ATTESTATION ENGAGEMENT

Township of Warren

Bradford County, Pennsylvania

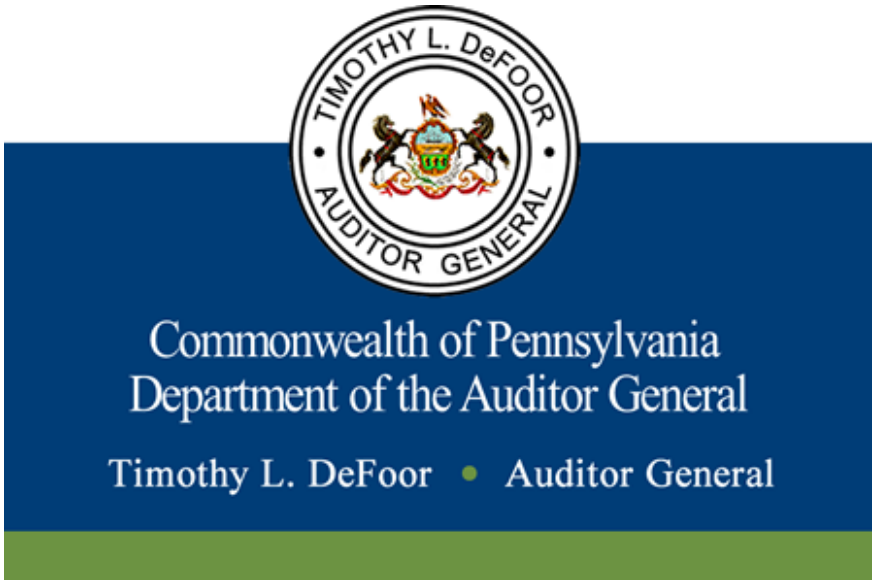
08-232

Liquid Fuels Tax Fund

For the Period

January 1, 2020 to December 31, 2023

December 2024



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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 examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Warren, Bradford County, for the period January 1, 2020 to December 31, 2023. 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 qualified opinion.

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.

As discussed in the Findings And Recommendations section of this report:

- The township expended $50,325.75 during 2020 and $37,366.60 during 2021 from the Liquid Fuels Tax Fund for payroll without maintaining supporting documentation (see Finding No. 1).

- The township expended $29,094.29 during 2021 and $41,679.75 during 2022 for the purchase of stone without advertising for bids (see Finding No. 2).

- The township expended $12,460.00 during 2020 and $20,155.00 during 2022 for the purchase of black cinders without maintaining documentation for price quotations (see Finding No. 3).

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 Warren, Bradford County, for the period January 1, 2020 to December 31, 2023, 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 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.

Our consideration of internal control was for the limited purpose of expressing an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 a 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. We consider the deficiency below to be a material weakness:

- Documentation Supporting Payroll Expenditures Was Not Available For Examination.

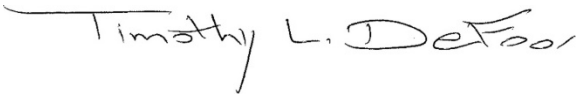
As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Warren, Bradford County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts on the Forms MS-965. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Noncompliance With Advertising And Bidding Requirements.

- Documentation For Price Quotations Was Not Available For Examination.

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



Timothy L. DeFoor
Auditor General
September 12, 2024

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TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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.

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:

2020	2021	2022	2023
$11,300.00	$11,500.00	$11,800.00	$12,200.00

- 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:

2020	2021	2022	2023
$11,300.00	$11,500.00	$11,800.00	$12,200.00

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

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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 WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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 Forms 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 WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2020 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ 215.73	$ -	$ 215.73
Computer/Computer related training	-	-	-
Major equipment purchases	74,461.00	-	74,461.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	22,375.00	-	22,375.00
Traffic control devices	976.30	-	976.30
Street lighting	-	-	-
Storm sewers and drains	3,808.66	-	3,808.66
Repairs of tools and machinery	40,868.55	-	40,868.55
Maintenance and repair of roads and bridges	71,292.76	-	71,292.76
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 213,998.00	$ -	$ 213,998.00

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2020 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2020	$ 206,939.10	$ -	$ 206,939.10
Receipts:			
2. State allocation	160,700.58	-	160,700.58
2a. Turnback allocation	34,240.00	-	34,240.00
2b. Interest on investments	1,853.83	-	1,853.83
2c. Miscellaneous	1,000.00	-	1,000.00
3. Total receipts	197,794.41	-	197,794.41
4. Total funds available	404,733.51	-	404,733.51
5. Expenditures (Section 1)	213,998.00	-	213,998.00
6. Balance, December 31, 2020	$ 190,735.51	$ -	$ 190,735.51

