

ATTESTATION ENGAGEMENT

Township of Quincy
Franklin County, Pennsylvania
28-211
Liquid Fuels Tax Fund
For the Period
January 1, 2018 to December 31, 2022

October 2024



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 Michael Carroll
Secretary
Department of Transportation
Harrisburg, PA 17120

We were engaged to examine the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Quincy, Franklin County, for the period January 1, 2018 to December 31, 2022, which were required to be prepared in accordance with the information required by the Pennsylvania Department of Transportation and the criteria described in the Background section of this report and the Department of Transportation's Publication 9. The township'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 conducting the examination in accordance with attestation standards established by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States.

We are required to be independent and to meet our other ethical responsibilities in accordance with ethical requirements relating to the engagement.

As described in the Auditor Description Of Select Transactions section of this report, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

During our examination we discovered allegations made that a prior township supervisor manipulated and falsified documents in order to steal county, state, and federal grant funds, as well as other funds from other sources, by inflating invoices associated with various township expenses. However, because of the limited evidence available, we could not determine whether these allegations were true. Additionally, the supervisor passed away before the allegations were resolved.

Independent Auditor's Report (Continued)

Because of the limitations on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the Forms MS-965 With Adjustments are in accordance with the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Quincy, Franklin County, for the period January 1, 2018 to December 31, 2022, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

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

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

Our consideration of internal control was for the limited purpose of expressing an opinion on whether the Forms MS-965 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 a certain deficiency in internal control, described in the findings listed below, that we consider to be material weaknesses in internal control:

- Inadequate Internal Controls Over The Facsimile Signature Stamp.
- Authorized Check Signers Are Related.

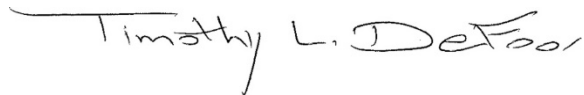
Independent Auditor's Report (Continued)

In connection with our engagement, we performed tests of the Township of Quincy, Franklin 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. The results of our tests disclosed the instances of noncompliance listed below that are required to be reported under *Government Auditing Standards*. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the Forms MS-965, additional instances of noncompliance or other matters may have been identified and reported herein.

- Failure To Obtain Project Approval.
- Noncompliance With Advertising And Bidding Requirements.

This report is intended solely for the information and use of PennDOT and the Township of Quincy, Franklin County, and is not intended to be and should not be used by anyone other than the specified parties.

We appreciate the courtesy extended by the Township of Quincy, Franklin 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
July 18, 2024

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TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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:

2018	2019	2020	2021	2022
\$10,900.00	\$11,100.00	\$11,300.00	\$11,500.00	\$11,800.00

- 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	2022
\$10,900.00	\$11,100.00	\$11,300.00	\$11,500.00	\$11,800.00

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

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 should be prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

Basis Of Accounting

The accompanying Forms MS-965 With Adjustments are required to be 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 required to be 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 QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
2018 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	62,363.00	-	62,363.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	22,155.14	-	22,155.14
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	104,526.72	-	104,526.72
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 189,044.86</u>	 <u>\$ -</u>	 <u>\$ 189,044.86</u>

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

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2018	\$ 35,226.80	\$ -	\$ 35,226.80
Receipts:			
2. State allocation	239,013.16	-	239,013.16
2a. Turnback allocation	-	-	-
2b. Interest on investments	609.24	-	609.24
2c. Miscellaneous	14,863.00	-	14,863.00
3. Total receipts	<u>254,485.40</u>	<u>-</u>	<u>254,485.40</u>
4. Total funds available	<u>289,712.20</u>	<u>-</u>	<u>289,712.20</u>
5. Expenditures (Section 1)	<u>189,044.86</u>	<u>-</u>	<u>189,044.86</u>
6. Balance, December 31, 2018	<u><u>\$ 100,667.34</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 100,667.34</u></u>

