

ATTESTATION ENGAGEMENT

Borough of Newville
Cumberland County, Pennsylvania
21-408
Liquid Fuels Tax Fund
For the Period
January 1, 2016 to December 31, 2020

June 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania 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 Borough of Newville, Cumberland County, for the period January 1, 2016 to December 31, 2020. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

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 borough expended \$35,000.00 from the Liquid Fuels Tax Fund for paving in excess of one inch without obtaining the approval of the Department of Transportation (see Finding No. 2).
- On June 12, 2018, August 15, 2018, and February 14, 2019, the borough transferred \$8,456.30, \$166.96, and \$578.16, respectively, from its Liquid Fuels Tax Fund to its General Fund, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law (see Finding No. 3).
- The borough expended \$932.00 during 2018 from the Liquid Fuels Tax Fund for the removal of tree stumps along borough sidewalks, which is a nonpermissible expenditure (see Finding No. 4).
- The borough received did not receive its 2019 and 2020 Liquid Fuels Tax Fund allocations of \$34,281.28 and \$36,183.76, respectively, until May 19, 2021, and June 21, 2021, respectively (see Finding No. 5).

In our opinion, except for the bullet matters discussed above, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Borough of Newville, Cumberland County, for the period January 1, 2016 to December 31, 2020, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

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 a certain deficiency in internal control that we consider to be material.

Independent Auditor's Report (Continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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:

- Electronic Imaging Of Canceled Checks From The Bank Did Not Include The Back Of The Checks.

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

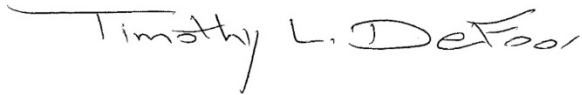
- Failure To Obtain Project Approval - Recurring.
- Liquid Fuels Money Transferred To The General Fund.
- Nonpermissible Expenditure - Recurring.
- Late Receipt Of Allocations - Recurring.

The examination findings for failure to obtain project approval, nonpermissible expenditures, and late receipt allocations contained in this report cite conditions that existed in the operation of the municipality during the previous engagement period and were not corrected during the current examination period. The municipality should strive to implement the recommendations and corrective actions noted in the 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 Borough of Newville, Cumberland County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

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

Timothy L. DeFoor
Auditor General
June 15, 2022

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BOROUGH OF NEWVILLE
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, see also 72 P.S. § 2615.5, et sec., provides municipalities other than counties (i.e., townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based upon: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state; and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

Title 75 Pa.C.S. § 9511 of the Pennsylvania Vehicle Code provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In such a case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development’s (DCED) Report of Elected and Appointed Officials by January 31st and the Survey of Financial Condition By March 15th.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation’s Financial Consultants.

Criteria

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

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

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

2015/2016	2017	2018	2019	2020
\$10,500.00	\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00

- Minor equipment purchases are purchases of road machinery and road equipment with varying yearly costs that are less than or equal to the amounts indicated below:

2015/2016	2017	2018	2019	2020
\$10,500.00	\$10,700.00	\$10,900.00	\$11,100.00	\$11,300.00

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

BOROUGH OF NEWVILLE
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

Section 2 of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is available from the Department of Transportation in March of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- Municipalities that transferred roads from the Commonwealth of Pennsylvania to the municipality through the Highway Transfer Program receive annual turnback allocations in March of each year from the Department of Transportation. Turnback allocations are based on the mileage of the roads transferred.
- Expenditures include the total transferred from Section 1.

