

# ATTESTATION ENGAGEMENT

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Borough of Sharon Hill

Delaware County, Pennsylvania

23-423

Liquid Fuels Tax Fund

For the Period

January 1, 2016 to December 31, 2020

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July 2023



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 examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Sharon Hill, Delaware County, for the period January 1, 2016 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. An examination involves performing procedures to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are 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.

## Independent Auditor's Report (Continued)

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

- The municipality expended \$142,657.09 from its Liquid Fuels Tax Fund during our examination period without providing documentation to support the expenditures. The municipality reimbursed \$115.58 in 2016, \$22,704.50 in 2018, \$57,500.00 in 2019, and \$49,976.91 in 2020 to its Liquid Fuels Tax Fund, which was \$12,360.10 less than the amount expended (see Finding No. 1).
- During our examination, we noted that the 2018 and 2019 Liquid Fuels allocations of \$138,429.87 and \$143,265.79, respectively, lapsed and are no longer available to the municipality because it failed to submit the 2018 and 2019 Form MS-965 during the allotted time. Additionally, we noted that the 2020 Liquid Fuels Tax Fund allocation of \$139,448.81 which should have been distributed from the Department of Transportation to the municipality during the first week of March of that year, was not received until July 14, 2022, which was subsequent to our examination period (see Finding No. 2).
- The municipality expended \$4,544.97 during 2017 and \$15,196.08 during 2020 from its Liquid Fuels Tax Fund for items that were nonpermissible. On March 14, 2018, and December 10, 2020, the municipality reimbursed \$4,544.97 and \$898.09, respectively, to its Liquid Fuels Tax Fund, which was \$14,297.99 less than the amount expended (see Finding No. 4).

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 Borough of Sharon Hill, Delaware County, for the period January 1, 2016 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 the internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

## Independent Auditor's Report (Continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 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. We did identify a certain deficiency in internal control, described in the finding listed below, that we consider to be a material weakness in internal control:

- Documentation Supporting Expenditures Was Not Available For Examination - Recurring.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Borough of Sharon Hill, Delaware 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*:

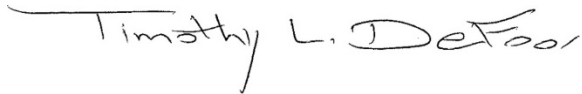
- Late Receipt And Non-Receipt Of Allocations - Recurring.
- Liquid Fuels Money Over Expended On Projects.
- Nonpermissible Expenditures - Recurring.
- Documentation For Price Quotations Was Not Available For Examination.

Independent Auditor's Report (Continued)

Three of the examination findings in this report cite conditions that existed in the operation of the municipality during the previous engagement period and were not corrected during the current examination period. The municipality should strive to comply with the recommendations noted in this report.

The purpose of this report is to determine whether the municipality's Liquid Fuels Tax Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Borough of Sharon Hill, Delaware 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.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending to the left of the first letter.

Timothy L. DeFoor  
Auditor General  
May 25, 2023

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BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

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.

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 BACKGROUND  
 FOR THE PERIOD  
 JANUARY 1, 2016 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 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation’s Financial Consultants.

*Criteria*

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

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

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

2016	2017	2018	2019	2020
\$10,500.00	\$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:

2016	2017	2018	2019	2020
\$10,500.00	\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00

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



BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2016 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.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2016 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.

