommend that the township reimburse \$1,308.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the township complies with *The Second Class Township Code* and the Ethics Act.

Management's Response

The municipal officials stated:

We paid relatives for plow work which extended to more than the allotted amount.

Auditor's Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Finding No. 5 - Late Receipt Of Allocation - Recurring

We cited the municipality for late receipt of allocation in our prior examination for the period January 1, 2015 to December 31, 2016. Our current examination disclosed that the 2018 Liquid Fuels Tax Fund allocation of \$155,921.70, 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 May 3, 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 31st and the Survey of Financial Condition by March 15th.
- 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 two months. Furthermore, had the allocations 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.

This condition occurred because the municipality failed to comply with our prior examination recommendation to comply with the Department of Transportation's *Publication 9*.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 5 - Late Receipt Of Allocation - Recurring (Continued)

Recommendation

We again recommend that, in the future, the municipality complies 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 offered no formal response at this time.

Auditor's Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Finding No. 6 - Idle Funds Held In A Noninterest-Bearing Account - Recurring

We cited the municipality for holding funds in a noninterest-bearing account in our prior two reports with the most recent being for the period ending December 31, 2016. Our current examination disclosed that some of the liquid fuels tax money in excess of current needs was deposited in a noninterest-bearing checking account from January 1, 2017 to December 31, 2018 with an average balance of \$71,516.82.

The Department of Transportation's *Publication 9*, Chapter Two, Section 2.6.1, states:

All monies in the Liquid Fuels Tax Fund account should be invested to earn interest until expended. . .

The Second Class Township Code, Section 3204, as published by the Local Government Commission, lists the types of permissible investments for township funds. If the township had invested the liquid fuels tax funds in interest-bearing accounts, certificates of deposit, or other investments permitted by *The Second Class Township Code*, additional money would have been earned for road maintenance and repairs.

Recommendation

We recommend that the township officials comply with the Department of Transportation's *Publication 9* by reassessing their fiscal policy and consider investing money in excess of current needs in investments outlined in *The Second Class Township Code* as published by the Local Government Commission.

Management's Response

The municipal officials stated:

We need to move our account to an interest paying account.

Auditor's Conclusion

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Summary Of 2007-2009 Examination Recommendations

In our 2007-2009 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$97,998.99 to its Liquid Fuels Tax Fund. This amount consists of \$57,649.58 for failing to maintain documentation to support expenditures, \$30,252.47 for failing to maintain documentation for price quotations, and \$10,096.94 for over expending its equipment purchase tally.

During 2012-2014 examination, we reviewed a letter dated July 6, 2014, from the Department of Transportation informing the municipality to reimburse \$40,349.00 of the \$97,998.99 to its Liquid Fuels Tax Fund. In our 2010-2011 examination, we noted that on June 2, 2010 and October 12, 2010, the municipality reimbursed \$2,548.48 and \$1,274.25, respectively, to its Liquid Fuels Tax Fund. In addition, we noted that on September 6, 2012, the municipality reimbursed \$1,274.23 to its Liquid Fuels Tax Fund. The balance due the Liquid Fuels Tax Fund as of December 31, 2014 was \$35,252.45. The Department of Transportation combined the \$35,252.45 with the reimbursement request in the 2010-2011 examination (see Summary Of 2010-2011 Examination Recommendations).

Summary Of 2010-2011 Examination Recommendations

In our 2010-2011 examination, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$34,280.00 to its Liquid Fuels Tax Fund. This amount consists of \$19,280.00 for failing to advertise for bids and \$15,000.00 for over expending liquid fuels money on projects.

During our 2012-2014 examination, we reviewed a letter dated January 6, 2014, from the Department of Transportation informing the municipality to reimburse \$34,280.00 to its Liquid Fuels Tax Fund. The Department of Transportation combined the 2007-2009 balance of its reimbursement request of \$35,252.45 with the 2010-2011 reimbursement request of \$34,280.00 leaving a balance of \$69,532.45 to be reimbursed to the Liquid Fuels Tax Fund. The municipality agreed to reimburse the \$69,532.45 to its Liquid Fuels Tax Fund in quarterly installments of \$2,500.00 beginning December 31, 2013. Reimbursements to the municipality's Liquid Fuels Tax Fund through December 31, 2018 were as follows:

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2017 TO DECEMBER 31, 2018

Summary Of 2010-2011 Examination Recommendations (Continued)

Date	Amount
09/25/12	\$ 1,207.37
03/27/14	5,000.00
04/30/15	5,000.00
09/03/15	4,000.00
12/10/15	5,000.00
01/26/16	5,000.00
01/29/16	3,227.05
11/01/16	1,000.00
04/25/17	10,000.00
03/29/18	10,000.00
Total	\$49,434.42

As of December 31, 2018, \$20,098.03 was due the municipality's Liquid Fuels Tax Fund.

