



BOROUGH OF DOWNINGTOWN
CHESTER COUNTY

15-403

LIQUID FUELS TAX FUND
EXAMINATION REPORT

FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

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BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

Background

The Liquid Fuels Tax Municipal Allocation Law, Title 72 P.S. § 2615.5, provides municipalities other than counties (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: (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.

The Vehicle Code, Title 75 P.S. § 9511, 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 Liquid Fuels Tax Fund money and annual maintenance payments that it receives into a special fund called 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 this 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. To qualify for its annual allocation, each municipality shall submit the following documents and information to the Department of Transportation:

1. Evidence that the treasurer is bonded in accordance with the law, or that its treasurer is a bank requiring no bond by January 31 of each year.
2. A report indicating the manner in which its liquid fuels tax allocation was expended in the previous year (Form MS-965) by January 31 of each year.
3. A report of elected and appointed officials by January 31 of each year.
4. A Survey of Financial Condition by March 15 of each year.

Department of Transportation *Publication 9* contains the policies and procedures that govern the use of Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.





**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Barry J. Schoch, 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 Borough of Downingtown, Chester County, for the three years ended December 31, 2010. The municipality's management is responsible for the Forms MS-965. 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 includes examining, on a test basis, evidence supporting the Borough of Downingtown, Chester County's Forms MS-965 for the three years ended December 31, 2010 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each municipality's Liquid Fuels Tax Fund to ensure that funds received are expended in accordance with applicable laws and regulations. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 403 of *The Fiscal Code*.

As described in Note 4, 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 Finding No. 3, the borough expended \$6,412.19 for pipe during 2009, \$9,732.88 for grates during 2009, and \$6,554.90 for street light maintenance during 2010 from its Liquid Fuels Tax Fund without maintaining documentation for price quotations. Additionally, as discussed in Finding No. 4, during 2008 the borough expended \$16,528.00 from the Liquid Fuels Tax Fund for purchases of ornamental street lights without advertising for bids.

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 Borough of Downingtown, Chester County, for the three years ended December 31, 2010, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Forms MS-965 and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough of Downingtown, Chester County's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the Borough of Downingtown, Chester County's Forms MS-965 that is more than inconsequential will not be prevented or detected by the Borough of Downingtown, Chester County's internal control. We consider the deficiency described in the finding below to be a significant deficiency in internal control over reporting on the Forms MS-965:

- Failure To Properly Prepare Forms MS-965.

Independent Auditor's Report (Continued)

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Forms MS-965 will not be prevented or detected by the Borough of Downingtown, Chester County's internal control. Our consideration of the internal control over reporting on the Forms MS-965 would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Liquid Fuels Money Deposited Into The Operating Fund.
- Documentation For Price Quotations Was Not Available For Examination.
- Purchases Over \$10,000.00 In Noncompliance With Advertising And Bidding Requirements.
- Nonpermissible Expenditures.

We are concerned in light of the borough's failure to correct a previously reported finding regarding liquid fuels money deposited into the Operating Fund. During the current examination period the municipality failed to properly prepare Forms MS-965, deposited liquid fuels money into the Operating Fund, failed to maintain documentation for price quotations, failed to advertise for bids, and made nonpermissible expenditures. The borough should strive to implement the recommendations and corrective actions noted in this report.

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of Borough of Downingtown, Chester County and is not intended to be and should not be used by anyone other than these specified parties.