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

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 303.55	\$ -	\$ 303.55
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	47,802.63	-	47,802.63
3. PENNDOT approved adjustments	<u>14,863.00</u>	<u>-</u>	<u>14,863.00</u>
4. Total funds available for equipment acquisition	62,969.18	-	62,969.18
5. Less: Major equipment expenditures	<u>62,363.00</u>	<u>-</u>	<u>62,363.00</u>
6. Remainder	<u>606.18</u>	<u>-</u>	<u>606.18</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 606.18</u>	<u>\$ -</u>	<u>\$ 606.18</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ -	\$ 10,000.00	\$ 10,000.00
Computer/Computer related training	-	-	-
Major equipment purchases	10,000.00	(10,000.00)	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	12,451.40	-	12,451.40
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	120,865.22	-	120,865.22
Highway construction and rebuilding projects	76,276.52	-	76,276.52
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 219,593.14</u>	 <u>\$ -</u>	 <u>\$ 219,593.14</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 100,667.34	\$ -	\$ 100,667.34
Receipts:			
2. State allocation	244,638.01	-	244,638.01
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,672.93	-	1,672.93
2c. Miscellaneous	-	-	-
3. Total receipts	<u>246,310.94</u>	<u>-</u>	<u>246,310.94</u>
4. Total funds available	<u>346,978.28</u>	<u>-</u>	<u>346,978.28</u>
5. Expenditures (Section 1)	<u>219,593.14</u>	<u>-</u>	<u>219,593.14</u>
6. Balance, December 31, 2019	<u><u>\$ 127,385.14</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127,385.14</u></u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 606.18	\$ -	\$ 606.18
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	48,927.60	-	48,927.60
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	49,533.78	-	49,533.78
5. Less: Major equipment expenditures	10,000.00	(10,000.00)	-
6. Remainder	<u>39,533.78</u>	<u>10,000.00</u>	<u>49,533.78</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 39,533.78</u>	<u>\$ 10,000.00</u>	<u>\$ 49,533.78</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	897.00	-	897.00
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	23,307.29	-	23,307.29
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	84,905.58	-	84,905.58
Highway construction and rebuilding projects	66,611.13	-	66,611.13
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 175,721.00</u>	 <u>\$ -</u>	 <u>\$ 175,721.00</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 127,385.14	\$ -	\$ 127,385.14
Receipts:			
2. State allocation	238,070.86	-	238,070.86
2a. Turnback allocation	-	-	-
2b. Interest on investments	400.28	-	400.28
2c. Miscellaneous	-	-	-
3. Total receipts	<u>238,471.14</u>	<u>-</u>	<u>238,471.14</u>
4. Total funds available	<u>365,856.28</u>	<u>-</u>	<u>365,856.28</u>
5. Expenditures (Section 1)	<u>175,721.00</u>	<u>-</u>	<u>175,721.00</u>
6. Balance, December 31, 2020	<u><u>\$ 190,135.28</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 190,135.28</u></u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 49,533.78	\$ -	\$ 49,533.78
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	47,614.17	-	47,614.17
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	97,147.95	-	97,147.95
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>97,147.95</u>	<u>-</u>	<u>97,147.95</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 97,147.95</u>	<u>\$ -</u>	<u>\$ 97,147.95</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	74,773.78	-	74,773.78
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	21,454.47	-	21,454.47
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	100,558.66	(88,490.66)	12,068.00
Highway construction and rebuilding projects	-	88,490.66	88,490.66
Miscellaneous	5,971.66	-	5,971.66
 Total (To Section 2, Line 5)	 <u>\$ 202,758.57</u>	 <u>\$ -</u>	 <u>\$ 202,758.57</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 190,135.28	\$ -	\$ 190,135.28
Receipts:			
2. State allocation	225,240.50	-	225,240.50
2a. Turnback allocation	-	-	-
2b. Interest on investments	29.40	-	29.40
2c. Miscellaneous	5,971.66	-	5,971.66
3. Total receipts	231,241.56	-	231,241.56
4. Total funds available	421,376.84	-	421,376.84
5. Expenditures (Section 1)	202,758.57	-	202,758.57
6. Balance, December 31, 2021	<u>\$ 218,618.27</u>	<u>\$ -</u>	<u>\$ 218,618.27</u>