Section 3 of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

BOROUGH OF NEWVILLE
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

Basis of Presentation

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

Basis Of Accounting

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

General Fixed Assets

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

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2016 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	3,765.86	-	3,765.86
Winter maintenance services	4,759.46	-	4,759.46
Traffic control devices	406.64	-	406.64
Street lighting	-	-	-
Storm sewers and drains	2,411.99	-	2,411.99
Repairs of tools and machinery	1,778.29	-	1,778.29
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	83.98	-	83.98
 Total (To Section 2, Line 5)	 <u>\$ 13,206.22</u>	 <u>\$ -</u>	 <u>\$ 13,206.22</u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2016 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2016	\$ 446.13	\$ -	\$ 446.13
Receipts:			
2. State allocation	28,919.63	-	28,919.63
2a. Turnback allocation	2,320.00	-	2,320.00
2b. Interest on investments	-	3.23	3.23
2c. Miscellaneous	-	-	-
3. Total receipts	<u>31,239.63</u>	<u>3.23</u>	<u>31,242.86</u>
4. Total funds available	<u>31,685.76</u>	<u>3.23</u>	<u>31,688.99</u>
5. Expenditures (Section 1)	<u>13,206.22</u>	<u>-</u>	<u>13,206.22</u>
6. Balance, December 31, 2016	<u><u>\$ 18,479.54</u></u>	<u><u>\$ 3.23</u></u>	<u><u>\$ 18,482.77</u></u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2016 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 446.13	\$ -	\$ 446.13
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	6,247.93	-	6,247.93
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	6,694.06	-	6,694.06
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>6,694.06</u>	<u>-</u>	<u>6,694.06</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 6,694.06</u>	<u>\$ -</u>	<u>\$ 6,694.06</u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2017 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 427.00	\$ -	\$ 427.00
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	1,500.00	-	1,500.00
Traffic control devices	3,340.27	-	3,340.27
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	3,819.16	-	3,819.16
Maintenance and repair of roads and bridges	1,472.74	-	1,472.74
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	8,456.30	8,456.30
 Total (To Section 2, Line 5)	 <u>\$ 10,559.17</u>	 <u>\$ 8,456.30</u>	 <u>\$ 19,015.47</u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2017 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2017	\$ 20,891.53	\$ (2,408.76)	\$ 18,482.77
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	2,320.00	-	2,320.00
2b. Interest on investments	8.23	-	8.23
2c. Miscellaneous	-	-	-
3. Total receipts	<u>2,328.23</u>	<u>-</u>	<u>2,328.23</u>
4. Total funds available	<u>23,219.76</u>	<u>(2,408.76)</u>	<u>20,811.00</u>
5. Expenditures (Section 1)	<u>10,559.17</u>	<u>8,456.30</u>	<u>19,015.47</u>
6. Balance, December 31, 2017	<u><u>\$ 12,660.59</u></u>	<u><u>\$ (10,865.06)</u></u>	<u><u>\$ 1,795.53</u></u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2017 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 6,694.06	\$ -	\$ 6,694.06
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	464.00	-	464.00
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	7,158.06	-	7,158.06
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>7,158.06</u>	<u>-</u>	<u>7,158.06</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 7,158.06</u>	<u>\$ (5,362.53)</u>	<u>\$ 1,795.53</u>

BOROUGH OF NEWVILLE
CUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2018 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 6,493.92	\$ (922.83)	\$ 5,571.09
Computer/Computer related training	-	-	-
Major equipment purchases	-	922.83	922.83
Agility projects	-	-	-
Cleaning streets and gutters	3,994.66	-	3,994.66
Winter maintenance services	6,388.17	-	6,388.17
Traffic control devices	13,330.35	-	13,330.35
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	9,951.02	-	9,951.02
Maintenance and repair of roads and bridges	38,188.39	(35,000.00)	3,188.39
Highway construction and rebuilding projects	-	35,000.00	35,000.00
Miscellaneous	-	166.96	166.96
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 78,346.51</u>	<u>\$ 166.96</u>	<u>\$ 78,513.47</u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2018 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2018	\$ 12,660.59	\$ (10,865.06)	\$ 1,795.53
Receipts:			
2. State allocation	69,107.17	-	69,107.17
2a. Turnback allocation	2,320.00	-	2,320.00
2b. Interest on investments	14.12	-	14.12
2c. Miscellaneous	-	37,893.67	37,893.67
3. Total receipts	<u>71,441.29</u>	<u>37,893.67</u>	<u>109,334.96</u>
4. Total funds available	<u>84,101.88</u>	<u>27,028.61</u>	<u>111,130.49</u>
5. Expenditures (Section 1)	<u>78,346.51</u>	<u>166.96</u>	<u>78,513.47</u>
6. Balance, December 31, 2018	<u><u>\$ 5,755.37</u></u>	<u><u>\$ 26,861.65</u></u>	<u><u>\$ 32,617.02</u></u>

