

ATTESTATION ENGAGEMENT

Township of South Buffalo

Armstrong County, Pennsylvania

03-223

Liquid Fuels Tax Fund

For the Period

January 1, 2019 to December 31, 2020

December 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 South Buffalo, Armstrong County, for the period January 1, 2019 to December 31, 2020. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

As 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, the township expended \$21,855.71 during 2019 from the Liquid Fuels Tax Fund for the purchase and delivery of anti-skid without advertising for bids. Additionally, as discussed in Finding No. 2, the municipality expended \$8,894.05 for ash that was not purchased from an approved supplier during 2019 and \$719.50 for the cleaning of uniforms during 2020 from the Liquid Fuels Tax Fund, which are nonpermissible expenditures.

Independent Auditor's Report (Continued)

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 South Buffalo, Armstrong County, for the period January 1, 2019 to December 31, 2020, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on 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.

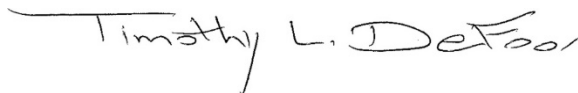
Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of South Buffalo, Armstrong 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.
- Nonpermissible Expenditures.

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 South Buffalo, Armstrong 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.



November 3, 2021

Timothy L. DeFoor
Auditor General

CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2019 Form MS-965 With Adjustments	5
2020 Form MS-965 With Adjustments	8
Auditor Description Of Select Transactions.....	11
Findings And Recommendations:	
Finding No. 1 - Noncompliance With Advertising And Bidding Requirements	12
Finding No. 2 - Nonpermissible Expenditures	14
Summary Of Prior Examination Recommendations.....	16
Summary Of Exit Conference.....	17
Report Distribution	18

TOWNSHIP OF SOUTH BUFFALO
ARMSTRONG COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, (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 SOUTH BUFFALO
 ARMSTRONG COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

Criteria

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

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

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

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

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

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

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

TOWNSHIP OF SOUTH BUFFALO
ARMSTRONG COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

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

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

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

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

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

TOWNSHIP OF SOUTH BUFFALO
ARMSTRONG COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

Basis of Presentation

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

Basis Of Accounting

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

General Fixed Assets

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

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 1,338.12	\$ (1,154.00)	\$ 184.12
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	43,958.81	-	43,958.81
Traffic control devices	924.80	-	924.80
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	40,139.86	1,154.00	41,293.86
Maintenance and repair of roads and bridges	184,594.14	-	184,594.14
Highway construction and rebuilding projects	-	-	-
Miscellaneous	162.78	-	162.78
	<u> </u>	<u> </u>	<u> </u>
Total (To Section 2, Line 5)	<u>\$ 271,118.51</u>	<u>\$ -</u>	<u>\$ 271,118.51</u>

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 197,658.64	\$ -	\$ 197,658.64
Receipts:			
2. State allocation	200,309.97	-	200,309.97
2a. Turnback allocation	43,000.00	-	43,000.00
2b. Interest on investments	3,587.36	-	3,587.36
2c. Miscellaneous	-	-	-
3. Total receipts	<u>246,897.33</u>	<u>-</u>	<u>246,897.33</u>
4. Total funds available	<u>444,555.97</u>	<u>-</u>	<u>444,555.97</u>
5. Expenditures (Section 1)	<u>271,118.51</u>	<u>-</u>	<u>271,118.51</u>
6. Balance, December 31, 2019	<u><u>\$ 173,437.46</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 173,437.46</u></u>

7

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 94,974.30	\$ -	\$ 94,974.30
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	48,661.99	-	48,661.99
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	143,636.29	-	143,636.29
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>143,636.29</u>	<u>-</u>	<u>143,636.29</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 143,636.29</u>	<u>\$ -</u>	<u>\$ 143,636.29</u>

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 2,133.65	\$ (1,414.15)	\$ 719.50
Computer/Computer related training	-	-	-
Major equipment purchases	47,500.56	-	47,500.56
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	18,397.03	-	18,397.03
Traffic control devices	18,000.64	-	18,000.64
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	82,238.50	1,394.80	83,633.30
Maintenance and repair of roads and bridges	123,835.34	-	123,835.34
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 292,105.72</u>	<u>\$ (19.35)</u>	<u>\$ 292,086.37</u>

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 173,437.46	\$ -	\$ 173,437.46
Receipts:			
2. State allocation	194,910.40	-	194,910.40
2a. Turnback allocation	43,000.00	-	43,000.00
2b. Interest on investments	1,217.39	-	1,217.39
2c. Miscellaneous	73,423.00	-	73,423.00
3. Total receipts	<u>312,550.79</u>	<u>-</u>	<u>312,550.79</u>
4. Total funds available	<u>485,988.25</u>	<u>-</u>	<u>485,988.25</u>
5. Expenditures (Section 1)	<u>292,105.72</u>	<u>(19.35)</u>	<u>292,086.37</u>
6. Balance, December 31, 2020	<u>\$ 193,882.53</u>	<u>\$ 19.35</u>	<u>\$ 193,901.88</u>