TOWNSHIP OF QUINCY
FRANKLIN 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	\$ 97,147.95	\$ -	\$ 97,147.95
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	45,048.10	-	45,048.10
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	142,196.05	-	142,196.05
5. Less: Major equipment expenditures	<u>74,773.78</u>	<u>-</u>	<u>74,773.78</u>
6. Remainder	<u>67,422.27</u>	<u>-</u>	<u>67,422.27</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 67,422.27</u>	<u>\$ -</u>	<u>\$ 67,422.27</u>

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
2022 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	999.00	-	999.00
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	25,256.72	-	25,256.72
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	59,786.04	-	59,786.04
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 86,041.76</u>	 <u>\$ -</u>	 <u>\$ 86,041.76</u>

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
2022 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, 2022	\$ 218,618.27	\$ -	\$ 218,618.27
Receipts:			
2. State allocation	220,534.67	-	220,534.67
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,203.74	-	1,203.74
2c. Miscellaneous	-	-	-
3. Total receipts	221,738.41	-	221,738.41
4. Total funds available	440,356.68	-	440,356.68
5. Expenditures (Section 1)	86,041.76	-	86,041.76
6. Balance, December 31, 2022	<u>\$ 354,314.92</u>	<u>\$ -</u>	<u>\$ 354,314.92</u>

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
2022 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	\$ 67,422.27	\$ -	\$ 67,422.27
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	44,106.93	-	44,106.93
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	111,529.20	-	111,529.20
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>111,529.20</u>	<u>-</u>	<u>111,529.20</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 111,529.20</u>	<u>\$ -</u>	<u>\$ 111,529.20</u>

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 “Major equipment purchases” because expenditures of \$10,000.00 were misclassified.

2019 - Section 3

An adjustment of \$(10,000.00) was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2019 - Section 1.

2021 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$88,490.66 were misclassified.

Miscellaneous Receipts

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

Source	Description	2018	2021
General Fund	Reimbursement for equipment	\$14,863.00	\$ -
Commonwealth of Pennsylvania	Deposit in error	-	5,971.66
Totals		<u>\$14,863.00</u>	<u>\$5,971.66</u>

Deposit In Error

On March 1, 2021, \$5,971.66 of state funds were electronically deposited into the Liquid Fuels Tax Fund in error. On March 5, 2021, the municipality transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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

Our examination disclosed a material weakness in the municipality's internal controls that require at least two authorized signatures on checks drawn on the Liquid Fuels Tax Fund. The authorized signers were the former secretary/treasurer and all three township supervisors. This control was circumvented each time the former secretary/treasurer applied a facsimile signature stamp containing a supervisor's signature to a check.

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

We were unable to determine the cause of this condition.

Recommendations

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

Management's Response

The board of supervisors stated:

The facsimile signature stamp was inappropriately used by a former township supervisor and employee. The current supervisors and staff have implemented appropriate controls over the stamps to prevent this from happening again. We respectfully request that the township and its residents not be held liable for or be penalized for actions of a prior supervisor and staff.

Auditor's Conclusion

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

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Finding No. 2 - Authorized Check Signers Are Related

During our examination, we noted that three signatures were used to authenticate checks written on the Liquid Fuels Tax Fund. The township officials authorized to sign checks were the three township supervisors and the secretary/treasurer. However, a former supervisor, who served as supervisor during 2021, and the former secretary/treasurer were husband and wife, respectively. Although the township had three signatures on all checks written from the Liquid Fuels Tax Fund, the former secretary/treasurer applied a facsimile stamp for a township supervisor who was not her husband to represent a third signature along with her signature and her husband's signature (see Finding No. 1).

Good internal control procedures ensure that checks drawn on the Liquid Fuels Tax Fund are signed by two unrelated, authorized township officials with one being that of the secretary/treasurer.

Without this control, the risk of unauthorized disbursements, errors, or misappropriations occurring and remaining undetected increases significantly.

We were unable to determine the cause of this condition.

Recommendation

We recommend that the municipality improve internal control procedures over disbursements by having at least two authorized check signers for Liquid Fuels Tax Fund checks who are not related.

Management's Response

The board of supervisors stated:

This issue was also due to inappropriate actions of a former township supervisor and employee. The current supervisors and staff have implemented appropriate controls to prevent this from happening again. We respectfully request that the township and its residents not to held liable for or be penalized for their actions.