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2016 FORM MS-965 – SECTION 1  
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 1,774.79	\$ -	\$ 1,774.79
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	4,483.25	-	4,483.25
Traffic control devices	2,390.26	133.87	2,524.13
Street lighting	38,035.08	(133.87)	37,901.21
Storm sewers and drains	3,353.34	-	3,353.34
Repairs of tools and machinery	11,380.41	-	11,380.41
Maintenance and repair of roads and bridges	52,396.99	(17,373.00)	35,023.99
Highway construction and rebuilding projects	173,733.99	17,373.00	191,106.99
Miscellaneous	99.85	-	99.85
 Total (To Section 2, Line 5)	 <u>\$ 287,647.96</u>	 <u>\$ -</u>	 <u>\$ 287,647.96</u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2016 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, 2016	\$ (75,819.56)	\$ -	\$ (75,819.56)
Receipts:			
2. State allocation	236,660.56	-	236,660.56
2a. Turnback allocation	-	-	-
2b. Interest on investments	39.29	-	39.29
2c. Miscellaneous	289,715.58	-	289,715.58
3. Total receipts	526,415.43	-	526,415.43
4. Total funds available	450,595.87	-	450,595.87
5. Expenditures (Section 1)	287,647.96	-	287,647.96
6. Balance, December 31, 2016	<u>\$ 162,947.91</u>	<u>\$ -</u>	<u>\$ 162,947.91</u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2016 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	\$ (28,487.45)	\$ 28,487.45	\$ -
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	47,332.11	-	47,332.11
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	18,844.66	28,487.45	47,332.11
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>18,844.66</u>	<u>28,487.45</u>	<u>47,332.11</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 18,844.66</u>	<u>\$ 28,487.45</u>	<u>\$ 47,332.11</u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2017 FORM MS-965 – SECTION 1  
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 5,649.16	\$ -	\$ 5,649.16
Computer/Computer related training	-	-	-
Major equipment purchases	19,275.52	-	19,275.52
Agility projects	-	-	-
Cleaning streets and gutters	486.00	-	486.00
Winter maintenance services	5,811.50	-	5,811.50
Traffic control devices	-	11,960.64	11,960.64
Street lighting	46,020.23	(11,960.64)	34,059.59
Storm sewers and drains	-	-	-
Repairs of tools and machinery	7,709.39	(11.83)	7,697.56
Maintenance and repair of roads and bridges	3,049.30	840.00	3,889.30
Highway construction and rebuilding projects	-	-	-
Miscellaneous	12,194.80	(840.00)	11,354.80
	<u>12,194.80</u>	<u>(840.00)</u>	<u>11,354.80</u>
Total (To Section 2, Line 5)	<u>\$ 100,195.90</u>	<u>\$ (11.83)</u>	<u>\$ 100,184.07</u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2017 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, 2017	\$ 162,947.91	\$ -	\$ 162,947.91
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	-	-	-
2b. Interest on investments	23.60	.09	23.69
2c. Miscellaneous	-	-	-
3. Total receipts	<u>23.60</u>	<u>.09</u>	<u>23.69</u>
4. Total funds available	<u>162,971.51</u>	<u>.09</u>	<u>162,971.60</u>
5. Expenditures (Section 1)	<u>100,195.90</u>	<u>(11.83)</u>	<u>100,184.07</u>
6. Balance, December 31, 2017	<u><u>\$ 62,775.61</u></u>	<u><u>\$ 11.92</u></u>	<u><u>\$ 62,787.53</u></u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 2017 FORM MS-965 – SECTION 3  
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ (28,487.45)	\$ 75,819.56	\$ 47,332.11
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	-	-	-
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	(28,487.45)	75,819.56	47,332.11
5. Less: Major equipment expenditures	19,275.52	-	19,275.52
6. Remainder	<u>(47,762.97)</u>	<u>75,819.56</u>	<u>28,056.59</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ 28,056.59</u>	<u>\$ 28,056.59</u>



BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 25,970.35	\$ -	\$ 25,970.35
Computer/Computer related training	-	-	-
Major equipment purchases	19,275.52	-	19,275.52
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	11,811.58	-	11,811.58
Traffic control devices	1,231.00	7,709.85	8,940.85
Street lighting	56,056.15	(7,709.85)	48,346.30
Storm sewers and drains	-	-	-
Repairs of tools and machinery	13,533.25	-	13,533.25
Maintenance and repair of roads and bridges	3,364.51	-	3,364.51
Highway construction and rebuilding projects	83,348.25	-	83,348.25
Miscellaneous	2,501.42	-	2,501.42
 Total (To Section 2, Line 5)	 <u>\$ 217,092.03</u>	 <u>\$ -</u>	 <u>\$ 217,092.03</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 62,775.61	\$ 11.92	\$ 62,787.53
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	-	-	-
2b. Interest on investments	3.91	.20	4.11
2c. Miscellaneous	<u>156,750.00</u>	<u>-</u>	<u>156,750.00</u>
3. Total receipts	<u>156,753.91</u>	<u>.20</u>	<u>156,754.11</u>
4. Total funds available	<u>219,529.52</u>	<u>12.12</u>	<u>219,541.64</u>
5. Expenditures (Section 1)	<u>217,092.03</u>	<u>-</u>	<u>217,092.03</u>
6. Balance, December 31, 2018	<u><u>\$ 2,437.49</u></u>	<u><u>\$ 12.12</u></u>	<u><u>\$ 2,449.61</u></u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ (47,762.97)	\$ 75,819.56	\$ 28,056.59
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	-	-	-
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	(47,762.97)	75,819.56	28,056.59
5. Less: Major equipment expenditures	19,275.52	-	19,275.52
6. Remainder	<u>(67,038.49)</u>	<u>75,819.56</u>	<u>8,781.07</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ 2,449.61</u>	<u>\$ 2,449.61</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 4,348.55	\$ -	\$ 4,348.55
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	7,519.00	-	7,519.00
Winter maintenance services	4,315.85	-	4,315.85
Traffic control devices	1,855.00	7,434.53	9,289.53
Street lighting	47,223.65	(7,434.53)	39,789.12
Storm sewers and drains	-	14,125.00	14,125.00
Repairs of tools and machinery	6,880.57	-	6,880.57
Maintenance and repair of roads and bridges	16,443.35	(14,125.00)	2,318.35
Highway construction and rebuilding projects	-	-	-
Miscellaneous	77,874.01	5,001.92	82,875.93
 Total (To Section 2, Line 5)	 <u>\$ 166,459.98</u>	 <u>\$ 5,001.92</u>	 <u>\$ 171,461.90</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 2,437.49	\$ 12.12	\$ 2,449.61
Receipts:			
2. State allocation	132,840.44	-	132,840.44
2a. Turnback allocation	-	-	-
2b. Interest on investments	10.84	2.16	13.00
2c. Miscellaneous	52,511.96	5,000.00	57,511.96
3. Total receipts	185,363.24	5,002.16	190,365.40
4. Total funds available	187,800.73	5,014.28	192,815.01
5. Expenditures (Section 1)	166,459.98	5,001.92	171,461.90
6. Balance, December 31, 2019	<u>\$ 21,340.75</u>	<u>\$ 12.36</u>	<u>\$ 21,353.11</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ (67,038.49)	\$ 69,488.10	\$ 2,449.61
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	26,568.09	-	26,568.09
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	(40,470.40)	69,488.10	29,017.70
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>(40,470.40)</u>	<u>69,488.10</u>	<u>29,017.70</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ 21,353.11</u>	<u>\$ 21,353.11</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 2,064.00	\$ -	\$ 2,064.00
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	3,693.77	-	3,693.77
Traffic control devices	-	1,998.86	1,998.86
Street lighting	48,140.21	(1,998.86)	46,141.35
Storm sewers and drains	-	-	-
Repairs of tools and machinery	11,231.17	.40	11,231.57
Maintenance and repair of roads and bridges	1,149.97	-	1,149.97
Highway construction and rebuilding projects	-	-	-
Miscellaneous	16,940.64	-	16,940.64
 Total (To Section 2, Line 5)	 <u>\$ 83,219.76</u>	 <u>\$ .40</u>	 <u>\$ 83,220.16</u>

BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ 21,340.75	\$ 12.36	\$ 21,353.11
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	-	-	-
2b. Interest on investments	2.08	.45	2.53
2c. Miscellaneous	65,000.00	-	65,000.00
3. Total receipts	65,002.08	.45	65,002.53
4. Total funds available	86,342.83	12.81	86,355.64
5. Expenditures (Section 1)	83,219.76	.40	83,220.16
6. Balance, December 31, 2020	<u>\$ 3,123.07</u>	<u>\$ 12.41</u>	<u>\$ 3,135.48</u>



BOROUGH OF SHARON HILL  
 DELAWARE 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	\$ (40,470.40)	\$ 61,823.51	\$ 21,353.11
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	-	-	-
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	(40,470.40)	61,823.51	21,353.11
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>(40,470.40)</u>	<u>61,823.51</u>	<u>21,353.11</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ 3,135.48</u>	<u>\$ 3,135.48</u>

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2016 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

2016 - Section 1

Adjustments were made to “Traffic control devices” and “Street lighting” because expenditures of \$133.87 were misclassified.