May 2, 2011

JACK WAGNER
Auditor General



BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2008 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ -	\$ -
Minor equipment purchases	-	-	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	8,525.55	(3,261.98)	5,263.57
Traffic control devices	179.03	-	179.03
Street lighting	17,710.53	-	17,710.53
Storm sewers and drains	12,926.41	-	12,926.41
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	61,645.47	-	61,645.47
Miscellaneous (Note 6)	-	11,174.76	11,174.76
	<u>-</u>	<u>11,174.76</u>	<u>11,174.76</u>
Total (To Section 2, Line 5)	<u>\$ 100,986.99</u>	<u>\$ 7,912.78</u>	<u>\$ 108,899.77</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2008 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2008	\$ 18,763.04	\$ (200.00)	\$ 18,563.04
Receipts:			
2. State allocation	126,123.55	12,532.23	138,655.78
2a. Turnback allocation	1,320.00	-	1,320.00
2b. Interest on investments (Note 3)	1,034.46	-	1,034.46
2c. Miscellaneous (Note 5)	25,174.50	(1,157.47)	24,017.03
3. Total receipts	<u>153,652.51</u>	<u>11,374.76</u>	<u>165,027.27</u>
4. Total funds available	<u>172,415.55</u>	<u>11,174.76</u>	<u>183,590.31</u>
5. Expenditures (Section 1)	<u>100,986.99</u>	<u>7,912.78</u>	<u>108,899.77</u>
6. Balance, December 31, 2008	<u><u>\$ 71,428.56</u></u>	<u><u>\$ 3,261.98</u></u>	<u><u>\$ 74,690.54</u></u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2008 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 18,763.04	\$ (200.00)	\$ 18,563.04
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	25,488.71	2,506.45	27,995.16
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	44,251.75	2,306.45	46,558.20
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>44,251.75</u>	<u>2,306.45</u>	<u>46,558.20</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 44,251.75</u>	<u>\$ 2,306.45</u>	<u>\$ 46,558.20</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2009 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ -	\$ -
Minor equipment purchases	-	-	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	37,945.39	3,261.98	41,207.37
Traffic control devices	11,298.88	-	11,298.88
Street lighting	38,597.19	-	38,597.19
Storm sewers and drains	34,605.76	-	34,605.76
Repairs of tools and machinery	3,857.90	(295.64)	3,562.26
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	61,645.47	-	61,645.47
Miscellaneous (Note 6)	-	31,600.81	31,600.81
	<u>-</u>	<u>31,600.81</u>	<u>31,600.81</u>
 Total (To Section 2, Line 5)	 <u>\$ 187,950.59</u>	 <u>\$ 34,567.15</u>	 <u>\$ 222,517.74</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2009 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2009	\$ 71,428.56	\$ 3,261.98	\$ 74,690.54
Receipts:			
2. State allocation	119,637.42	13,293.05	132,930.47
2a. Turnback allocation	1,320.00	-	1,320.00
2b. Interest on investments (Note 3)	776.90	-	776.90
2c. Miscellaneous (Note 5)	21,810.39	18,307.76	40,118.15
3. Total receipts	<u>143,544.71</u>	<u>31,600.81</u>	<u>175,145.52</u>
4. Total funds available	<u>214,973.27</u>	<u>34,862.79</u>	<u>249,836.06</u>
5. Expenditures (Section 1)	<u>187,950.59</u>	<u>34,567.15</u>	<u>222,517.74</u>
6. Balance, December 31, 2009	<u><u>\$ 27,022.68</u></u>	<u><u>\$ 295.64</u></u>	<u><u>\$ 27,318.32</u></u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2009 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 44,251.75	\$ 2,306.45	\$ 46,558.20
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	29,596.02	(2,745.93)	26,850.09
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	73,847.77	(439.48)	73,408.29
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>73,847.77</u>	<u>(439.48)</u>	<u>73,408.29</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 27,022.68</u>	<u>\$ 295.64</u>	<u>\$ 27,318.32</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2010 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ 5,069.00	\$ 5,069.00
Minor equipment purchases	5,069.00	(5,069.00)	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	32,632.35	-	32,632.35
Traffic control devices	-	5,475.00	5,475.00
Street lighting	67,101.74	(5,475.00)	61,626.74
Storm sewers and drains	110.13	-	110.13
Repairs of tools and machinery	-	295.64	295.64
Maintenance and repair of roads and bridges	61,645.47	(61,645.47)	-
Highway construction and rebuilding projects	-	61,645.47	61,645.47
Miscellaneous (Note 6)	-	1,009.23	1,009.23
	<u> </u>	<u> </u>	<u> </u>
Total (To Section 2, Line 5)	<u>\$ 166,558.69</u>	<u>\$ 1,304.87</u>	<u>\$ 167,863.56</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2010 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2010	\$ 27,022.68	\$ 295.64	\$ 27,318.32
Receipts:			
2. State allocation	127,893.75	-	127,893.75
2a. Turnback allocation	1,320.00	-	1,320.00
2b. Interest on investments (Note 3)	277.18	-	277.18
2c. Miscellaneous (Note 5)	43,183.50	1,009.23	44,192.73
3. Total receipts	<u>172,674.43</u>	<u>1,009.23</u>	<u>173,683.66</u>
4. Total funds available	<u>199,697.11</u>	<u>1,304.87</u>	<u>201,001.98</u>
5. Expenditures (Section 1)	<u>166,558.69</u>	<u>1,304.87</u>	<u>167,863.56</u>
6. Balance, December 31, 2010	<u>\$ 33,138.42</u>	<u>\$ -</u>	<u>\$ 33,138.42</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
 CHESTER COUNTY
 LIQUID FUELS TAX FUND
 2010 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 27,022.68	\$ 295.64	\$ 27,318.32
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	25,842.75	-	25,842.75
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	52,865.43	295.64	53,161.07
5. Less: Major equipment expenditures	-	5,069.00	5,069.00
6. Remainder	<u>52,865.43</u>	<u>(4,773.36)</u>	<u>48,092.07</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 33,138.42</u>	<u>\$ -</u>	<u>\$ 33,138.42</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

