



**TOWNSHIP OF NEWBERRY  
YORK COUNTY  
66-220**

**LIQUID FUELS TAX FUND  
EXAMINATION REPORT**

**FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012**

**COMMONWEALTH OF PENNSYLVANIA**

**EUGENE A. DEPASQUALE - AUDITOR GENERAL**

**DEPARTMENT OF THE AUDITOR GENERAL**





Commonwealth of Pennsylvania  
Department of the Auditor General  
Harrisburg, PA 17120-0018  
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**EUGENE A. DePASQUALE**  
**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 Township of Newberry, York County, for the period January 1, 2011 to December 31, 2012. 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 Township of Newberry, York County's Forms MS-965 for the period January 1, 2011 to December 31, 2012 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)

In our opinion, 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 Newberry, York County, for the period January 1, 2011 to December 31, 2012, 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 Township of Newberry, York 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 Township of Newberry, York County's Forms MS-965 that is more than inconsequential will not be prevented or detected by the Township of Newberry, York 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:

- Vendor Overcharges.

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 Township of Newberry, York 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 not a material weakness.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the findings below:

- Failure To Obtain Project Approval.

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



**EUGENE A. DEPASQUALE**  
Auditor General

May 3, 2013

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TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

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.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
2011 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	69,917.26	12,440.77	82,358.03
Traffic control devices	27,166.69	100.02	27,266.71
Street lighting	-	-	-
Storm sewers and drains	1,224.00	-	1,224.00
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	90,630.10	(16,445.68)	74,184.42
Highway construction and rebuilding projects	94,887.28	4,004.91	98,892.19
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 283,825.33</u>	<u>\$ 100.02</u>	<u>\$ 283,925.35</u>

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

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
2011 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, 2011	\$ 63,178.15	\$ -	\$ 63,178.15
Receipts:			
2. State allocation	371,050.84	-	371,050.84
2a. Turnback allocation	-	-	-
2b. Interest on investments (Note 3)	76.06	-	76.06
2c. Miscellaneous (Note 5)	64,451.97	-	64,451.97
3. Total receipts	<u>435,578.87</u>	<u>-</u>	<u>435,578.87</u>
4. Total funds available	<u>498,757.02</u>	<u>-</u>	<u>498,757.02</u>
5. Expenditures (Section 1)	<u>283,825.33</u>	<u>100.02</u>	<u>283,925.35</u>
6. Balance, December 31, 2011	<u>\$ 214,931.69</u>	<u>\$ (100.02)</u>	<u>\$ 214,831.67</u>

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



TOWNSHIP OF NEWBERRY  
 YORK COUNTY  
 LIQUID FUELS TAX FUND  
 2011 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	\$ 63,178.15	\$ -	\$ 63,178.15
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	74,210.17	-	74,210.17
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	137,388.32	-	137,388.32
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>137,388.32</u>	<u>-</u>	<u>137,388.32</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 137,388.32</u>	<u>\$ -</u>	<u>\$ 137,388.32</u>

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

TOWNSHIP OF NEWBERRY  
 YORK COUNTY  
 LIQUID FUELS TAX FUND  
 2012 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	26,484.32	(4,548.00)	21,936.32
Traffic control devices	36,021.02	(1,200.23)	34,820.79
Street lighting	-	-	-
Storm sewers and drains	7,683.24	-	7,683.24
Repairs of tools and machinery	-	5,748.23	5,748.23
Maintenance and repair of roads and bridges	21,913.49	-	21,913.49
Highway construction and rebuilding projects	155,434.68	-	155,434.68
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 247,536.75</u>	 <u>\$ -</u>	 <u>\$ 247,536.75</u>

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

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
2012 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, 2012	\$ 214,931.69	\$ (100.02)	\$ 214,831.67
Receipts:			
2. State allocation	388,960.49	-	388,960.49
2a. Turnback allocation	-	-	-
2b. Interest on investments (Note 3)	109.84	-	109.84
2c. Miscellaneous (Note 5)	9,393.08	-	9,393.08
3. Total receipts	<u>398,463.41</u>	<u>-</u>	<u>398,463.41</u>
4. Total funds available	<u>613,395.10</u>	<u>(100.02)</u>	<u>613,295.08</u>
5. Expenditures (Section 1)	<u>247,536.75</u>	<u>-</u>	<u>247,536.75</u>
6. Balance, December 31, 2012	<u><u>\$ 365,858.35</u></u>	<u><u>\$ (100.02)</u></u>	<u><u>\$ 365,758.33</u></u>