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$17,373.00 were misclassified.

2016 - Section 3

An adjustment of \$28,487.45 was made to “Prior year equipment balance” because adjustments made in the prior report were not carried forward.

2017 - Section 1

Adjustments were made to “Traffic control devices” and “Street lighting” because expenditures of \$11,960.64 were misclassified.

An adjustment of \$(11.83) was made to “Repairs of tools and machinery” because these expenditures were overstated.

Adjustments were made to “Maintenance and repair of roads and bridges” and “Miscellaneous” because expenditures of \$840.00 were misclassified.

2017 - Section 2

An adjustment of \$.09 was made to “Interest on investments” because interest earned was understated.

2017 - Section 3

An adjustment of \$75,819.56 was made to “Prior year equipment balance” because an incorrect equipment balance was carried forward.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

Adjustments (Continued)

2018 - Section 1

Adjustments were made to “Traffic control devices” and “Street lighting” because expenditures of \$7,709.85 were misclassified.

2018 - Section 2

An adjustment of \$11.92 was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance in 2017 - Section 2.

An adjustment of \$.20 was made to “Interest on investments” because interest earned was understated.

2018 - Section 3

An adjustment of \$75,819.56 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2017 - Section 3.

2019 - Section 1

Adjustments were made to “Traffic control devices” and “Street lighting” because expenditures of \$7,434.53 were misclassified.

Adjustments were made to “Storm sewers and drains” and “Maintenance and repair of roads and bridges” because expenditures of \$14,125.00 were misclassified.

An adjustment of \$5,001.92 was made to “Miscellaneous” expenditures because these expenditures were understated.

2019 - Section 2

An adjustment of \$12.12 was made to “Balance, January 1, 2019” to reflect the adjustment made to the fund balance in 2018 - Section 2.

An adjustment of \$2.16 was made to “Interest on investments” because interest earned was understated.

An adjustment of \$5,000.00 was made to “Miscellaneous” because these receipts were understated.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

Adjustments (Continued)

2019 - Section 3

An adjustment of \$69,488.10 was made to "Prior year equipment balance" because an incorrect fund balance was carried forward.

2020 - Section 1

Adjustments were made to "Traffic control devices" and "Street lighting" because expenditures of \$1,998.86 were misclassified.

An adjustment of \$.40 was made to "Repairs of tools and machinery" because these expenditures were understated.

2020 - Section 2

An adjustment of \$12.36 was made to "Balance, January 1, 2020" to reflect the adjustment made to the fund balance in 2019 - Section 2.

An adjustment of \$.45 was made to "Interest on investments" because interest earned was understated.

2020 - Section 3

An adjustment of \$61,823.51 was made to "Prior year equipment balance" because an incorrect equipment balance was carried forward.

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2016 TO DECEMBER 31, 2020

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>2016</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund	Grant	\$100,000.00	\$ -	\$ -	\$ -
General Fund	Reimbursement (Summary Of 2010- 2011 Examination Recommendations)	-	2,690.90	-	-
General Fund	Reimbursement (Summary Of 2012- 2013 Examination Recommendations)	103,000.00	97,494.68	-	-
General Fund	Reimbursement (Finding No. 1)	115.58	22,704.50	57,500.00	49,976.91
General Fund	Reimbursement (Finding No. 3)	86,600.00	29,314.95	-	-
General Fund	Reimbursement (Finding No. 4)	-	4,544.97	-	898.09
General Fund	Reimbursement (Finding No. 5)	-	-	-	14,125.00
Vendor	Reimbursement for materials	-	-	11.96	-
Totals		<u>\$289,715.58</u>	<u>\$156,750.00</u>	<u>\$57,511.96</u>	<u>\$65,000.00</u>