1. Criteria

Section 1

This section 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 that cost in excess of \$4,000.00.
- Minor equipment purchases are purchases of road machinery and road equipment that cost \$4,000.00 or less.
- Agility projects are exchanges of services with the Department of Transportation.

Section 2

This section of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is generally received from the Department of Transportation during the first week in April of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- The turnback allocation is generally received from the Department of Transportation during the first week in April of each year. A municipality receives a yearly turnback allocation based on road mileage for all roads that were transferred to the municipality from the Commonwealth of Pennsylvania through the Highway Transfer Program.
- Expenditures include the total transferred from Section 1.

Section 3

This section 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.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

1. Criteria (Continued)

Section 3 (Continued)

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.

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 Forms MS-965 have 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 Forms MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

Basis Of Accounting

The accompanying Forms MS-965 With Adjustments are 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.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

1. Criteria (Continued)

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.

2. Deposits

The Borough Code, Title 53 P.S § 46316, authorizes the borough to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in a financial institution. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

There were no deposits exposed to custodial credit risk as of December 31, 2010. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

2. Deposits (Continued)

Fund Balance

The fund balance as of December 31, 2010 consists of the following:

Cash	<u>\$33,138.42</u>
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3. Interest On Investments

Our examination disclosed that the municipality deposited idle liquid fuels tax money in an interest-bearing account which earned \$1,034.46 during 2008, \$776.90 during 2009, and \$277.18 during 2010, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2008 - Section 1

An adjustment of \$(3,261.98) was made to "Winter maintenance services" because check No. 8729, which was issued in 2009, was erroneously reported as expenditures in 2008.

An adjustment of \$11,174.76 was made to "Miscellaneous" because these expenditures were not reported (Note 6).

2008 - Section 2

An adjustment of \$(200.00) was made to "Balance, January 1, 2008" because of prior report adjustments that were not carried forward in the fund balance.

An adjustment of \$12,532.23 was made to "State allocation" because part of the state allocation was misclassified as miscellaneous.

An adjustment of \$(1,157.47) was made to "Miscellaneous" because \$12,532.23 of the state allocation was misclassified and receipts of \$11,374.76 were not reported.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

4. Adjustments (Continued)

2008 - Section 3

An adjustment of \$(200.00) was made to “Prior year equipment balance” because of prior report adjustments that were not carried forward in the equipment balance.

An adjustment of \$2,506.45 was made to “Current year equipment allocation” because the state allocation from 2008 - Section 2, which is used to calculate this figure, was understated.

2009 - Section 1

An adjustment of \$3,261.98 was made to “Winter maintenance services” because check No. 8729 was not reported.