BOROUGH OF NEWVILLE
 CUMBERLAND COUNTY
 LIQUID FUELS TAX FUND
 2018 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 7,158.06	\$ (5,362.53)	\$ 1,795.53
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	14,285.43	-	14,285.43
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	21,443.49	(5,362.53)	16,080.96
5. Less: Major equipment expenditures	-	922.83	922.83
6. Remainder	<u>21,443.49</u>	<u>(6,285.36)</u>	<u>15,158.13</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 5,755.37</u>	<u>\$ 9,402.76</u>	<u>\$ 15,158.13</u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 9,239.55	\$ (3,691.32)	\$ 5,548.23
Computer/Computer related training	-	-	-
Major equipment purchases	-	3,691.32	3,691.32
Agility projects	-	-	-
Cleaning streets and gutters	573.13	-	573.13
Winter maintenance services	3,813.42	-	3,813.42
Traffic control devices	3,606.07	-	3,606.07
Street lighting	-	-	-
Storm sewers and drains	2,650.00	-	2,650.00
Repairs of tools and machinery	9,593.22	-	9,593.22
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	578.16	578.16
	<u> </u>	<u> </u>	<u> </u>
Total (To Section 2, Line 5)	<u>\$ 29,475.39</u>	<u>\$ 578.16</u>	<u>\$ 30,053.55</u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 5,755.37	\$ 26,861.65	\$ 32,617.02
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	2,320.00	-	2,320.00
2b. Interest on investments	14.02	-	14.02
2c. Miscellaneous	<u>35,338.87</u>	<u>(35,338.87)</u>	<u>-</u>
3. Total receipts	<u>37,672.89</u>	<u>(35,338.87)</u>	<u>2,334.02</u>
4. Total funds available	<u>43,428.26</u>	<u>(8,477.22)</u>	<u>34,951.04</u>
5. Expenditures (Section 1)	<u>29,475.39</u>	<u>578.16</u>	<u>30,053.55</u>
6. Balance, December 31, 2019	<u><u>\$ 13,952.87</u></u>	<u><u>\$ (9,055.38)</u></u>	<u><u>\$ 4,897.49</u></u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 5,755.37	\$ 9,402.76	\$ 15,158.13
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	464.00	-	464.00
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	6,219.37	9,402.76	15,622.13
5. Less: Major equipment expenditures	-	3,691.32	3,691.32
6. Remainder	<u>6,219.37</u>	<u>5,711.44</u>	<u>11,930.81</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 6,219.37</u>	<u>\$ (1,321.88)</u>	<u>\$ 4,897.49</u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 392.44	\$ -	\$ 392.44
Computer/Computer related training	-	-	-
Major equipment purchases	6,385.00	-	6,385.00
Agility projects	-	-	-
Cleaning streets and gutters	276.67	-	276.67
Winter maintenance services	-	-	-
Traffic control devices	1,031.26	-	1,031.26
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	8,139.19	-	8,139.19
Maintenance and repair of roads and bridges	17,808.51	-	17,808.51
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
 Total (To Section 2, Line 5)	 <u>\$ 34,033.07</u>	 <u>\$ -</u>	 <u>\$ 34,033.07</u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 13,952.87	\$ (9,055.38)	\$ 4,897.49
Receipts:			
2. State allocation	37,056.36	-	37,056.36
2a. Turnback allocation	2,320.00	-	2,320.00
2b. Interest on investments	12.26	-	12.26
2c. Miscellaneous	-	-	-
3. Total receipts	<u>39,388.62</u>	<u>-</u>	<u>39,388.62</u>
4. Total funds available	<u>53,341.49</u>	<u>(9,055.38)</u>	<u>44,286.11</u>
5. Expenditures (Section 1)	<u>34,033.07</u>	<u>-</u>	<u>34,033.07</u>
6. Balance, December 31, 2020	<u><u>\$ 19,308.42</u></u>	<u><u>\$ (9,055.38)</u></u>	<u><u>\$ 10,253.04</u></u>

BOROUGH OF NEWVILLE
 CUMBERLAND 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	\$ 6,219.37	\$ (1,321.88)	\$ 4,897.49
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	7,875.27	-	7,875.27
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	14,094.64	(1,321.88)	12,772.76
5. Less: Major equipment expenditures	6,385.00	-	6,385.00
6. Remainder	<u>7,709.64</u>	<u>(1,321.88)</u>	<u>6,387.76</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 7,709.64</u>	<u>\$ (1,321.88)</u>	<u>\$ 6,387.76</u>

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

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

Adjustments

2016 - Section 2

An adjustment of \$3.23 was made to “Interest on investments” because interest earned was understated.

