

ATTESTATION ENGAGEMENT

Township of Benton
Columbia County, Pennsylvania
19-202
Liquid Fuels Tax Fund
For the Period
January 1, 2022 to December 31, 2023

March 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Michael Carroll
Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Benton, Columbia County, for the period January 1, 2022 to December 31, 2023. 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 qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with ethical requirements relating to the engagement.

As described in the Auditor Description of Select Transactions section of this report, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings and Recommendations section of this report:

- The township expended \$18,948.96 during 2022 for fuel in bulk quantities and \$15,993.00 during 2023 for road patching from the Liquid Fuels Tax Fund without maintaining documentation for price quotations (see Finding No. 1).
- The township expended a total of \$22,523.21 from its Liquid Fuels Tax Fund for multiple purchases of fuel in bulk quantities without advertising for bids (see Finding No. 3).
- The township expended \$2,500.00 from the Liquid Fuels Tax Fund for the paving of a municipal parking lot, which is a nonpermissible expenditure (see Finding No. 4).

In our opinion, except for the bulleted items discussed above, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Benton, Columbia County, for the period January 1, 2022 to December 31, 2023, 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Form MS-965 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report (Continued)

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

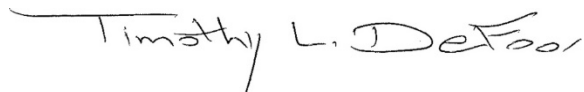
- Documentation For Price Quotations Was Not Available For Examination.
- Noncompliance With Advertising And Bidding Requirements For The Sale Of Equipment.
- Noncompliance With Advertising And Bidding Requirements.
- Nonpermissible Expenditure.

We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation - Recurring.

The purpose of this report is to determine whether the municipality's Liquid Fuels Tax Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Township of Benton, Columbia County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Timothy L. DeFoor
Auditor General
January 30, 2025

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TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background

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

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

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

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

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

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

TOWNSHIP OF BENTON
 COLUMBIA COUNTY
 LIQUID FUELS TAX FUND
 BACKGROUND
 FOR THE PERIOD
 JANUARY 1, 2022 TO DECEMBER 31, 2023

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:

2020	2021	2022	2023
\$11,300.00	\$11,500.00	\$11,800.00	\$12,200.00

- 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:

2020	2021	2022	2023
\$11,300.00	\$11,500.00	\$11,800.00	\$12,200.00

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

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

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

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

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

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

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

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

General Fixed Assets

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 1,835.00	\$ -	\$ 1,835.00
Computer/Computer related training	-	-	-
Major equipment purchases	67,500.00	-	67,500.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	3,427.76	-	3,427.76
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	30,613.26	-	30,613.26
Maintenance and repair of roads and bridges	53,856.26	-	53,856.26
Highway construction and rebuilding projects	-	-	-
Miscellaneous	20.00	-	20.00
 Total (To Section 2, Line 5)	 <u>\$ 157,252.28</u>	 <u>\$ -</u>	 <u>\$ 157,252.28</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2022 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, 2022	\$ 11,629.58	\$ -	\$ 11,629.58
Receipts:			
2. State allocation	338,946.01	-	338,946.01
2a. Turnback allocation	38,640.00	-	38,640.00
2b. Interest on investments	3,036.22	-	3,036.22
2c. Miscellaneous	30,800.00	-	30,800.00
3. Total receipts	411,422.23	-	411,422.23
4. Total funds available	423,051.81	-	423,051.81
5. Expenditures (Section 1)	157,252.28	-	157,252.28
6. Balance, December 31, 2022	<u>\$ 265,799.53</u>	<u>\$ -</u>	<u>\$ 265,799.53</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2022 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	\$ (40,241.16)	\$ 40,241.16	\$ -
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	75,517.20	-	75,517.20
3. PENNDOT approved adjustments	-	30,800.00	30,800.00
4. Total funds available for equipment acquisition	35,276.04	71,041.16	106,317.20
5. Less: Major equipment expenditures	67,500.00	-	67,500.00
6. Remainder	<u>(32,223.96)</u>	<u>71,041.16</u>	<u>38,817.20</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ -</u>	<u>\$ 38,817.20</u>	<u>\$ 38,817.20</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2023 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	-	-	-
Winter maintenance services	11,420.30	-	11,420.30
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	13,147.02	(645.51)	12,501.51
Maintenance and repair of roads and bridges	211,984.44	-	211,984.44
Highway construction and rebuilding projects	133,758.78	-	133,758.78
Miscellaneous	63,163.58	-	63,163.58
 Total (To Section 2, Line 5)	 <u>\$ 433,474.12</u>	 <u>\$ (645.51)</u>	 <u>\$ 432,828.61</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2023 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, 2023	\$ 265,799.53	\$ -	\$ 265,799.53
Receipts:			
2. State allocation	330,289.53	-	330,289.53
2a. Turnback allocation	38,640.00	-	38,640.00
2b. Interest on investments	14,875.70	-	14,875.70
2c. Miscellaneous	113,906.80	-	113,906.80
3. Total receipts	497,712.03	-	497,712.03
4. Total funds available	763,511.56	-	763,511.56
5. Expenditures (Section 1)	433,474.12	(645.51)	432,828.61
6. Balance, December 31, 2023	<u>\$ 330,037.44</u>	<u>\$ 645.51</u>	<u>\$ 330,682.95</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
2023 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	\$ (32,223.96)	\$ 71,041.16	\$ 38,817.20
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	73,785.91	-	73,785.91
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	41,561.95	71,041.16	112,603.11
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>41,561.95</u>	<u>71,041.16</u>	<u>112,603.11</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 41,561.95</u>	<u>\$ 71,041.16</u>	<u>\$ 112,603.11</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