An adjustment of \$(295.64) was made to “Repairs of tools and machinery” because check No. 10493, which was issued in 2010, was erroneously reported as an expenditure in 2009.

An adjustment of \$31,600.81 was made to “Miscellaneous” because these expenditures were not reported (Note 6).

2009 - Section 2

An adjustment of \$3,261.98 was made to “Balance, January 1, 2009” to reflect the adjustment made to the fund balance in 2008 - Section 2.

An adjustment of \$13,293.05 was made to “State allocation” because part of the state allocation was misclassified as miscellaneous.

An adjustment of \$18,307.76 was made to “Miscellaneous” because \$13,293.05 of the state allocation was misclassified and receipts of \$31,600.81 were not reported.

2009 - Section 3

An adjustment of \$2,306.45 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2008 - Section 3.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORMS MS-965 WITH ADJUSTMENTS
FOR THE THREE YEARS ENDED
DECEMBER 31, 2010

4. Adjustments (Continued)

2009 - Section 3 (Continued)

An adjustment of \$(2,745.93) was made to "Current year equipment allocation" because of a calculation error.

2010 - Section 1

Adjustments were made to "Major equipment purchases" and "Minor equipment purchases" because expenditures of \$5,069.00 were misclassified.

Adjustments were made to "Traffic control devices" and "Street lighting" because expenditures of \$5,475.00 were misclassified.

An adjustment of \$295.64 was made to "Repairs of tools and machinery" because check No. 10493 was not reported.

Adjustments were made to "Maintenance and repair of roads and bridges" and "Highway construction and rebuilding projects" because expenditures of \$61,645.47 were misclassified.

An adjustment of \$1,009.23 was made to "Miscellaneous" because these expenditures were not reported (Note 6).

2010 - Section 2

An adjustment of \$295.64 was made to "Balance, January 1, 2010" to reflect the adjustment made to the fund balance in 2009 - Section 2.

An adjustment of \$1,009.23 was made to "Miscellaneous" because these receipts were not reported.

2010 - Section 3

An adjustment of \$295.64 was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2009 - Section 3.

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4. Adjustments (Continued)

2010 - Section 3 (Continued)

An adjustment of \$5,069.00 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2010 – Section 1.

5. 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>2008</u>	<u>2009</u>	<u>2010</u>
General Fund	Deposits in error (Note 9)	\$11,174.76	\$ 3,789.28	\$ -
General Fund	Reimbursement for transfers in error (Note 8)	200.00	27,811.53	1,009.23
General Fund	Reimbursement (Comment No. 1)	-	8,517.34	-
General Fund	Reimbursement for sign making equipment	12,642.27	-	-
General Fund	Reimbursement (Comment No. 2)	-	-	39,583.50
General Fund	Reimbursement (Finding No. 5)	-	-	<u>3,600.00</u>
Totals		<u>\$24,017.03</u>	<u>\$40,118.15</u>	<u>\$44,192.73</u>

6. Miscellaneous Expenditures

<u>Source</u>	<u>Description</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund	Reimbursement for deposits in error (Note 9)	\$11,174.76	\$ 3,789.28	\$ -
General Fund	Transfers in error (Note 8)	<u>-</u>	<u>27,811.53</u>	<u>1,009.23</u>
Totals		<u>\$11,174.76</u>	<u>\$31,600.81</u>	<u>\$1,009.23</u>

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7. Bank Loan

On September 5, 2006, the municipality borrowed \$500,000.00 from the Commonwealth of Pennsylvania for construction project No. 061540301. The term of the loan was for ten years at an interest rate of 4.0 percent. Principal and interest payments of \$61,645.47 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$41,645.47 and \$20,000.00, respectively.

During the current examination period the municipality paid principal of \$135,200.52 and interest of \$49,735.89 from the Liquid Fuels Tax Fund. These amounts are reflected in highway construction and rebuilding projects on the 2008, 2009, and 2010 Forms MS-965 – Section 1. The outstanding balance of the loan as of December 31, 2010 was \$323,154.01, plus interest.