2017 - Section 1

An adjustment of \$8,456.30 was made to “Miscellaneous” because a transfer to the General Fund was not reported.

2017 - Section 2

An adjustment of \$(2,408.76) was made to “Balance, January 1, 2017” because an incorrect fund balance was reported.

2018 - Section 1

Adjustments were made to “Major equipment purchases” and “Minor equipment purchases” because expenditures of \$(922.83) were misclassified.

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$35,000.00 were misclassified.

An adjustment of \$166.96 was made to “Miscellaneous” because a transfer to the General Fund was not reported.

2018 - Section 2

An adjustment of \$(10,865.06) was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance in 2017 - Section 2.

An adjustment of \$37,893.67 was made to “Miscellaneous” because reimbursements of prior examinations’ recommendations were not reported.

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

Adjustments (Continued)

2018 - Section 3

An adjustment of \$(5,362.53) was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2017 - Section 3.

An adjustment of \$922.83 was made to "Major equipment expenditures" because major equipment purchases were understated.

2019 - Section 1

Adjustments were made to "Major equipment purchases" and "Minor equipment purchases" because expenditures of \$3,691.32 were misclassified.

An adjustment of \$578.16 was made to "Miscellaneous" because a transfer to the General Fund was not reported.

2019 - Section 2

An adjustment of \$26,861.65 was made to "Balance, January 1, 2019" to reflect the adjustment made to the fund balance in 2018 - Section 2.

An adjustment of \$(35,338.87) was made to "Miscellaneous" because there were no miscellaneous receipts.

2019 - Section 3

An adjustment of \$9,402.76 was made to "Prior year equipment balance" to reflect the adjustment made to the equipment balance in 2018 - Section 3.

An adjustment of \$3,691.32 was made to "Major equipment expenditures" to reflect the adjustment made in 2019 - Section 1.

2020 - Section 2

An adjustment of \$(9,055.38) was made to "Balance, January 1, 2020" to reflect the adjustment made to the fund balance in 2019 - Section 2.

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

Adjustments (Continued)

2020 - Section 3

An adjustment of \$(1,321.88) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2019 - Section 3.

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>2018</u>
General Fund	Summary Of 2015 Examinations' Recommendations	\$13,536.00
General Fund	Summary Of 2012-2013 Examination Recommendations	<u>24,357.67</u>
Total		<u>\$37,893.67</u>

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

Miscellaneous Expenditures

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

<u>Payee</u>	<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Vendor	Checks	\$83.99	\$ -	\$ -	\$ -
General Fund	Transfer (Finding No. 3)	-	8,456.30	166.96	578.16
Totals		<u>\$83.99</u>	<u>\$8,456.30</u>	<u>\$166.96</u>	<u>\$578.16</u>

Lease-Purchase Agreement

On December 19, 2012, the municipality entered into a lease-purchase agreement with Ford Motor Credit to purchase a 2013 Chevrolet K3500 Silverado truck with plow and spreader for \$44,422.00. The agreement was for a term of five years at an interest rate of 5.95 percent. Principal and interest payments of \$2,546.31 are due quarterly. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$2,132.85 and \$413.46, respectively. Additionally, the municipality paid principal of \$20,987.46 and interest of \$4,475.64 from the General Fund.

During the current examination period, the municipality paid principal of \$21,301.69 and interest of \$1,615.10 from the General Fund. The outstanding balance of the lease-purchase agreement was paid-in-full as of December 31, 2020.

Lease-Purchase Agreement

On December 20, 2018, the municipality entered into a lease-purchase agreement with CNH Industrial Capital to purchase a Case Skid Steer with attachments for \$51,180.00. The agreement was for a term of five years at an interest rate of 3.25 percent. Principal and interest payments of \$922.83 are due monthly.