Auditor's Conclusion

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

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Finding No. 3 - Failure To Obtain Project Approval

Our examination disclosed that the municipality expended \$88,490.66 for paving in excess of one inch on Gap Road, Masters Road, and Barkdoll Lane without obtaining the approval of the Department of Transportation. Before paving of one inch in thickness or greater is done, the municipality must obtain the approval of the Department of Transportation. However, the municipality did not file an application with the Department of Transportation for the project and failed to submit specifications for approval.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states that nonpermissible expenditures include "Construction and reconstruction projects without prior PENNDOT approval."

Additionally, *Publication 9*, Chapter Two, Section 2.8, states, in part:

The following criteria is used to determine when a project is required for work on local roads utilizing Liquid Fuels Tax Funds, when construction, reconstruction and/or resurfacing work exceeds one inch or more in depth as well as other activities.

The failure to comply with the Department of Transportation's *Publication 9* could result in the municipality having to reimburse \$88,490.66 to its Liquid Fuels Tax Fund.

We were unable to determine the cause of this condition.

Recommendations

We recommend that the municipality reimburse \$88,490.66 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that before the municipality expends money on a project, it applies for and obtains prior approval for the project, and when the project is completed, it obtains approval of the completed work.

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Finding No. 3 - Failure To Obtain Project Approval (Continued)

Management's Response

The board of supervisors stated:

Former township supervisors and/or staff may have overlooked obtaining project approval in a prompt manner. However, these projects were eligible and would have been approved for use of Liquid Fuels funds. We therefore respectfully request that the township and its residents not be held liable for or be penalized for their actions.

Auditor's Conclusion

The Department of Transportation will determine if the municipality is required to reimburse \$88,490.66 to its Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Finding No. 4 - Noncompliance With Advertising And Bidding Requirements

Our examination disclosed that the township expended a total of \$21,028.00 during 2018, \$27,912.00 during 2019, and \$22,905.50 during 2020 from the Liquid Fuels Tax Fund for equipment rental. Most of the equipment rental was bid properly, however, the municipality expended \$1,120.00 during 2018, \$1,970.00 during 2019, and \$6,028.50 during 2020 on equipment that was not included in the bid packets, which is in noncompliance with the advertising and bidding requirements of *The Second Class Township Code*.

The above expenditures were not made in compliance with the advertising, bidding, and contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(a), (also found at § 3102(a) of *The Second Class Township Code* as published by the Local Government Commission), which requires that purchases over \$18,500.00 during 2012 must be advertised, bid, and awarded by contract. The bidding threshold increased to purchases over \$20,100.00 for 2018, \$20,600.00 for 2019, \$21,000.00 for 2020, \$21,300.00 for 2021, \$21,900.00 for 2022, \$22,500.00 for 2023 and \$23,200.00 for 2024. *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 \$9,118.50 to its Liquid Fuels Tax Fund.

We were unable to determine the cause of this condition.

Recommendations

We recommend that the township reimburse \$9,118.50 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

Management's Response

The board of supervisors stated:

This failure was also caused by former township supervisors and/or staff. The township and staff are committed to compliance with all advertising requirements moving forward. We respectfully request that the township and its residents not be held liable for or be penalized for these actions.

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Finding No. 4 - Noncompliance With Advertising And Bidding Requirements (Continued)

Auditor's Conclusion

The Department of Transportation will determine if the municipality is required to reimburse \$9,118.50 to its Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

An onsite closeout meeting was held March 13, 2024. Those participating were:

TOWNSHIP OF QUINCY

The Honorable Alan Peck, Chairman of the Board of Supervisors

The Honorable Ed Wilson, Vice-Chairman of the Board of Supervisors

Ms. Julia Bowers, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Ryan W. Shrauder, Audit Supervisor

TOWNSHIP OF QUINCY
FRANKLIN COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Township of Quincy
Franklin County
7575 Mentzer Gap Road
Waynesboro, PA 17268

The Honorable Alan Peck
Chairman of the Board of Supervisors

The Honorable Ed Wilson
Vice-Chairman of the Board of Supervisors

Ms. Julia Bowers
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.