8. Transfers In Error

On September 28, 2007 and November 28, 2007, respectively, the borough transferred \$100.00 on each date from its Liquid Fuels Tax Fund to its General Fund in error. On February 28, 2008, the borough transferred \$200.00 from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

On June 1, 2009, the borough transferred \$24,356.17 from its Liquid Fuels Tax Fund to its General Fund in error. On July 7, 2009, the borough transferred \$24,356.17 from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

On September 29, 2009, the borough transferred \$3,455.36 from its Liquid Fuels Tax Fund to its General Fund in error. On October 26, 2009, the borough transferred \$3,455.36 from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

On January 28, 2010 the borough transferred \$295.64 from its Liquid Fuels Tax Fund to its General Fund in error. On February 1, 2010, the borough transferred \$295.64 from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

On December 28, 2010, the borough transferred \$713.59 from its Liquid Fuels Tax Fund to its General Fund in error. On the same day the borough transferred \$713.59 from its General Fund to its Liquid Fuels Tax Fund to correct the transfer in error.

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9. Deposits In Error

On January 4, 2008, the borough deposited \$75.23 into its Liquid Fuels Tax Fund in error. On February 29, 2008, the borough transferred \$75.23 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On January 10, 2008, the borough deposited \$75.23 into its Liquid Fuels Tax Fund in error. On February 29, 2008, the borough transferred \$75.23 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On February 1, 2008, the borough deposited \$5,445.42 into its Liquid Fuels Tax Fund in error. On March 11, 2008, the borough transferred \$5,445.42 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On February 29, 2008, the borough deposited \$5,578.88 into its Liquid Fuels Tax Fund in error. On the same day the borough transferred \$5,578.88 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On March 30, 2009, the borough deposited \$527.30 into its Liquid Fuels Tax Fund in error. On April 21, 2009, the borough transferred \$527.30 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

On June 30, 2009, the borough deposited \$3,261.98 into its Liquid Fuels Tax Fund in error. On September 29, 2009 the borough transferred \$3,261.98 from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

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Finding No. 1 - Failure To Properly Prepare Forms MS-965

Our examination disclosed that there were numerous errors made in the preparation of the municipality's 2008, 2009, and 2010 Forms MS-965. These adjustments, which are disclosed in Note 4, are as follows:

2008 - Section 1

- An adjustment of \$(3,261.98) was made to "Winter maintenance services" because check No. 8729, which was issued in 2009, was erroneously reported as expenditures in 2008.
- An adjustment of \$11,174.76 was made to "Miscellaneous" because these expenditures were not reported (Note 6).

2008 - Section 2

- An adjustment of \$(200.00) was made to "Balance, January 1, 2008" because of prior report adjustments that were not carried forward in the fund balance.
- An adjustment of \$12,532.23 was made to "State allocation" because part of the state allocation was misclassified as miscellaneous.
- An adjustment of \$(1,157.47) was made to "Miscellaneous" because \$12,532.23 of the state allocation was misclassified and receipts of \$11,374.76 were not reported.

2008 - Section 3

- An adjustment of \$(200.00) was made to "Prior year equipment balance" because of prior report adjustments that were not carried forward in the equipment balance.
- An adjustment of \$2,506.45 was made to "Current year equipment allocation" because the state allocation from 2008 - Section 2, which is used to calculate this figure, was understated.

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Finding No. 1 - Failure To Properly Prepare Forms MS-965 (Continued)

2009 - Section 1

- An adjustment of \$3,261.98 was made to “Winter maintenance services” because check No. 8729 was not reported.
- An adjustment of \$(295.64) was made to “Repairs of tools and machinery” because check No. 10493, which was issued in 2010, was erroneously reported as an expenditure in 2009.
- An adjustment of \$31,600.81 was made to “Miscellaneous” because these expenditures were not reported (Note 6).

