

# ATTESTATION ENGAGEMENT

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## Township of Benton Columbia County, Pennsylvania 19-202

Liquid Fuels Tax Fund  
For the Period  
January 1, 2019 to December 31, 2021

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## December 2022



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

The Honorable Yassmin Gramian, P.E.  
Secretary  
Department of Transportation  
Harrisburg, PA 17120

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Benton, Columbia County, for the period January 1, 2019 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, such as invoices or payroll records, to support expenditures of \$1,136.76 during 2020 and \$3,126.92 during 2021 (see Finding No. 1).
- The municipality did not receive its 2020 and 2021 Liquid Fuels Tax Fund allocations of \$175,795.02 and \$163,150.99, respectively, until 2022 (see Finding No. 2).
- The municipality expended \$40,241.16 in excess of the amount available for the purchase of equipment during 2021 (see Finding No. 4).
- The municipality incurred a stone hauling expense of \$5,028.38 on November 26, 2018, and the invoice was not paid from its Liquid Fuels Tax Fund until July 11, 2019, which is a retroactive expenditure (see Finding No. 5).

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 Benton, Columbia County, for the period January 1, 2019 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 Benton, Columbia 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*:

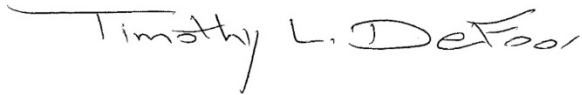
- Late Receipt of Allocations.
- Liquid Fuels And Turnback Allocations Deposited Into Special Account Fund - Recurring.
- Over Expended Equipment Purchase Tally.
- Retroactive Expenditure.

The examination finding for depositing Liquid Fuels and Turnback allocations into the Special Account Fund contained in this report cites a condition that existed in the operation of the municipality during our prior two engagement periods and was not corrected during the current examination period. The municipality should strive to comply with the recommendations noted in this report.

Independent Auditor's Report (Continued)

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 Benton, Columbia 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 from the start of the name.

Timothy L. DeFoor  
Auditor General  
November 23, 2022

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TOWNSHIP OF BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2019 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 BENTON  
 COLUMBIA COUNTY  
 LIQUID FUELS TAX FUND  
 BACKGROUND  
 FOR THE PERIOD  
 JANUARY 1, 2019 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 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:

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 BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2019 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 BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2019 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 BENTON  
COLUMBIA 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	\$ 39.80	\$ -	\$ 39.80
Computer/Computer related training	-	-	-
Major equipment purchases	27,479.15	-	27,479.15
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	8,107.39	-	8,107.39
Traffic control devices	2,145.50	-	2,145.50
Street lighting	-	-	-
Storm sewers and drains	-	7,051.15	7,051.15
Repairs of tools and machinery	33,225.10	-	33,225.10
Maintenance and repair of roads and bridges	222,619.25	(7,051.15)	215,568.10
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 293,616.19</u>	 <u>\$ -</u>	 <u>\$ 293,616.19</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 153,288.36	\$ -	\$ 153,288.36
Receipts:			
2. State allocation	180,678.76	-	180,678.76
2a. Turnback allocation	38,640.00	-	38,640.00
2b. Interest on investments	2,703.30	(1,438.07)	1,265.23
2c. Miscellaneous	149.91	1,438.07	1,587.98
3. Total receipts	<u>222,171.97</u>	<u>-</u>	<u>222,171.97</u>
4. Total funds available	<u>375,460.33</u>	<u>-</u>	<u>375,460.33</u>
5. Expenditures (Section 1)	<u>293,616.19</u>	<u>-</u>	<u>293,616.19</u>
6. Balance, December 31, 2019	<u><u>\$ 81,844.14</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,844.14</u></u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 111,856.76	\$ -	\$ 111,856.76
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	43,863.75	-	43,863.75
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	155,720.51	-	155,720.51
5. Less: Major equipment expenditures	27,479.15	-	27,479.15
6. Remainder	<u>128,241.36</u>	<u>-</u>	<u>128,241.36</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 81,844.14</u>	<u>\$ -</u>	<u>\$ 81,844.14</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	82,062.15	-	82,062.15
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	66.70	-	66.70
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	17,706.98	-	17,706.98
Maintenance and repair of roads and bridges	105,436.93	-	105,436.93
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 205,272.76</u>	 <u>\$ -</u>	 <u>\$ 205,272.76</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 81,844.14	\$ -	\$ 81,844.14
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	38,640.00	-	38,640.00
2b. Interest on investments	188.29	-	188.29
2c. Miscellaneous	100,000.00	-	100,000.00
3. Total receipts	138,828.29	-	138,828.29
4. Total funds available	220,672.43	-	220,672.43
5. Expenditures (Section 1)	205,272.76	-	205,272.76
6. Balance, December 31, 2020	<u>\$ 15,399.67</u>	<u>\$ -</u>	<u>\$ 15,399.67</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 81,844.14	\$ -	\$ 81,844.14
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	7,728.00	-	7,728.00
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	89,572.14	-	89,572.14
5. Less: Major equipment expenditures	82,062.15	-	82,062.15
6. Remainder	<u>7,509.99</u>	<u>-</u>	<u>7,509.99</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 7,509.99</u>	<u>\$ -</u>	<u>\$ 7,509.99</u>



