

ATTESTATION ENGAGEMENT

Township of Springfield

Fayette County, Pennsylvania

26-219

Liquid Fuels Tax Fund

For the Period

January 1, 2020 to December 31, 2021

March 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

Michael Carroll
Acting Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Springfield, Fayette County, for the period January 1, 2020 to December 31, 2021. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant 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 did not maintain documentation to support expenditures of \$40,173.39 during 2020 and \$40,133.55 during 2021 for loans related to the purchase of a 2019 F-550 truck and a Case loader.
- The municipality expended \$59,307.25 for administrative payroll expenditures and \$7,651.74 for road cinders during 2021 from the Liquid Fuels Tax Fund. However, these expenditures were nonpermissible.
- The municipality expended \$22,707.25 during 2020 from the Liquid Fuels Tax Fund for expenditures that were made from contracts. However, the bids and the award of contracts were not documented in the board of supervisors' meeting minutes.
- The municipality expended \$3,566.12 from its Liquid Fuels Tax Fund in excess of the permissible amount for the secretary's salary.

In our opinion, except for the matters discussed in the preceding paragraph, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Springfield, Fayette County, for the period January 1, 2020 to December 31, 2021, 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)

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 Expenditures Was Not Available For Examination.

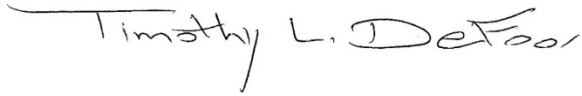
As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Springfield, Fayette County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

- Nonpermissible Expenditures.
- Bids Awarded Were Not Documented In Board Of Supervisors' Meeting Minutes.
- Over Expenditure Of Secretary's Salary.

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.

Independent Auditor's Report (Continued)

We appreciate the courtesy extended by the Township of Springfield, Fayette 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 horizontal line above the first few letters.

Timothy L. DeFoor
Auditor General
January 20, 2023

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TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

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 SPRINGFIELD
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

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
\$10,900.00	\$11,100.00	\$11,300.00	\$11,500.00

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

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

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

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 SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Background (Continued)

Basis of Presentation

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

Basis Of Accounting

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

General Fixed Assets

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

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	-	-	-
Major equipment purchases	60,617.39	-	60,617.39
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	36,406.16	-	36,406.16
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	6,500.00	-	6,500.00
Maintenance and repair of roads and bridges	149,613.59	-	149,613.59
Highway construction and rebuilding projects	-	-	-
Miscellaneous	328.54	(119.97)	208.57
 Total (To Section 2, Line 5)	 <u>\$ 253,465.68</u>	 <u>\$ (119.97)</u>	 <u>\$ 253,345.71</u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	\$ 81,156.65	\$ -	\$ 81,156.65
Receipts:			
2. State allocation	294,822.16	-	294,822.16
2a. Turnback allocation	13,240.00	-	13,240.00
2b. Interest on investments	287.54	-	287.54
2c. Miscellaneous	119.97	(119.97)	-
3. Total receipts	<u>308,469.67</u>	<u>(119.97)</u>	<u>308,349.70</u>
4. Total funds available	<u>389,626.32</u>	<u>(119.97)</u>	<u>389,506.35</u>
5. Expenditures (Section 1)	<u>253,465.68</u>	<u>(119.97)</u>	<u>253,345.71</u>
6. Balance, December 31, 2020	<u><u>\$ 136,160.64</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 136,160.64</u></u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	\$ 81,156.65	\$ -	\$ 81,156.65
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	61,612.43	-	61,612.43
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	142,769.08	-	142,769.08
5. Less: Major equipment expenditures	60,617.39	-	60,617.39
6. Remainder	<u>82,151.69</u>	<u>-</u>	<u>82,151.69</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 82,151.69</u>	<u>\$ -</u>	<u>\$ 82,151.69</u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	60,577.53	-	60,577.53
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	26,083.27	-	26,083.27
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	45,134.59	-	45,134.59
Maintenance and repair of roads and bridges	143,559.53	-	143,559.53
Highway construction and rebuilding projects	-	-	-
Miscellaneous	79,699.61	-	79,699.61
 Total (To Section 2, Line 5)	 <u>\$ 355,054.53</u>	 <u>\$ -</u>	 <u>\$ 355,054.53</u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	\$ 136,160.64	\$ -	\$ 136,160.64
Receipts:			
2. State allocation	271,108.88	-	271,108.88
2a. Turnback allocation	13,240.00	-	13,240.00
2b. Interest on investments	22.16	-	22.16
2c. Miscellaneous	25,164.63	-	25,164.63
3. Total receipts	<u>309,535.67</u>	<u>-</u>	<u>309,535.67</u>
4. Total funds available	<u>445,696.31</u>	<u>-</u>	<u>445,696.31</u>
5. Expenditures (Section 1)	<u>355,054.53</u>	<u>-</u>	<u>355,054.53</u>
6. Balance, December 31, 2021	<u><u>\$ 90,641.78</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 90,641.78</u></u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE 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	\$ 82,151.69	\$ -	\$ 82,151.69
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	56,869.78	-	56,869.78
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	139,021.47	-	139,021.47
5. Less: Major equipment expenditures	60,577.53	-	60,577.53
6. Remainder	<u>78,443.94</u>	<u>-</u>	<u>78,443.94</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 78,443.94</u>	<u>\$ -</u>	<u>\$ 78,443.94</u>