2009 - Section 2

- An adjustment of \$3,261.98 was made to “Balance, January 1, 2009” to reflect the adjustment made to the fund balance in 2008 - Section 2.
- An adjustment of \$13,293.05 was made to “State allocation” because part of the state allocation was misclassified as miscellaneous.
- An adjustment of \$18,307.76 was made to “Miscellaneous” because \$13,293.05 of the state allocation was misclassified and receipts of \$31,600.81 were not reported.

2009 - Section 3

- An adjustment of \$2,306.45 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2008 - Section 3.
- An adjustment of \$(2,745.93) was made to “Current year equipment allocation” because of a calculation error.

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Finding No. 1 - Failure To Properly Prepare Forms MS-965 (Continued)

2010 - Section 1

- Adjustments were made to “Major equipment purchases” and “Minor equipment purchases” because expenditures of \$5,069.00 were misclassified.
- Adjustments were made to “Traffic control devices” and “Street lighting” because expenditures of \$5,475.00 were misclassified.
- An adjustment of \$295.64 was made to “Repairs of tools and machinery” because check No. 10493 was not reported.
- Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$61,645.47 were misclassified.
- An adjustment of \$1,009.23 was made to “Miscellaneous” because these expenditures were not reported (Note 6).

2010 - Section 2

- An adjustment of \$295.64 was made to “Balance, January 1, 2010” to reflect the adjustment made to the fund balance in 2009 - Section 2.
- An adjustment of \$1,009.23 was made to “Miscellaneous” because these receipts were not reported.

2010 - Section 3

- An adjustment of \$295.64 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2009 - Section 3.
- An adjustment of \$5,069.00 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2010 - Section 1.

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Finding No. 1 - Failure To Properly Prepare Forms MS-965 (Continued)

Good internal controls ensure that the municipality complete its Forms MS-965 accurately and completely. The failure to properly complete Forms MS-965 increases the risk that errors or irregularities may occur and remain undetected.

Recommendation

We recommend that the municipality ensure that its Forms MS-965 are complete and accurate.

Management's Response

The municipal officials offered no formal response at this time.

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Finding No. 2 - Liquid Fuels Money Deposited Into The Operating Fund

Our examination disclosed that the municipality deposited \$403,440.00 of Liquid Fuels Tax Fund money into its Operating Fund, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law. These deposits were as follows:

<u>Description</u>	<u>Date Deposit In Operating Fund</u>	<u>Date Transferred To Liquid Fuels</u>	<u>Amount</u>
2008 Turnback allocation	04/01/08	06/05/08	\$ 1,320.00
2008 State allocation	07/01/08	07/11/08	138,655.78
2009 State allocation	04/01/09	04/06/09	132,930.47
2009 Turnback allocation	04/01/09	04/06/09	1,320.00
2010 State allocation	03/01/10	03/08/10	127,893.75
2010 Turnback allocation	04/01/10	04/05/10	<u>1,320.00</u>
Total			<u>\$403,440.00</u>

The practice of depositing liquid fuels money 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 . . .

The risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

A similar finding was also written in our prior report.

Recommendation

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

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Finding No. 2 - Liquid Fuels Money Deposited Into The Operating Fund (Continued)

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the municipality comply with our recommendation.

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

Our examination disclosed that the borough expended \$6,412.19 for pipe during 2009, \$9,732.88 for grates during 2009, and \$6,554.90 for street light maintenance during 2010 from its Liquid Fuels Tax Fund. The borough was required to obtain three written or telephonic price quotations for these purchases. However, documentation for price quotations was not available for examination. The pipe, sewer grates, and street light maintenance purchases were as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>	<u>Totals</u>
<u>Pipe</u>					
199728	07/31/09	9898	09/01/09	\$3,952.79	
200203	08/11/09	10061	10/01/09	2,121.00	
200665	08/13/09	10061	10/01/09	<u>338.40</u>	
Total pipe					\$6,412.19
<u>Grates</u>					
3168952	06/10/09	9569	07/01/09	390.00	
3166300	06/06/09	9569	07/01/09	5,014.30	
3195856	08/28/09	10197	11/02/09	3,300.00	
3209444	10/06/09	10197	11/02/09	<u>1,028.58</u>	
Total grates					\$9,732.88
<u>Street light maintenance</u>					
100511	05/13/10	11209	06/01/10	713.59	
100617	06/15/10	11377	07/01/10	713.59	
100715	07/15/10	11505	08/02/10	713.59	
100740	07/22/10	11505	08/02/10	647.04	
100807	08/15/10	11655	09/01/10	713.59	
100906	09/15/10	11820	10/01/10	713.59	
100980	09/30/10	11939	11/01/10	1,626.32	
101009	10/14/10	11939	11/01/10	<u>713.59</u>	
Total street light maintenance					<u>6,554.90</u>
Two Year Total					<u>\$22,699.97</u>