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2016 TO DECEMBER 31, 2020

Miscellaneous Expenditures

The following miscellaneous expenditures were paid from the Liquid Fuels Tax Fund during the examination period:

<u>Payee</u>	<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Financial Institution	Bank service charge	\$ 8.00	\$ 20.00	\$ 51.00	\$ 8.00	\$ 16.00
Vendor	No documentation (Finding No. 1)	91.85	1,739.45	2,309.46	7,862.93	16,924.64
Vendor	Storm Water Collaborative	-	2,500.00	-	-	-
Vendor	Nonpermissible expenditures	-	1,975.28	-	-	-
General Fund	No documentation (Finding No. 1)	-	5,120.07	140.96	75,005.00	-
Totals		<u>\$99.85</u>	<u>\$11,354.80</u>	<u>\$2,501.42</u>	<u>\$82,875.93</u>	<u>\$16,940.64</u>

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

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

We cited the municipality for not providing supporting documentation for expenditures in our prior report for the period of January 1, 2014, to December 31, 2015. Our current examination disclosed that the municipality did not maintain documentation to support expenditures of \$28,209.19 during 2016, \$10,414.77 during 2017, \$2,371.94 during 2018, \$84,616.63 during 2019, and \$17,044.56 during 2020, for a total of \$142,657.09 for various expenditures.

Good internal control procedures ensure that there is documentation to support all expenditures.

The Liquid Fuels Tax Municipal Allocation Law, 72 P.S. § 2615.4, provides, in part, that monies herein allocated may be used only for construction, reconstruction, maintenance and repairs of such public roads or streets, including bridges, culverts and drainage structures, for which they are legally responsible. Also permitted are expenditures involving acquisition, maintenance, repairs and operation of street signs, traffic signs, traffic signal control systems, road equipment, and snow fences.

The Department of Transportation has been statutorily authorized to promulgate regulations concerning the administration of Liquid Fuels Tax Fund money and has determined that certain items, including expenditures made without supporting documentation, are outside the scope of permissible expenditures.

Without adequate documentation, we could not determine if the expenditures were permissible according to the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations.

We were unable to determine the cause of this condition because current management was not employed by the municipality during the examination period.

The municipality reimbursed \$115.58 in 2016, \$22,704.50 in 2018, \$57,500.00 in 2019, and \$49,976.91 in 2020 to its Liquid Fuels Tax Fund.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$12,360.10 to its Liquid Fuels Tax Fund.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

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

Recommendations

We recommend that the municipality reimburse \$12,360.10 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The finance director stated:

Management acknowledges that the findings are legitimate. We have new management in place and will monitor the LF process.

Auditor's Conclusion

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



BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 2 - Late Receipt And Non-Receipt Of Allocations - Recurring**

We cited the municipality for receiving its Liquid Fuels Tax Fund allocations late in our prior two reports, with the most recent being for the period January 1, 2014, to December 31, 2015. However, our current examination disclosed that the 2016, 2017 and 2020 Liquid Fuels Tax Fund allocations of \$127,487.79, \$132,840.44, and \$138,448.81, respectively, which should have been distributed from the Department of Transportation to the municipality during the first week of March of each year, were not received until November 2, 2016, July 29, 2019, and July 14, 2022, respectively.

Additionally, the 2018 and 2019 Liquid Fuels Tax Fund allocations of \$138,429.87 and \$143,265.79, respectively, lapsed and are no longer available to the municipality because it failed to submit the 2018 and 2019 Form MS-965 during the allotted time.

The above allocations were received late or were not received because the municipality failed to comply with the Department of Transportation's *Publication 9*, Chapter Two, Section 2.4, which states:

- To qualify for the annual liquid fuels tax allocation, a municipality shall:
- Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
- Make deposits and payments or expenditures in compliance with the Act 655. Failure to do so may result in not receiving allocations from PENNDOT until all discrepancies are resolved.
- Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition by March 15<sup>th</sup>.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
- Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 2 - Late Receipt And Non-Receipt Of Allocations - Recurring (Continued)**

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2016 allocation for eight months, the 2017 allocation for almost five months, and the 2020 allocation for more two years. Additionally, the 2018 and 2019 allocations will not be available because the allocations were forfeited by the municipality. Had the allocations been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

Recommendation

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

Management's Response

The finance director stated:

Management acknowledges that the findings are legitimate. We have new management in place and will monitor the LF process.