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2020 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 150,001.56	$ -	$ 150,001.56
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	38,988.12	-	38,988.12
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	188,989.68	-	188,989.68
5. Less: Major equipment expenditures	74,461.00	-	74,461.00
6. Remainder	114,528.68	-	114,528.68
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 114,528.68	$ -	$ 114,528.68

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

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ 4,228.49	$ -	$ 4,228.49
Computer/Computer related training	-	-	-
Major equipment purchases	92,622.82	-	92,622.82
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	12,316.89	-	12,316.89
Traffic control devices	871.00	-	871.00
Street lighting	-	-	-
Storm sewers and drains	67,665.60	-	67,665.60
Repairs of tools and machinery	35,340.98	-	35,340.98
Maintenance and repair of roads and bridges	97,792.76	-	97,792.76
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 310,838.54	$ -	$ 310,838.54

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2021 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2021	$ 190,735.51	$ -	$ 190,735.51
Receipts:			
2. State allocation	149,507.53	-	149,507.53
2a. Turnback allocation	34,240.00	-	34,240.00
2b. Interest on investments	706.87	-	706.87
2c. Miscellaneous	-	-	-
3. Total receipts	184,454.40	-	184,454.40
4. Total funds available	375,189.91	-	375,189.91
5. Expenditures (Section 1)	310,838.54	-	310,838.54
6. Balance, December 31, 2021	$ 64,351.37	$ -	$ 64,351.37

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2021 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 114,528.68	$ -	$ 114,528.68
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	36,749.51	-	36,749.51
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	151,278.19	-	151,278.19
5. Less: Major equipment expenditures	92,622.82	-	92,622.82
6. Remainder	58,655.37	-	58,655.37
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 58,655.37	$ -	$ 58,655.37

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ -	$ -	$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	20,155.00	-	20,155.00
Traffic control devices	1,011.25	-	1,011.25
Street lighting	-	-	-
Storm sewers and drains	7,160.16	-	7,160.16
Repairs of tools and machinery	44,009.80	(36.04)	43,973.76
Maintenance and repair of roads and bridges	94,602.97	-	94,602.97
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 166,939.18	$ (36.04)	$ 166,903.14

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2022	$ 64,351.37	$ -	$ 64,351.37
Receipts:			
2. State allocation	150,688.44	-	150,688.44
2a. Turnback allocation	34,240.00	-	34,240.00
2b. Interest on investments	1,611.21	-	1,611.21
2c. Miscellaneous	-	-	-
3. Total receipts	186,539.65	-	186,539.65
4. Total funds available	250,891.02	-	250,891.02
5. Expenditures (Section 1)	166,939.18	(36.04)	166,903.14
6. Balance, December 31, 2022	$ 83,951.84	$ 36.04	$ 83,987.88

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 58,655.37	$ -	$ 58,655.37
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	36,985.69	-	36,985.69
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	95,641.06	-	95,641.06
5. Less: Major equipment expenditures	-	-	-
6. Remainder	95,641.06	-	95,641.06
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 83,951.84	$ 36.04	$ 83,987.88

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ -	$ -	$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	4,260.00	-	4,260.00
Repairs of tools and machinery	24,734.87	-	24,734.87
Maintenance and repair of roads and bridges	129,274.64	-	129,274.64
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 158,269.51	$ -	$ 158,269.51

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2023	$ 83,951.84	$ 36.04	$ 83,987.88
Receipts:			
2. State allocation	155,714.88	-	155,714.88
2a. Turnback allocation	34,240.00	-	34,240.00
2b. Interest on investments	8,495.50	-	8,495.50
2c. Miscellaneous	-	-	-
3. Total receipts	198,450.38	-	198,450.38
4. Total funds available	282,402.22	36.04	282,438.26
5. Expenditures (Section 1)	158,269.51	-	158,269.51
6. Balance, December 31, 2023	$ 124,132.71	$ 36.04	$ 124,168.75

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 83,951.84	$ 36.04	$ 83,987.88
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	37,990.98	-	37,990.98
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	121,942.82	36.04	121,978.86
5. Less: Major equipment expenditures	-	-	-
6. Remainder	121,942.82	36.04	121,978.86
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 121,942.82	$ 36.04	$ 121,978.86

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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

Adjustments

2022 - Section 1

An adjustment of $(36.04) was made to "Repairs of tools and machinery" because check No. 2387 was voided but was included as an expenditure.

2023 - Section 2

An adjustment of $36.04 was made to "Balance, January 1, 2023" to reflect the adjustment made to the fund balance in 2022 - Section 2.

2023 - Section 3

An adjustment of $36.04 was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2022 - Section 3.

Miscellaneous Receipts

On September 8, 2020, the municipality deposited $1,000.00 into its Liquid Fuels Tax Fund that was received from an insurance company for the reimbursement of damages.