The above purchases were 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:

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

Written or telephonic price quotations from at least three qualified and responsible contractors shall be requested for all contracts that exceed four thousand dollars (\$4,000.00) but are less than the amount [in excess of \$10,000.00] 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.

In addition, the above purchases were not made in compliance with the Department of Transportation's *Publication 9*, Appendix D, Section 449.7(d), which states, in part:

...For material estimates between \$4,000 and \$10,000, three telephone price quotes shall be obtained prior to the selection of a supplier. In lieu of the price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors service the market area within which it is practicable to obtain quotations. If the cost during the year of an unadvertised item or group of like items ordinarily supplied by a single supplier exceeds \$10,000 or if the cost was between \$4,000 and \$10,000 and three price quotes were not obtained, the entire cost shall be ineligible for payment from the Liquid Fuels Tax Fund unless it can be shown to the satisfaction of the Secretary [of the Department of Transportation] that it was reasonably believed that the cost of the year's requirements of that item or group of like items would not exceed \$10,000 or be between \$4,000 and \$10,000 as specified above.

The failure to comply with *The Borough Code* and the Department of Transportation's *Publication 9* could result in the borough having to reimburse \$22,699.97 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the borough reimburse \$22,699.97 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Recommendations (Continued)

We further recommend that, in the future, the borough comply with *The Borough Code* and the Department of Transportation's *Publication 9* as noted in this finding.

Management's Response

The municipal officials offered no formal response at this time.

BOROUGH OF DOWNINGTOWN
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Finding No. 4 - Purchases Over \$10,000.00 In Noncompliance With Advertising And Bidding Requirements

Our examination disclosed that during 2008 the borough expended \$16,528.00 from the Liquid Fuels Tax Fund for purchases of ornamental street lights without advertising for bids. These expenditures were as follows:

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
477728-00	06/13/08	8107	08/14/08	\$10,348.00
489576-00	07/03/08	8107	08/14/08	48.00
489576-01	07/03/08	8107	08/14/08	<u>6,132.00</u>
2008 Total				<u>\$16,528.00</u>

The above purchases were not made in compliance with the advertising, bidding, and contract requirements of *The Borough Code*, 53 P.S. § 46402(a), (also found at § 1402(a) of *The Borough Code* as published by the Local Government Commission), which requires that purchases made after September 8, 1990, over \$10,000.00 must be advertised, bid, and awarded by contract. *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.

In addition, the above purchases were not made in compliance with the Department of Transportation's *Publication 9*, Appendix D, Section 449.7(d), which states, in part:

Each municipality shall make an annual estimate of its requirements of road construction and maintenance materials, and shall advertise for bids on all items and groups of like items ordinarily supplied by a single supplier . . . which are estimated to exceed \$10,000 for the year If the cost during the year of an unadvertised item or group of like items ordinarily supplied by a single supplier exceeds \$10,000 . . . the entire cost shall be ineligible for payment from the Liquid Fuels Tax Fund unless it can be shown to the satisfaction of the Secretary [of the Department of Transportation] that it was reasonably believed that the cost of the year's requirements of that item or group of like items would not exceed \$10,000 . . .

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Finding No. 4 - Purchases Over \$10,000.00 In Noncompliance With Advertising And Bidding Requirements (Continued)

The failure to comply with *The Borough Code* and the Department of Transportation's *Publication 9* could result in the borough having to reimburse \$16,528.00 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the borough reimburse \$16,528.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the borough comply with *The Borough Code* and the Department of Transportation's *Publication 9* as noted in this finding.