TOWNSHIP OF BENTON  
COLUMBIA 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	55,479.15	-	55,479.15
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	491.90	-	491.90
Maintenance and repair of roads and bridges	11,445.97	-	11,445.97
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 67,417.02</u>	 <u>\$ -</u>	 <u>\$ 67,417.02</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 15,399.28	\$ .39	\$ 15,399.67
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	38,640.00	-	38,640.00
2b. Interest on investments	6.93	-	6.93
2c. Miscellaneous	25,000.00	-	25,000.00
3. Total receipts	63,646.93	-	63,646.93
4. Total funds available	79,046.21	.39	79,046.60
5. Expenditures (Section 1)	67,417.02	-	67,417.02
6. Balance, December 31, 2021	<u>\$ 11,629.19</u>	<u>\$ .39</u>	<u>\$ 11,629.58</u>

TOWNSHIP OF BENTON  
COLUMBIA 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	\$ 7,502.99	\$ 7.00	\$ 7,509.99
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	7,728.00	-	7,728.00
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	15,230.99	7.00	15,237.99
5. Less: Major equipment expenditures	55,479.15	-	55,479.15
6. Remainder	<u>(40,248.16)</u>	<u>7.00</u>	<u>(40,241.16)</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF BENTON  
 COLUBIA COUNTY  
 LIQUID FUELS TAX FUND  
 AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
 FOR THE PERIOD  
 JANUARY 1, 2019 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

2019 - Section 1

Adjustments were made to “Storms sewers and drains” and “Maintenance and repair of roads and bridges” because expenditures of \$7,051.15 were misclassified.

2019 - Section 2

Adjustments were made to “Interest on investments” and “Miscellaneous” because miscellaneous receipts of \$1,438.07 were misclassified.

2021 - Section 2

An adjustment of \$.39 was made to “Balance, January 1, 2021” because an incorrect fund balance was reported.

2021 - Section 3

An adjustment of \$7.00 was made to “Prior year equipment balance” because an incorrect equipment balance was carried forward.

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>2019</u>	<u>2020</u>	<u>2021</u>
General Fund	Refund of overpayment	\$ 149.91	\$ -	\$ -
General Fund	Grant	1,438.07	100,000.00	25,000.00
Totals		<u>\$1,587.98</u>	<u>\$100,000.00</u>	<u>\$25,000.00</u>

TOWNSHIP OF BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2021

Lease-Purchase Agreement

On April 6, 2017, the municipality entered into a lease-purchase agreement with Bank Capital Services to purchase a 2017 Case 621G backhoe/loader for \$151,350.00. The agreement was for a term of six years at an interest rate of 3.38 percent. Principal and interest payments of \$27,479.15 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$47,959.15 and \$6,9915, respectively.