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

Adjustments

2022 - Section 3

An adjustment of \$40,241.16 was made to “Prior year equipment balance” because of prior report adjustments that were not carried forward in the equipment balance.

An adjustment of \$30,800.00 was made to “PENNDOT approved adjustments” because the proceeds from the sale of a truck were not reported as an approved adjustment.

2023 - Section 1

An adjustment of \$(645.51) was made to “Repairs of tools and machinery” because these expenditures were overstated.

2023 - Section 3

An adjustment of \$71,041.16 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2022 - Section 3.

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>2022</u>	<u>2023</u>
Insurance company	Insurance late fees	\$20.00	\$ -
General Fund	Correction of deposit in error	-	63,163.58
Totals		<u>\$20.00</u>	<u>\$63,163.58</u>

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Miscellaneous Receipts

The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during the examination period:

Source	Description	2022	2023
Vendor	Sale of equipment (Finding No. 2)	\$30,800.00	\$ -
General Fund	Reimbursement (Summary Of Prior Examination Recommendations)	-	40,241.16
Benton Borough	Reimbursement for cinders	-	810.00
Financial institution	Deposit in error	-	63,163.58
General Fund	Reimbursement (Summary Of Prior Examination Recommendations)	-	9,292.06
Resident	Sale of dust oil	-	400.00
Totals		\$30,800.00	\$113,906.80

Deposit In Error

On April 18, 2023, the municipality deposited \$63,163.58 into its Liquid Fuels Tax Fund in error. On April 20, 2023, the municipality transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

Lease-Purchase Agreement

On April 6, 2017, the municipality entered into a lease-purchase agreement with Bank Capital Services to purchase a 2017 Case 621G backhoe/loader for \$151,350.00. The agreement was for a term of six years at an interest rate of 3.38 percent. Principal and interest payments of \$27,479.15 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$124,177.52 and \$13,218.23, respectively.

During the current examination period, the municipality paid principal of \$27,172.48 and interest of \$306.67 from the General Fund. The loan was paid-in-full on May 9, 2022.

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 1 - Documentation For Price Quotations Was Not Available For Examination

Our examination disclosed that the township expended \$18,948.96 during 2022 from the Liquid Fuels Tax Fund for the multiple purchases of diesel fuel in bulk quantities and \$15,993.00 during 2023 for road patching. The township was required to obtain three written or telephonic price quotations for these expenditures. However, documentation for price quotations was not available for examination. These expenditures 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>
Various	Various	EFT	01/04/22	\$ 2,347.50	
Various	03/10/22	EFT	04/04/22	5,113.62	
Various	Various	EFT	08/02/22	6,507.75	
8710524	08/31/22	EFT	09/02/22	3,495.79	
Various	09/28/22	EFT	11/04/22	1,484.30	
2022 Total					18,948.96
Various	Various	1004	05/31/23	15,993.00	
2023 Total					15,993.00
Two Year Total					\$34,941.96

The above expenditures were not made in compliance with the contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(b), (also found at § 3102(b) of *The Second Class Township Code* as published by the Local Government Commission), which states, in part:

Written or telephonic price quotations from at least three qualified and responsible contractors shall be requested for all contracts [during 2012] that exceed ten thousand dollars (\$10,000.00) but are less than the amount [in excess of \$18,500.00] 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.

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 1 - Documentation For Price Quotations Was Not Available For Examination
(Continued)

The thresholds for obtaining price quotations increased to purchases between \$11,800.00 and \$21,900.00 for 2022, \$12,200.00 and \$22,500.00 for 2023, \$12,600.00 and \$23,200.00 for 2024, and \$12,900.00 and \$23,800.00 for 2025.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$34,941.96 to its Liquid Fuels Tax Fund.

The secretary/treasurer stated that this condition occurred because she was new at the position and was unaware of Liquid Fuels related laws and regulations.

Recommendations

We recommend that the township reimburse \$34,941.96 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

Management's Response

The secretary/treasurer stated:

I took over as secretary/treasurer on January 3, 2023, after a secretary who was lax at her job. I spent 2023 cleaning up files, vendors, QuickBooks, taxes, and many other jobs. I had little experience with running a township and was trying to make up a filing system as well as a payment schedule for payments. Still learning, but getting better.