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

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

Our examination disclosed that the municipality expended $50,325.75 during 2020 and $37,366.60 during 2021 from the Liquid Fuels Tax Fund for payroll. However, the municipality did not maintain daily payroll time sheets identifying the nature of work performed and the location of work assignments.

Good internal control procedures over payroll ensure that there is documentation identifying the nature of the work performed and location of work assignments.

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 payroll documentation that includes daily time sheets that identify the nature of work performed and the location of work assignments, we could not determine if the payroll expenditures were permissible according to the Liquid Fuels Tax Municipal Allocation Law.

The secretary/treasurer advised that she was not employed by the municipality during 2020 and 2021 so she couldn't provide any information regarding the payroll those years.

The failure to maintain documentation of payroll expenditures as noted above could result in the municipality having to reimburse $87,692.35 to its Liquid Fuels Tax Fund.

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

Recommendations

We recommend that the municipality reimburse $87,692.35 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality ensure good internal control over payroll by maintaining daily time sheets that identify the nature of work performed and the location of work assignments.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

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

Finding No. 2 - Noncompliance With Advertising And Bidding Requirements

Our examination disclosed that the township expended $29,094.29 during 2021 and $41,679.75 during 2022 from the Liquid Fuels Tax Fund for the purchase of stone without advertising for bids. These expenditures were as follows:

Invoice Number	Invoice Date	Check Number	Check Date	Amount	Totals
Various	Various	2189	01/04/21	$ 1,546.84	
Various	Various	2191	02/08/21	2,025.25	
Various	Various	2204	03/29/21	302.91	
Various	Various	2210	04/05/21	129.68	
Various	Various	2213	04/26/21	5,647.13	
Various	Various	2246	09/07/21	543.76	
Various	Various	2247	09/07/21	1,312.39	
Various	Various	2258	11/01/21	4,643.80	
Various	Various	2271	11/15/21	10,462.02	
Various	Various	2276	11/30/21	2,480.51	
2021 Total					29,094.29
Various	Various	2300	02/07/22	4,701.69	
Various	Various	2311	03/07/22	2,125.83	
Various	Various	2312	04/04/22	4,736.26	
Various	Various	2325	05/02/22	2,481.81	
Various	Various	2336	06/06/22	2,112.19	
Various	Various	2341	07/05/22	890.47	
Various	Various	2351	08/01/22	2,011.27	
Various	Various	2352	08/01/22	1,148.45	
Various	Various	2364	09/06/22	3,200.34	
Various	Various	2376	10/03/22	10,055.76	
Various	Various	2384	11/07/22	8,215.68	
2022 Total					41,679.75
Grand Total					$70,774.04

Finding No. 2 - Noncompliance With Advertising And Bidding Requirements (Continued)

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 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.

We were unable to determine the cause of this condition.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse $70,774.04 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the township reimburse $70,774.04 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 municipal officials offered no formal response at this time.

Auditor's Conclusion

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

Finding No. 3 - Documentation For Price Quotations Was Not Available For Examination

Our examination disclosed that the township expended $12,460.00 during 2020 and $20,155.00 during 2022 from the Liquid Fuels Tax Fund for the purchase of black cinders. The township was required to obtain three written or telephonic price quotations for these expenditures. However, documentation for price quotations was not available for examination. The purchases were as follows:

Invoice Number	Invoice Date	Check Number	Check Date	Amount	Totals
18139	9/18/2020	2165	10/05/2020	$12,460.00	
2020 Total					$12,460.00
19978	2/02/2022	2292	2/07/2022	$ 4,785.00	
20081	2/11/2022	2313	4/04/2022	12,760.00	
20203	4/14/2022	2326	5/02/2022	2,610.00	
2022 Total					$20,155.00
Two Year Total					$32,615.00

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

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

Finding No. 3 - Documentation For Price Quotations Was Not Available For Examination (Continued)

The thresholds for obtaining price quotations increased to purchases between $11,300.00 and $21,000.00 for 2020, $11,500.00 and $21,300.00 for 2021, $11,800.00 and $21,900.00 for 2022, $12,200.00 and $22,500.00 for 2023, and $12,600.00 and $23,200.00 for 2024.

We were unable to determine the cause of this condition.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse $32,615.00 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the township reimburse $32,615.00 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 township officials offered no formal response at this time.

Auditor's Conclusion

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

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

An onsite closeout meeting was held May 24, 2024. Those participating were:

TOWNSHIP OF WARREN

Ms. Lori Kepner, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Eileen Rosen, Auditor

TOWNSHIP OF WARREN
BRADFORD COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2023

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Township of Warren
Bradford County
187 Schoolhouse Road
Warren Center, PA 18851

The Honorable William Franklin
Chairman of the Board of Supervisors

Ms. Lori Kepner
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.