During the current examination period, the municipality paid principal of \$4,897.22 and interest of \$639.76 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2019 and 2020 Forms MS-965 - Section 1. Additionally, the municipality paid principal of \$15,506.73 and interest of \$2,027.04 from the General Fund. The outstanding balance of the lease-purchase agreement as of December 31, 2020, was \$30,776.05, plus interest.

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

Bank Loan

On September 22, 2017, the municipality borrowed \$65,000.00 from Mid Penn Bank to modify a municipal vehicle with an Air Flow Dump Body Replacement and fixtures. The term of the loan was for five years at an interest rate of 3.34 percent. Principal and interest payments of \$1,179.17 are due monthly.

During the current examination period, the municipality paid principal of \$3,327.74 and interest of \$172.24 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases and highway construction and rebuilding projects on the 2017, 2018, 2019, and 2020 Forms MS-965 - Section 1. Additionally, the municipality paid principal of \$37,665.43, interest of \$4,822.10, and late fees of \$1,650.74 from the General Fund. The outstanding balance of the loan as of December 31, 2020, was \$24,006.83, plus interest.

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

Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include The Back Of The Checks

Our examination disclosed that the imaging of canceled checks from the bank for the Liquid Fuels Tax Fund account was not acceptable because the bank provides only an image of the front side of the canceled checks. For us to properly complete our examination testing, we have to examine the front and the back of the canceled checks. Although the municipality obtained and provided us with copies of the backs of those canceled checks that we needed to review for our examination, the municipality should be receiving images of the backs of all canceled checks in order to have good internal controls.

Good internal controls and the Commonwealth of Pennsylvania Management Directive 210.11, dated June 16, 1997, require that imaging systems comply with the provisions of the Internal Revenue Service (IRS) procedures for record keeping with electronic imaging. To be acceptable, the documents provided by the system must meet IRS procedures governing size, content, format, and pattern. Those procedures require that all images produced by the imaging system exhibit a high degree of legibility and readability when displayed on paper. Legibility includes the ability to identify all letters and numerals positively and quickly. Readability includes the ability to recognize a group of letters or numerals as words or completed numbers. Imaged documents must include the front and back of a document in which both the front and back are used.

Further, good internal controls ensure that by having a municipal official review the front and back of the canceled checks, any errors or misappropriations can be detected on a timely basis.

Without this control, the potential exists for errors or misappropriations to go undetected for long periods of time.

It is not known why the municipality did not obtain images of the front and back of canceled checks.

Recommendations

We recommend that the municipal officials obtain images of the front and back of canceled checks in accordance with Directive 210.11. Additionally, municipal officials should review the front and back of each canceled check for any errors or misappropriations.

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

**Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include
The Back Of The Checks (Continued)**

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

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

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

Finding No. 2 - Failure To Obtain Project Approval - Recurring

We cited the municipality for failure to obtain project approval for paving in excess of one inch in our prior report. Our current examination disclosed that the municipality expended \$35,000.00 for paving in excess of one inch on Main Street without obtaining the approval of the Department of Transportation. Before paving of one inch in thickness or greater is done the municipality must obtain the approval of the Department of Transportation. However, the municipality did not file an application with 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 non permissible 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.

Bituminous Surface: One inch thickness or greater

The failure to comply with the Department of Transportation's *Publication 9* could result in the municipality having to reimburse \$35,000.00 to its Liquid Fuels Tax Fund.

It is not known why the municipality failed to obtain approval for the paving project.

Recommendations

We recommend that the municipality reimburse \$35,000.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that before the municipality expends money on a project, it applies for and obtains prior approval for the project, and when the project is completed, it obtains approval of the completed work.

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

Finding No. 2 - Failure To Obtain Project Approval - Recurring (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 recommendations. During our next examination we will determine if the municipality complied with our recommendations.

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

Finding No. 3 - Liquid Fuels Money Transferred To The General Fund

Our examination disclosed that on June 12, 2018, August 15, 2018, and February 14, 2019, the municipality transferred \$8,456.30, \$166.96, and \$578.16, respectively, from its Liquid Fuels Tax Fund to its General Fund, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law.

The practice of transferring 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.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law as noted above could result in the municipality having to reimburse \$9,201.42 to its Liquid Fuels Tax Fund.