During the current examination period, the municipality paid principal of \$76,218.37 and interest of \$6,219.08 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2019, 2020, 2021 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2021, was \$27,172.48, plus interest.

TOWNSHIP OF BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 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, such as invoices or payroll records, to support expenditures of \$1,136.76 during 2020 and \$3,126.92 during 2021.

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.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$4,263.68 to its Liquid Fuels Tax Fund.

This condition occurred due to invoices being misfiled after flooding.

**Recommendations**

We recommend that the municipality reimburse \$4,263.68 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 BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2021

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

Management's Response

The secretary/treasurer stated:

Benton Township had a little over a million dollars in flood damage. Due to the massive, massive amount of paperwork some of the Liquid Fuels check stubs were filed with the flood work. I have since found a few of the receipts.

Auditor's Conclusion

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

TOWNSHIP OF BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2021

**Finding No. 2 - Late Receipt Of Allocations**

Our examination disclosed that the 2019, 2020, and 2021 Liquid Fuels Tax Fund allocations of \$180,678.76, \$175,795.02, and \$163,150.99, respectively, which should have been distributed from the Department of Transportation to the township during the first week of March of each year, were not received until June 3, 2019, April 22, 2022, and May 9, 2022, 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.

Because the township failed to file documents and information timely as noted above, the township did not have use of the 2019 allocation for two months, the 2020 allocation for more than two years, and 2021 allocation for more than one year. Furthermore, 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.



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

Recommendations

We recommend that, in the future, the township complies 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 secretary/treasurer stated:

The 2020 and 2021 allocations I was late getting my MS-965 reports in. I'm not making excuses, but I had major computer problems working from home. I have filed Benton Township's paperwork to deposit it in our local bank, but because we keep getting deposits from FEMA into the FEMA/PEMA account, they have been automatically depositing it into the PEMA account.

Auditor's Conclusion

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

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**Finding No. 3 - Liquid Fuels And Turnback Allocations Deposited Into Special Account Fund - Recurring**

We cited the municipality for depositing the Liquid Fuels Tax Fund and Turnback allocations into the Special Account Fund in our prior two reports with the most recent being for the period January 1, 2018 to December 31, 2018. Our current examination disclosed that the Commonwealth of Pennsylvania deposited the 2019 Liquid Fuels Tax Fund allocation of \$180,678.76 into its Special Account Fund on June 3, 2019. Additionally, the Commonwealth of Pennsylvania deposited its 2019, 2020, and 2021 Turnback allocations of \$38,640.00 for each year into its Special Account Fund on March 1, 2019, March 2, 2020, and March 5, 2021, respectively, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law.

The practice of depositing Liquid Fuels Tax Fund allocations into any account other than the Liquid Fuels Tax Fund account is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . .each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

Additionally, the turnback allocation was made to the municipality in accordance with the *Vehicle Code*, 75 Pa. C.S.A. § 9511(4), which requires that “Annual maintenance payments . . . shall be deposited into the municipality’s liquid fuels tax account.

If the allocations were deposited into the Liquid Fuels Tax Fund, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs. In addition, the risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

On September 26, 2019, the municipality transferred the Liquid Fuels Tax Fund allocation of \$180,678.76 to the Liquid Fuels Tax Fund. The 2019, 2020, and 2021 Turnback allocations of \$38,640.00 for each year were transferred to the Liquid Fuels Tax Fund on September 26, 2019, April 28, 2020, and March 26, 2021, respectively.

This condition occurred because the municipality never changed the account number reported to the Commonwealth of Pennsylvania from the Special Account Fund account to the Liquid Fuels Tax Fund account.

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**Finding No. 3 - Liquid Fuels And Turnback Allocations Deposited Into Special Account Fund - Recurring (Continued)**

Recommendation

We again recommend that, in the future, the municipality deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.

Management's Response

The secretary/treasurer stated:

I have filed Benton Township's paperwork to deposit it in our local bank, but because we keep getting deposits from FEMA into the FEMA/PEMA account, they have been automatically depositing it into the PEMA account.