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

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
2012 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	\$ 137,388.32	\$ -	\$ 137,388.32
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	77,792.10	-	77,792.10
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	215,180.42	-	215,180.42
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>215,180.42</u>	<u>-</u>	<u>215,180.42</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 215,180.42</u>	<u>\$ -</u>	<u>\$ 215,180.42</u>

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

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

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 prior to 2012 and in excess of \$10,000.00 during 2012 and subsequent years.
- Minor equipment purchases are purchases of road machinery and road equipment that cost \$4,000.00 or less prior to 2012 and \$10,000.00 or less during 2012 and subsequent years.
- 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.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

1. Criteria (Continued)

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.

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.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

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 Second Class Township Code*, Title 53 P.S. § 68204, authorizes the township 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, 2012. 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.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

2. Deposits (Continued)

Fund Balance

The fund balance as of December 31, 2012 consists of the following:

Cash	\$365,758.33
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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 \$76.06 during 2011 and \$109.84 during 2012, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2011 - Section 1

Adjustments were made to “Winter maintenance services,” “Maintenance and repair of roads and bridges,” and “Highway construction and rebuilding projects” because expenditures of \$16,445.68 were misclassified.

An adjustment of \$100.02 was made to “Traffic control devices” because check No. 2393 was reported as \$216.92 but was issued for \$316.94.

2012 - Section 1

Adjustments were made to “Winter maintenance services,” “Traffic control devices,” and “Repairs of tools and machinery” because expenditures of \$5,748.23 were misclassified.

2012 - Section 2

An adjustment of \$(100.02) was made to “Balance, January 1, 2012” to reflect the adjustment made to the fund balance in 2011 - Section 2.



TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

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>2011</u>	<u>2012</u>
Vendor	Reimbursement for electric	\$ 920.40	\$ -
General Fund	Grant	63,531.57	-
General Fund	Reimbursement (Comment)	-	6,444.75
General Fund	Reimbursement for road project	-	1,837.00
Insurance company	Reimbursement for damages	-	1,111.33
Total		<u>\$64,451.97</u>	<u>\$9,393.08</u>

TOWNSHIP OF NEWBERRY  
 YORK COUNTY  
 LIQUID FUELS TAX FUND  
 FINDINGS AND RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2011 TO DECEMBER 31, 2012

Finding No. 1 - Vendor Overcharges

Our examination disclosed that the municipality was overcharged a total of \$3,233.86 during 2011 for the purchase of 9.5mm, 19.0mm, and 25.0mm Superpave and \$86.13 during 2012 for 2A Stone as follows:

Product	Quantity Purchased	Contract Price	Invoice Price	Unit Price Difference	Total Price Difference
<u>2011</u>					
9.5mm Superpave	481.42	43.80	48.41	4.61	\$2,219.35
9.5mm Superpave	65.17	43.80	47.89	4.09	266.55
9.5mm Superpave	78.05	43.80	47.80	4.00	312.20
9.5mm Superpave	50.65	43.80	45.73	1.93	97.75
9.5mm Superpave	98.28	43.90	45.52	1.62	159.21
19.0mm Superpave	40.22	38.35	40.25	1.90	76.42
25.0mm Superpave	70.67	34.60	35.80	1.20	84.80
25.0mm Superpave	30.85	34.60	35.17	.57	<u>17.58</u>
Amount overpaid during 2011					<u><u>\$3,233.86</u></u>
<u>2012</u>					
2A Stone	861.34	7.95	8.05	.10	<u><u>\$86.13</u></u>

Good internal controls ensure that invoice prices are compared to contract prices before payments are made on vendor invoices. The failure to follow this procedure increases the possibility that overpayments can be made on vendor invoices and go undetected for long periods of time.

Recommendations

We recommend that the municipality reimburse \$3,319.99 to its Liquid Fuels Tax Fund upon official notification of the Department of Transportation. We also recommend that the municipal officials contact the vendors as soon as possible to obtain reimbursement.