Auditor's Conclusion

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

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 3 - Liquid Fuels Money Over Expended On Projects**

Our examination disclosed that the municipality expended \$191,106.99 of Liquid Fuels Tax Fund money during 2016 on construction project No. 16-23-423-001. However, the amount of Liquid Fuels Tax Fund money approved by the Department of Transportation to be expended from the Liquid Fuels Tax Fund for project No. 16-23-423-001 was \$97,756.99. The difference of \$93,350.00 should have been paid directly from the General Fund.

Additionally, the municipality expended \$83,348.25 of Liquid Fuels Tax Fund money on construction project No. 17-23-423-001. Although the Department of Transportation listed the total expended of \$83,348.25 on the Final Completion Report, it was noted that the total project cost exceeded the original contract amount of \$60,783.30, for a difference of \$22,564.95. There is no justification for additional expenditures listed on the Final Completion Report.

The Department of Transportation's Regulations do not permit a municipality to expend Liquid Fuels Tax Fund money in excess of the amount approved on Municipal Services Completion Report Form MS-999.

We were unable to determine the cause of this condition because current management was not employed by the municipality during the examination period.

On June 1, 2016, the municipality reimbursed \$86,600.00 to the Liquid Fuels Tax Fund. In addition, the municipality reimbursed \$22,564.95 and \$6,750.00 on March 19, 2018, and March 26, 2018, respectively.

**Recommendation**

We recommend that, in the future, the municipality expend only the approved amount of Liquid Fuels Tax Fund money on road construction projects.

**Management's Response**

The finance director stated:

Management acknowledges that the findings are legitimate. We have new management in place and will monitor the LF process.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 3 - Liquid Fuels Money Over Expended On Projects (Continued)**

Auditor's Conclusion

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

BOROUGH OF SHARON HILL  
 DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 4 - Nonpermissible Expenditures - Recurring**

We cited the municipality for nonpermissible expenditures in our prior report for the period of January 1, 2014, to December 31, 2015. Our current examination disclosed that the municipality expended \$4,544.97 during 2017 and \$15,196.08 during 2020 from the Liquid Fuels Tax Fund for the following nonpermissible items:

<u>Description</u>	<u>Amount</u>	<u>Totals</u>
Various Amazon purchases (household items)	\$ 2,044.97	
Eastern Delco Storm Water Collaborative	<u>2,500.00</u>	
2017 Total		\$ 4,544.97
Cost Share for Pollutant Reduction Plan	<u>\$15,196.08</u>	
2020 Total		<u>15,196.08</u>
2016-2020 Total		<u>\$19,741.05</u>

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 Amazon purchases, Stormwater Collaborative membership dues, and cost shares for Pollutant Reduction Plan, are outside the scope of permissible expenditures.

We were unable to determine the cause of this condition because current management was not employed by the municipality during the examination period.

On March 14, 2018, and December 10, 2020, the municipality reimbursed \$4,544.97 and \$898.09, respectively, to its Liquid Fuels Tax Fund.

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 \$14,297.99 to its Liquid Fuels Tax Fund.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 4 - Nonpermissible Expenditures - Recurring (Continued)**

Recommendations

We recommend that the municipality reimburse \$14,297.99 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The finance director stated:

Management acknowledges that the findings are legitimate. We have new management in place and will monitor the LF process.

Auditor's Conclusion

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

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 5 - Documentation For Price Quotations Was Not Available For Examination**

Our examination disclosed that the borough expended \$14,125.00 during 2019 from the Liquid Fuels Tax Fund for the purchase of an inlet replacement. The borough was required to obtain three written or telephonic price quotations for this expenditure. However, documentation for price quotations was not available for examination.