Management's Response

The municipal officials offered no formal response at this time.

BOROUGH OF DOWNINGTOWN
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Finding No. 5 - Nonpermissible Expenditures

Our examination disclosed that during 2009 the municipality expended \$3,600.00 from the Liquid Fuels Tax Fund for the following nonpermissible items:

<u>Description</u>	<u>Amount</u>
Geographic Information System (GIS) Consortium membership fees	\$1,800.00
Concrete sidewalk installation	<u>1,800.00</u>
 2009 Total	 <u>\$3,600.00</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 GIS Consortium membership fees and concrete sidewalk installations, are outside the scope of permissible expenditures.

On December 28, 2010, the municipality reimbursed \$3,600.00 to the Liquid Fuels Tax Fund.

Recommendation

We 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 municipal officials offered no formal response at this time.

BOROUGH OF DOWNINGTOWN
CHESTER COUNTY
LIQUID FUELS TAX FUND
COMMENTS
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Comment No. 1 - Summary Of 2005-2006 Examination Recommendation

In our 2005-2006 report we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$8,517.34 to its Liquid Fuels Tax Fund. This amount consists of \$5,732.70 for line painting without maintaining documentation to support price quotations and \$2,784.64 for nonpermissible expenditures.

During our 2007 examination we reviewed a letter dated December 24, 2008, from the Department of Transportation informing the municipality to reimburse \$8,517.34 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on February 12, 2009.

Comment No. 2 - Summary Of Prior Examination Recommendations

In our prior report we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$101,228.97 to its Liquid Fuels Tax Fund. This amount consists of \$61,645.47 for failure to submit Final Completion Report MS-999 for construction project No. 061540301 and \$39,583.50 for paving in excess of one inch on Church Street without obtaining prior approval from the Department of Transportation.

During our current examination, we reviewed a letter dated March 31, 2010, from the Department of Transportation informing the municipality to reimburse \$39,583.50 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on December 28, 2010. Additionally, during our current examination we reviewed a letter dated March 24, 2011, from the Department of Transportation informing the municipality that the reimbursement of \$61,645.47 would not be required.

In our prior report we also recommended:

- That the municipality comply with the Department of Transportation's *Publication 9* by submitting a Final Completion Report Form MS-999 for completed projects in a timely manner.
- That when the municipality spends money on a project, it applies for and obtains prior approval of the project, and when the project is completed it obtains approval of the completed work.
- That the municipality file all documents and information timely to receive its allocation during the first week in April.

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Comment No. 2 - Summary Of Prior Examination Recommendations (Continued)

During our current examination we noted that the municipality complied with our recommendations.

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SUMMARY OF EXIT CONFERENCE
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An exit conference was held May 2, 2011. Those participating were:

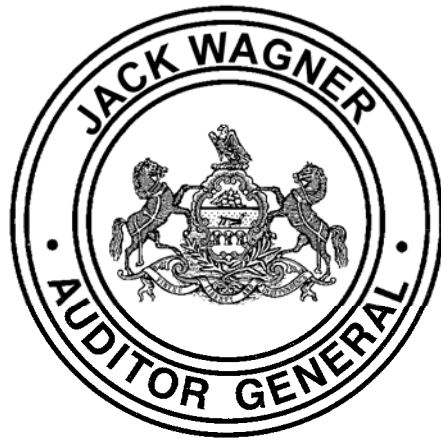
BOROUGH OF DOWNINGTOWN

Ms. Judith Walters, Director of Finance

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Fred Casella, Auditor

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



BOROUGH OF DOWNINGTOWN
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REPORT DISTRIBUTION
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This report was initially distributed to:

The Honorable Barry J. Schoch, P.E.
Secretary
Department of Transportation

Borough of Downingtown
Chester County
4 West Lancaster Avenue
Downingtown, PA 19335

The Honorable James M. Bruton

President of Council

Ms. Judith Walters

Director of Finance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.