TOWNSHIP OF SPRINGFIELD
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

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

Adjustments

2020 - Section 1

An adjustment of \$(119.97) was made to “Miscellaneous” expenditures because these expenditures were overstated.

2020 - Section 2

An adjustment of \$(119.97) was made to “Miscellaneous” because there were no miscellaneous receipts.

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>2021</u>
General Fund	Grant	\$25,000.00
Financial Institution	Refund for bank services charges	<u>164.63</u>
Totals		<u><u>\$25,164.63</u></u>

Miscellaneous Expenditures

On various dates, the municipality’s Liquid Fuels Tax Fund incurred bank service charges of \$395.36.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Lease-Purchase Agreement

On May 18, 2017, the municipality entered into a lease-purchase agreement with First National Bank of Pennsylvania to purchase a 2018 International truck for \$125,956.00. The agreement was for a term of seven years at an interest rate of 3.29 percent. Principal and interest payments of \$20,443.98 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$33,227.46 and \$7,660.50, respectively.

During the current examination period, the municipality paid principal of \$34,523.18 and interest of \$6,364.78 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2020 and 2021 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2021, was \$58,205.36, plus interest.

Lease-Purchase Agreement

On April 7, 2020, the municipality entered into a lease-purchase agreement with First National Bank of Pennsylvania to purchase a 2019 Ford F-550 truck for \$79,277.00. The agreement was for a term of four years at an interest rate of 2.89 percent. Principal and interest payments of \$16,052.68 are due annually.

During the current examination period, the municipality paid principal of \$31,710.80 and interest of \$354.70 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2020 and 2021 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2021, was \$47,566.20, plus interest.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

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

Our examination disclosed that the municipality did not maintain documentation to support expenditures of \$40,173.39 during 2020 and \$40,133.55 during 2021 for loans related to the purchase of a 2019 F-550 truck and a Case loader.

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 why the municipality did not maintain copies of loan documents.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$80,306.94 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$80,306.94 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 expenditures by maintaining adequate documentation to support all expenditures.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

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

Management's Response

The municipal officials stated:

The General Fund will be used for these expenditures in the future.

Auditor's Conclusion

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

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 2 - Nonpermissible Expenditures

Our examination disclosed that the municipality expended \$59,307.25 for administrative payroll expenditures and \$7,651.74 for road cinders during 2021 from the Liquid Fuels Tax Fund. However, these expenditures were nonpermissible.

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 road cinders and administrative payroll expenditures, are outside the scope of permissible expenditures.

This condition occurred because the Secretary/Treasurer was unaware the road cinders and payroll administrative expenses were nonpermissible expenditures.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$66,958.99 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$66,958.99 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 2 - Nonpermissible Expenditures (Continued)

Management's Response

The municipal officials stated:

The General Fund will be used for these expenditures in the future.