We further recommend that the municipality compare invoice prices to contract prices prior to making payments on vendor invoices.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

Finding No. 1 - Vendor Overcharges (Continued)

Management's Response

The manager/secretary/treasurer stated:

I was advised by a previous Municipal Services Representative that the vendors could charge over the amount of the bid prices if the price of material (blacktop) goes up. This overcharge was permissible and allowed by PennDOT. Therefore, I followed that advice and accepted what the vendor charged and did not contest it. The 2012 overcharge for the 2A stone was an oversight on our part.

Auditor's Conclusion

The Department of Transportation's *Publication 9*, Appendix D, Section 449.6, states:

There is no requirement for an escalator clause in any contract. However, if, after reasonable inquiry, the municipality, by resolution adopted at a public meeting, determines that it is unlikely that flat unit price bids will be obtainable for certain materials or equipment, the municipality may prepare and insert an escalator clause in the bid proposal to provide that the price of such materials and equipment will increase or decrease over the bid price if and when the cost to the contractor of the materials and equipment or any material ingredient thereof increases or decreases, as a result of a general price increase or decrease by the supplier of the contractor and in an amount directly related to such increase or decrease. An escalator clause is optional; however, if used, it must be included in the bid proposal prepared by the municipality. An escalator clause may not be inserted by the contractor.

Because the township did not insert an escalator clause in the contract, the contract was bound by the prices established in the contract. During our next examination we will determine if the municipality complied with our recommendations.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

Finding No. 2 - Failure To Obtain Project Approval

Our examination disclosed that the municipality expended \$3,484.00 during 2011 for the replacement of guiderails with a better type without obtaining the approval of the Department of Transportation for the project and also failed to submit specifications for approval.

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 that nonpermissible expenditures include "Construction and reconstruction projects without prior PENNDOT approval."

Additionally, *Publication 9*, Chapter Two, Section 2.8, states, in part:

The following criteria is used to determine when a project is required for work on local roads utilizing Liquid Fuels Tax Funds, when construction, reconstruction and/or resurfacing work exceeds one inch or more in depth as well as other activities.

Guide Rail, Pipe, etc.:	New guide rail, pipe and replacement of existing items with a better or larger type
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The failure to comply with the Department of Transportation's *Publication 9* could result in the municipality having to reimburse \$3,484.00 to its Liquid Fuels Tax Fund.

A similar finding was also written in our prior report. However, the township obtained the approval of the Department of Transportation for all projects in 2012.

Recommendations

We recommend that the municipality reimburse \$3,484.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We also recommend that before the municipality expends money on a project, it continues to apply for and obtain prior approval for the project, and when the project is completed it obtains approval of the completed work.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

Finding No. 2 - Failure To Obtain Project Approval (Continued)

Management's Response

The manager/secretary/treasurer stated:

We acknowledge that this was an oversight on our part not to have had a project written by our Municipal Services Representative for the guiderail installation.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
COMMENT  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

Comment - 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 \$6,444.75 to its Liquid Fuels Tax Fund for failure to obtain project approval. A similar finding was also written in our current report (Finding No. 3).

During our current examination we reviewed a letter dated February 2, 2012, from the Department of Transportation informing the municipality to reimburse \$6,444.75 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on March 5, 2012.

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

An exit conference was held May 3, 2013. Those participating were:

TOWNSHIP OF NEWBERRY

Mr. Donald L. Keener, Manager/Secretary/Treasurer

Mrs. Susan J. Auckers, Administrative Assistant

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Diane A. Bowman, Auditor

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

TOWNSHIP OF NEWBERRY  
YORK COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2011 TO DECEMBER 31, 2012

This report was initially distributed to:

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

Township of Newberry  
York County  
1915 Old Trail Road  
Etters, PA 17319

The Honorable Carl E. Hughes

Chairman of the Board of Supervisors

Mr. Donald L. Keener

Manager/Secretary/Treasurer

This report is a matter of public record and is available online at <http://www.auditorgen.state.pa.us>. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: [news@auditorgen.state.pa.us](mailto:news@auditorgen.state.pa.us).