TOWNSHIP OF SOUTH BUFFALO
 ARMSTRONG 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	\$ 143,636.29	\$ -	\$ 143,636.29
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	47,582.08	-	47,582.08
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	191,218.37	-	191,218.37
5. Less: Major equipment expenditures	47,500.56	-	47,500.56
6. Remainder	<u>143,717.81</u>	<u>-</u>	<u>143,717.81</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 143,717.81</u>	<u>\$ -</u>	<u>\$ 143,717.81</u>

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

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

Adjustments

2019 - Section 1

Adjustments were made to “Minor equipment purchases” and “Repairs of tools and machinery” because expenditures of \$1,154.00 were misclassified.

2020 - Section 1

An adjustment of \$(1,414.15) was made to “Minor equipment purchases” because expenditures for repairs of tools and machinery were misclassified.

A net adjustment of \$1,394.80 was made to “Repairs of tools and machinery” because expenditures of \$1,414.15 were misclassified as minor equipment purchases and because check No. 2956 for \$19.35 was voided, but was included as an expenditure.

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>2020</u>
General Fund	Grant	\$56,354.84
General Fund	Reimbursement (Summary Of Prior Examination Recommendations)	<u>17,068.16</u>
Totals		<u><u>\$73,423.00</u></u>

Miscellaneous Expenditures

On November 13, 2019, the municipality expended \$162.78 from the Liquid Fuels Tax Fund for a check order.

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

Finding No. 1 - Noncompliance With Advertising And Bidding Requirements

Our examination disclosed that the township expended \$21,855.71 during 2019 from the Liquid Fuels Tax Fund for the purchase and delivery 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>
8926	01/31/19	10130	02/11/19	\$ 5,181.55
8989	02/28/19	10145	03/21/19	8,502.52
9042	03/31/19	10171	04/09/19	2,577.82
9127	04/30/19	10185	05/20/19	2,124.12
9600	10/31/19	10254	11/19/19	3,469.70
2019 Total				\$21,855.71

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 \$20,600.00 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 \$21,855.71 to its Liquid Fuels Tax Fund.

This condition occurred because the township officials were unaware of the bidding requirements.

Recommendations

We recommend that the township reimburse \$21,855.71 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.

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

Finding No. 1 - Noncompliance With Advertising And Bidding Requirements (Continued)

Management's Response

The township officials offered no formal response at this time.

Auditor's Conclusion

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

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

Finding No. 2 - Nonpermissible Expenditures

Our examination disclosed that the municipality expended \$8,894.05 for ash that was not purchased from an approved supplier during 2019 and \$719.50 for the cleaning of uniforms during 2020 from the Liquid Fuels Tax Fund, which are nonpermissible expenditures.

The Department of Transportation's *Publication 447*, Section MS-450-0001, lists current approved suppliers for items such as ash. The supplier from which the municipality purchased the ash was not on the approved list.

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 expenditures, including those for ash that is not purchased from an approved supplier and for cleaning of uniforms, 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 \$9,613.55 to its Liquid Fuels Tax Fund.

This condition occurred because the township thought the expenditures were permissible.

Recommendations

We recommend that the municipality reimburse \$9,613.55 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further 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.

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

Finding No. 2 - Nonpermissible Expenditures (Continued)

Management's Response

The Secretary/Treasurer stated:

Ash - assumed it was allowed, as roadmaster thought it was allowed from state.

Auditor's Conclusion

The municipal officials should review the Department of Transportation's *Publication 447* before purchasing ash to ensure that the purchase is made from an approved supplier. During our next examination, we will determine if the township complied with our recommendations.

TOWNSHIP OF SOUTH BUFFALO
ARMSTRONG COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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 \$13,611.11 to its Liquid Fuels Tax Fund for documentation for price quotations not available for examination.

During our current examination, we reviewed a letter dated April 13, 2020, from the Department of Transportation directing the municipality to reimburse \$13,611.11 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed \$17,068.16 to its Liquid Fuels Tax Fund on February 27, 2020, which exceeded this amount by \$3,457.05.

In our prior report, we also recommended that the municipality comply with the contract requirements in *The Second Class Township Code* by obtaining price quotations for all purchases between \$10,900.00 and \$20,100.00. The thresholds for obtaining price quotations increased to purchases \$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.

During our current examination, we noted that the municipality complied with our recommendations.

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

An exit conference was held August 4, 2021. Those participating were:

TOWNSHIP OF SOUTH BUFFALO

Mrs. Michele Brestensky, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Nicholas Slagle, Auditor

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

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

This report was initially distributed to:

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

Township of South Buffalo
Armstrong County
384 Iron Bridge Road
Freeport, PA 16229

The Honorable Joseph Charleton
Chairman of the Board of Supervisors

Mrs. Michele Brestensky
Secretary/Treasurer

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