Auditor's Conclusion

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

TOWNSHIP OF SPRINGFIELD
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 3 - Bids Awarded Were Not Documented In Board Of Supervisors' Meeting Minutes

Our examination disclosed that the township expended \$22,707.25 during 2020 from the Liquid Fuels Tax Fund for expenditures that were made from contracts. However, the bids and the award of contracts were not documented in the board of supervisors' meeting minutes, which is in noncompliance with *The Second Class Township Code*. These expenditures were as follows:

<u>Description</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
Stone	9102	06/01/20	\$ 1,082.00
Stone	9111	06/16/20	1,673.36
Stone	9119	06/30/20	1,519.24
Stone	9134	07/24/20	5,837.14
Stone	9142	08/07/20	916.88
Stone	9149	08/26/20	2,560.72
Stone	9162	09/28/20	3,767.00
Stone	9187	10/30/20	2,659.08
Stone	9205	11/27/20	2,691.83
Total			<u>\$22,707.25</u>

The Second Class Township Code, Section 3102(e) states:

“ . . . The award of contracts shall only be made by public announcement at the meeting at which bids are opened by the board of supervisors or received from the individual or committee appointed by the board of supervisors to open and read bids, or at a subsequent meeting of the board of supervisors, the time and place of which shall be publicly announced when bids are received. If for any reason one or both of the meetings are not held, the same business may be transacted at a subsequent meeting if at least five days' notice of the meeting is published in the same newspaper as the notice of bids. Bidders shall be notified and other interested parties, upon request, shall be notified of the date, time, and location of the opening of bids and may be present when the bids are opened”.

Because the award of contracts was not documented in the minutes of the Board of Supervisors' meetings, we were unable to determine if the bids were awarded at a public meeting.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$22,707.25 to its Liquid Fuels Tax Fund.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 3 - Bids Awarded Were Not Documented In Board Of Supervisors' Meeting Minutes (Continued)

This condition occurred because the secretary/treasurer was unaware that contracts are required to be documented in the minutes of the Board of Supervisors' meetings.

Recommendations

We recommend that the township reimburse \$22,707.25 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the Board of Supervisors ensure that bids awarded during public meetings are documented in the minute book.

Management's Response

The municipal officials stated:

The new Secretary/Treasurer will continue to document all bids in meeting minutes.

Auditor's Conclusion

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

TOWNSHIP OF SPRINGFIELD
 FAYETTE COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 4 - Over Expenditure Of Secretary's Salary

Our examination disclosed that the municipality expended \$20,205.57 during 2021 from the Liquid Fuels Tax Fund for the secretary's salary. However, we further noted that the amount expended exceeded the permissible amount by \$3,566.12 as follows:

	2021
Total expenditures (Line 7, MS-965 Actual Use Report)	\$355,054.53
Less – Secretary salary expended	20,205.57
Less – Loans to the General Fund	-
Expenditures eligible for salary compensation	334,848.96
Multiplied by .05	x.05
Maximum permissible secretary salary	16,742.45
Less – Salary charged to Fund	20,308.57
Excess salary payment	\$ (3,566.12)

As per the Department of Transportation's memorandum dated November 4, 1991, the secretary's salary permitted to be expended from the Liquid Fuels Tax Fund is limited to 5 percent of expenditures, not including the secretary's salary, as calculated above.

This condition occurred because the Secretary/Treasurer was unaware of the Liquid Fuels Tax Fund salary cap regarding the secretary's salary.

The failure to follow the Department of Transportation's memorandum as noted above could result in the township having to reimburse \$3,566.12 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$3,566.12 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that in the future, the township limit its expenditures from the Liquid Fuels Tax Fund for the secretary's compensation to 5 percent as calculated in this finding and described by the Department of Transportation's memorandum.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

Finding No. 4 - Over Expenditure Of Secretary's Salary (Continued)

Management's Response

The municipal officials stated:

The Secretary/Treasurer's salary will no longer be expended using Liquid Fuels.

Auditor's Conclusion

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

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

An exit conference was held September 14, 2022. Those participating were:

TOWNSHIP OF SPRINGFIELD

The Honorable Ross Miner, Chairman of the Board of Supervisors

The Honorable Williams Striner, Vice-Chairman of the Board of Supervisors

Ms. Stephanie S. Cain, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Michele Simpson, Auditor

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

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2021

This report was initially distributed to:

Michael Carroll
Acting Secretary
Department of Transportation

Township of Springfield
Fayette County
P.O. Box 13
755 Mill Run Road
Mill Run, PA 15464

The Honorable Ross Miner
Chairman of the Board of Supervisors

The Honorable Williams Striner
Vice-Chairman of the Board of Supervisors

Ms. Stephanie S. Cain
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.