Summary Of 2012-2014 Examination Recommendations

In our 2012-2014 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$23,383.95 to its Liquid Fuels Tax Fund for failing to maintain documentation to support expenditures.

During our current examination, we reviewed a letter dated June 2, 2016, from the Department of Transportation informing the municipality to reimburse \$23,383.95 to its Liquid Fuels Tax Fund. On March 26, 2019, which was subsequent to our examination, the Department of Transportation combined its reimbursement request of \$23,383.95 with the 2015-2016 examination reimbursement request (see Summary Of 2015-2016 Examination Recommendations).

TOWNSHIP OF MANN
 BEDFORD COUNTY
 LIQUID FUELS TAX FUND
 SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
 FOR THE PERIOD
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Summary Of 2015-2016 Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$66,787.99 to its Liquid Fuels Tax Fund. This amount consists of \$21,228.93 for not maintaining documentation supporting expenditures, \$1,100.64 for duplicate payment and overpayment of invoices, \$31,947.40 for noncompliance with advertising and bidding requirements, \$10,589.07 for nonpermissible expenditures, and \$1,921.95 for retroactive expenditures.

During our current examination, we reviewed a letter dated April 10, 2018, from the Department of Transportation informing the municipality to reimburse \$66,787.99 to its Liquid Fuels Tax Fund. As of the exit conference date of this examination of October 21, 2019, the municipality had not reimbursed this amount to its Liquid Fuels Tax Fund.

On March 26, 2019, which was subsequent to our examination period, the Department of Transportation informed the municipality to reimburse \$14,840.59 of the \$66,787.99. The township requested a payment plan for the reimbursement of 2012-2014 examination findings, the 2015-2016 examination findings, and Turnback examination findings. The amounts of the reimbursements required are as follows:

<u>Examination Description</u>	<u>Examination Period</u>	<u>Balance Due</u>
Liquid Fuels Tax Fund	January 1, 2012 - December 31, 2014	\$23,383.95
Liquid Fuels Tax Fund	January 1, 2015 - December 31, 2016	14,840.59
Turnback Fund	March 17, 2015 - October 29, 2015	<u>37,952.14</u>
	Total	<u><u>\$76,176.68</u></u>

The municipality agreed to reimburse the \$76,176.68 to its Liquid Fuels Tax Fund in five annual installments. The first four installments are \$15,235.34. The final installment is \$15,235.32. The first installment of \$15,235.34 was reimbursed to the Liquid Fuels Tax Fund on March 5, 2019, which was subsequent to our examination, leaving a balance of \$60,941.34 due its Liquid Fuels Tax Fund.

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
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Summary Of 2015-2016 Examination Recommendations (Continued)

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

- Ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.
- Establish and implement internal controls to ensure vendor invoices are reviewed timely to avoid duplicate payments and overpayments.
- Ensure that its Forms MS-965 are complete and accurate.
- Comply with *The Second Class Township Code* the municipality comply with by advertising for bids for all purchases over \$19,400.00. The threshold for advertising for bids increased to purchases over \$19,700.00 for 2017, \$20,100.00 for 2018, \$20,600.00 for 2019, and \$21,000.00 for 2020.
- Comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.
- Comply with the Department of Transportation's *Publication 9* regarding retroactive expenditures.
- Comply with the Department of Transportation's *Publication 9* by reassessing their fiscal policy and consider investing money in excess of current needs in investments outlined in *The Second Class Township Code*.
- Comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in March.

During our current examination, we noted that the municipality did not make any duplicate payments (related to the second bulleted recommendation), complied with our fourth and sixth bulleted recommendations, and did not comply with our first, third, fifth, seventh, and eighth bulleted recommendations (see Finding Nos 1, 2, 3, 5, and 6).

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

An exit conference was held October 21, 2019. Those participating were:

TOWNSHIP OF MANN

Ms. Melissa Singleton, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Michele Garman, CFE, Audit Supervisor

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

TOWNSHIP OF MANN
BEDFORD COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

This report was initially distributed to:

Yassmin Gramian, P.E.
Acting Secretary
Department of Transportation

Township of Mann
Bedford County
1410 Mountain Road
Artemas, PA 17211

The Honorable Richard Talbert
Chairman of the Board of Supervisors/Treasurer

Ms. Melissa Singleton
Secretary/Treasurer

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