It is not known why the municipality transferred Liquid Fuels Tax Fund money to the General Fund.

Recommendations

We recommend that the municipality reimburse \$9,201.42 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the municipality only transfer liquid fuels tax money other accounts if it is for the reimbursement of permissible Liquid Fuels Tax Fund expenditures.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

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

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

Finding No. 4 - Nonpermissible Expenditure - Recurring

We cited the municipality for nonpermissible expenditures in our prior report. Our current examination disclosed that the municipality expended \$932.00 during 2018 from the Liquid Fuels Tax Fund for removal of tree stumps along borough sidewalks, which is a nonpermissible expenditure.

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 removal of tree stumps along borough sidewalks, are outside the scope of permissible expenditures.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$932.00 to its Liquid Fuels Tax Fund.

It is not known why the municipality made the nonpermissible expenditure.

Recommendations

We recommend that the municipality reimburse \$932.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

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

Finding No. 4 - Nonpermissible Expenditure - Recurring (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 recommendations. During our next examination we will determine if the municipality complied with our recommendations.

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

Finding No. 5 - Late Receipt Of Allocations - Recurring

We cited the municipality for late receipt and untimely deposit of allocations in our prior two reports. Our current examination disclosed that the 2016, 2017, 2018, 2019, and 2020 Liquid Fuels Tax Fund allocations of \$33,768.30, \$35,338.87, \$37,056.36, \$34,281.28, and \$36,183.76, respectively, which should have been distributed from the Department of Transportation to the municipality during the first week of March of each year were not received until July 9, 2018, December 6, 2018, July 10, 2020, May 19, 2021, and June 21, 2021, respectively, 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 31st and the Survey of Financial Condition by March 15th.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
- Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

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

Finding No. 5 - Late Receipt Of Allocations - Recurring (Continued)

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2016 allocation for more than two years, the 2017 allocation for almost two years, the 2018 allocation for more than two years, the 2019 allocation for more than two years, and the 2020 allocation more than one year. The failure to do so increases the risk that errors and misappropriations may occur and remain undetected. 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.

It is not known why the municipality failed to file the required documents and information timely.

Recommendations

We again recommend that, in the future, the municipality complies with the Department of Transportation's *Publication 9* to ensure that the allocations are received timely.

In addition, the municipal officials should consider using the electronic transfer of funds offered by the Department of Transportation.

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

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

Summary Of 2012-2013 Examination Recommendations

In our 2012-2013 report, we recommended that the municipality reimburse \$24,357.67 to the Liquid Fuels Tax Fund for depositing its Liquid Fuels Tax Fund allocation into the General Fund.

During our current examination, we reviewed a letter dated June 20, 2018, from the Department of Transportation directing the municipality to reimburse \$24,357.67 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on June 20, 2018.

Summary Of 2015 Examination Recommendation

In our 2015 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$13,536.00 to its Liquid Fuels Tax Fund. This amount consists of \$10,000.00 for paving in excess of one inch without obtaining the approval of Pennsylvania Department of Transportation and \$3,536.00 for curb and sidewalk repairs, which are nonpermissible expenditures.

During our current examination, we reviewed a letter dated August 21, 2017, from the Department of Transportation directing the municipality to reimburse \$13,536.00 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on July 10, 2018.

In our 2015 report, we also recommended that:

- The municipality complies with the Department of Transportation's *Publication 9* to ensure that the allocations are received timely.
- The municipality deposit all allocations immediately upon receipt.
- Before the municipality expends money on a project, it applies for and obtains prior approval for the project, and when the project is completed, it obtains approval of the completed work.
- The municipality complies with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

During our current examination, we noted that the municipality did not comply with our first, third and fourth bulleted recommendations but did comply with our second bulleted recommendation (see Finding Nos. 2, 4, and 5).

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

An exit conference was held February 22, 2022. Those participating were:

BOROUGH OF NEWVILLE

Mr. Fred A. Potzer, Borough Manager

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Michael D. Thomas, Auditor

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

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

This report was initially distributed to:

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

Borough of Newville
Cumberland County
4 West Street
Newville, PA 17241

The Honorable Scott Penner
President of Council

Mr. Fred A. Potzer
Borough Manager

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