Auditor's Conclusion

We commend that municipality for filing the correct account number for the Liquid Fuels Tax Fund with the Commonwealth of Pennsylvania. The municipality should continue to work with the Commonwealth to ensure that Liquid Fuels Tax Fund allocations are deposited into its Liquid Fuels Tax Fund. During our next examination, we will determine if the municipality complied with our recommendation.

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**Finding No. 4 - Over Expended Equipment Purchase Tally**

Our examination disclosed that the municipality expended \$40,241.16 in excess of the amount available for the purchase of equipment during 2021:

<u>2021</u>	<u>Actual</u>
1. Prior year equipment balance	\$ 7,509.99
2. Current year equipment allocation (20% of Lines 2 + 2A, Section 2)	7,728.00
3. PENNDOT approved adjustments	<u>-</u>
4. Total funds available for equipment acquisition	15,237.99
5. Less: Major equipment purchases	<u>55,479.15</u>
6. Amount Over Expended for equipment - 2021	<u><u>\$40,241.16</u></u>

The Department of Transportation's, *Publication 9*, Appendix D, Section 449.11, 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, 20 percent of the current year's Liquid Fuels Tax Fund allocations, and any approved adjustments.

The failure to follow *Publication 9* could result in the municipality having to reimburse \$40,241.16 to its Liquid Fuels Tax Fund.

This condition occurred because the municipal officials did not take into account the effect the failure to receive the 2020 and 2021 Liquid Fuels Tax Fund allocations timely would have on the equipment balance.

**Recommendations**

We recommend that the municipality reimburse \$40,241.16 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality only expend up to the approved amount on equipment expenditures in accordance with the Department of Transportation's *Publication 9*.

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**Finding No. 4 - Over Expended Equipment Purchase Tally (Continued)**

Management's Response

The secretary/treasurer stated:

The over expenditures of the equipment tally was due to not getting liquid fuels on time. I never even gave it a second thought that the equipment total would be a lot lower.

Auditor's Conclusion

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

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**Finding No. 5 - Retroactive Expenditure**

Our examination disclosed that the municipality incurred a stone hauling expense of \$5,028.38 on November 26, 2018, and the invoice was not paid from its Liquid Fuels Tax Fund until July 11, 2019, which is a retroactive expenditure.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states, in relevant part:

Examples of what Liquid Fuels Tax Fund monies may not be expended for are:

16. Retroactive expenditures or repayment of other funds for prior period expenditures.

Because this expenditure was incurred on November 26, 2018, and was not paid until July 11, 2019, the expenditure incurred was not paid in a reasonable period of time. Therefore, the municipality did not comply with the Department of Transportation's *Publication 9*.

The failure to follow the Department of Transportation's *Publication 9* as noted above could result in the municipality having to reimburse \$5,028.38 to its Liquid Fuels Tax Fund.

This condition occurred due to invoices being misfiled after flooding.

**Recommendations**

We recommend that the municipality reimburse \$5,028.38 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 Department of Transportation's *Publication 9* as noted above.

**Management's Response**

The secretary/treasurer stated:

Benton Township had a little over a million dollars in flood damage. Due to the massive amount of paperwork, some of the Liquid Fuels check stubs were filed with the flood work. I have since found a few of the receipts.

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**Finding No. 5 - Retroactive Expenditure (Continued)**

Auditor's Conclusion

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

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SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
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An exit conference was held August 17, 2022. Those participating were:

TOWNSHIP OF BENTON

Ms. Terri Adams, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Brian P. Dries, Auditor

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



TOWNSHIP OF BENTON  
COLUMBIA COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2019 TO DECEMBER 31, 2021

This report was initially distributed to:

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

**Township of Benton**  
Columbia County  
236 Shickshinny Road  
Benton, PA 17814

**The Honorable Doug Pennington**  
Chairman of the Board of Supervisors

**Ms. Terri Adams**  
Secretary/Treasurer

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