The above expenditure was not made in compliance with the contract requirements of *The Borough Code*, 53 P.S. § 46402(a.1), (also found at § 1402(a.1) of *The Borough 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 2019] that exceed ten thousand dollars (\$11,100.00) but are less than the amount [in excess of \$20,600.00] 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.

The bidding threshold increased to purchases of \$10,500.00 and \$19,400.00 for 2016, \$10,700.00 and \$19,700.00 for 2017, \$10,900.00 and \$20,100.00 for 2018, \$11,100.00 and \$20,600.00 for 2019, \$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, and \$12,200.00 and \$22,500.00 for 2023. *The Borough Code*, 53 P.S. § 46403(a), (also found at § 1403(a) of *The Borough 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 because current management was not employed by the municipality during the examination period.

On November 2, 2020, and December 10, 2020, the municipality reimbursed \$5,023.09 and \$9,101.91, respectively, to its Liquid Fuels Tax Fund.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 5 - Documentation For Price Quotations Was Not Available For Examination**  
**(Continued)**

Recommendation

We recommend that, in the future, the borough comply with *The Borough Code* as noted in this finding.

Management's Response

The finance director stated:

Management acknowledges that the findings are legitimate. We have new management in place and will monitor the LF process.

Auditor's Conclusion

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



BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

Summary Of 2010-2011 Examination Recommendation

In our 2010-2011 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$2,690.90 to its Liquid Fuels Tax Fund for failing to maintain documentation to support expenditures.

During our 2014-2015 examination, we reviewed a letter dated February 28, 2014, from the Department of Transportation informing the municipality to reimburse \$2,690.90 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on January 10, 2018.

Summary Of 2012-2013 Examination Recommendation

In our 2012-2013 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$201,494.68 to its Liquid Fuels Tax Fund. This amount consists of \$939.99 for a missing laptop, \$94,423.85 because the allocation was deposited into their General Fund, \$81,592.63 for failure to timely submit a final completion report, and \$24,538.21 for noncompliance with advertising and bidding requirements.

During our 2014-2015 examination, we reviewed a letter dated June 18, 2015, from the Department of Transportation informing the municipality to reimburse \$200,494.68 of the \$201,494.68 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed \$103,000.00, \$27,740.22, \$45,000.00, \$15,000.00, and \$9,754.46, to its Liquid Fuels and Tax Fund on February 11, 2016, January 10, 2018, January 29, 2018, August 2, 2018, and October 24, 2018, respectively.

Summary Of 2014-2015 Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$113,857.23 to its Liquid Fuels Tax Fund. This amount consists of \$2,184.46 for failing to maintain documentation supporting expenditures, \$109,172.77 for Liquid Fuels Tax Fund allocations deposited into the General Fund, and \$2,500.00 for nonpermissible expenditures.

During our current examination, we reviewed a letter dated August 22, 2017, from the Department of Transportation directing the municipality to reimburse \$113,857.23 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on June 16, 2022, which was subsequent to our examination period.

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

Summary Of 2014-2015 Examination Recommendations (Continued)

In our 2014-2015 report, we also recommended that the municipality:

- Ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.
- Comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week of March.
- Establish and implement adequate internal controls to ensure that all liquid fuels tax money is promptly deposited into the Liquid Fuels Tax Fund upon receipt.
- Discontinue the practice of expending more than the Liquid Fuels Fund balance.
- Comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

During our current examination, we noted that the municipality complied with our third and fourth bulleted recommendations, but did not comply with our first, second, and fifth recommendations (see Finding Nos. 1, 2, and 4).

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

An exit conference was held March 15, 2023. Those participating were:

BOROUGH OF SHARON HILL

Mr. Nafis Nichols, Finance Director

DEPARTMENT OF THE AUDITOR GENERAL

Mr. John C. Socket, Auditor

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

BOROUGH OF SHARON HILL  
DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2016 TO DECEMBER 31, 2020

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Borough of Sharon Hill**  
Delaware County  
250 Sharon Avenue  
Sharon Hill, PA 19079

**The Honorable Tanya Allen**  
President of Council

**Mr. Nafis Nichols**  
Finance Director

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