Auditor's Conclusion

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

**Finding No. 2 - Noncompliance With Advertising And Bidding Requirements For The Sale
Of Equipment**

Our examination disclosed that the township sold a dump truck for \$30,800.00 during 2022. The township was required to advertise the sale of the equipment and sell it to the highest bidder. However, the township was unable to provide documentation showing the equipment being advertised and sold to the highest bidder.

The above receipt was not made in compliance with the contract requirements of *The Second Class Township Code*, Section 1504 which states in part:

Personal Property. (a) No personal property of the township shall be sold or disposed of without the approval of the board of supervisors. No personal property owned by the township, the estimated fair market value of which is two thousand dollars (\$2,000) or more, shall be sold except to the highest bidder after due notice by advertisement for bids or for public auction in one newspaper of general circulation in the township.

The secretary/treasurer stated that this condition occurred because she was new at the position and was unaware of Liquid Fuels related laws and regulations.

Because we were unable to determine if the township advertised for bids for the dump truck, we were unable to determine if the municipality awarded the bid to the highest responsible bidder.

Recommendation

We recommend that the township comply with *The Second Class Township Code* as noted in this finding.

Management's Response

The secretary/treasurer stated:

I took over as secretary/treasurer on January 3, 2023, after a secretary who was lax at her job. I spent 2023 cleaning up files, vendors, QuickBooks, taxes, and many other jobs. I had little experience with running a township and was trying to make up a filing system as well as a payment schedule for payments. Still learning, but getting better.

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

**Finding No. 2 - Noncompliance With Advertising And Bidding Requirements For The Sale
Of Equipment**

Auditor's Conclusion

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

TOWNSHIP OF BENTON
 COLUMBIA COUNTY
 LIQUID FUELS TAX FUND
 FINDINGS AND RECOMMENDATIONS
 FOR THE PERIOD
 JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 3 - Noncompliance With Advertising And Bidding Requirements

Our examination disclosed that the township expended \$22,523.21 during 2023 from the Liquid Fuels Tax Fund for the purchase of diesel fuel in bulk quantities 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>
10550658	12/14/22	EFT	01/04/23	\$ 3,045.14
Various	Various	EFT	04/04/23	4,685.69
Various	Various	EFT	06/02/23	2,116.01
14153954	06/28/23	EFT	06/28/23	3,090.91
Various	Various	EFT	09/01/23	5,832.27
Various	Various	EFT	11/02/23	3,753.19
2023 Total				<u><u>\$22,523.21</u></u>

The above expenditures were not made in compliance with the advertising, bidding, and contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(a), (also found at § 3102(a) of *The Second Class Township Code* as published by the Local Government Commission), which requires that purchases over \$18,500.00 during 2012 must be advertised, bid, and awarded by contract. The bidding threshold increased to purchases over \$21,900.00 for 2022 and \$22,500.00 for 2023, \$23,200.00 for 2024, and \$23,800.00 for 2025. *The Second Class Township Code*, 53 P.S. § 68104(a), (also found at § 3104(a) of *The Second Class Township Code* as published by the Local Government Commission) further states that advertising, bidding and contract requirements should not be evaded through piecemeal purchases.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$22,523.21 to its Liquid Fuels Tax Fund.

The secretary/treasurer stated that this condition occurred because she was new at the position and was unaware of Liquid Fuels related laws and regulations.

Recommendations

We recommend that the township reimburse \$22,523.21 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 3 - Noncompliance With Advertising And Bidding Requirements (Continued)

Management's Response

The secretary/treasurer stated:

I took over as secretary/treasurer on January 3, 2023, after a secretary who was lax at her job. I spent 2023 cleaning up files, vendors, QuickBooks, taxes, and many other jobs. I had little experience with running a township and was trying to make up a filing system as well as a payment schedule for payments. Still learning, but getting better.

Auditor's Conclusion

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 4 - Nonpermissible Expenditure

Our examination disclosed that the municipality expended \$2,500.00 during 2023 from the Liquid Fuels Tax Fund for the paving of a township parking lot, 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 the paving of parking lots, 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 \$2,500.00 to its Liquid Fuels Tax Fund.

The secretary/treasurer stated that this condition occurred because she was new at the position and was unaware of Liquid Fuels related laws and regulations.

Recommendations

We recommend that the municipality reimburse \$2,500.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 4 - Nonpermissible Expenditure (Continued)

Management's Response

The secretary/treasurer stated:

I took over as secretary/treasurer on January 3, 2023, after a secretary who was lax at her job. I spent 2023 cleaning up files, vendors, QuickBooks, taxes, and many other jobs. I had little experience with running a township and was trying to make up a filing system as well as a payment schedule for payments. Still learning, but getting better.

Auditor's Conclusion

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Finding No. 5 - Late Receipt Of Allocation - Recurring

Our examination disclosed that the 2022 Liquid Fuels Tax Fund allocation of \$164,082.69, which should have been distributed from the Department of Transportation to the municipality during the first week of March, was not received until May 25, 2023, 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.

Because the municipality failed to file its Survey of Financial Condition report with the Department of Community and Economic Development until March 21, 2023, the municipality did not have use of the 2022 allocation for more than 14 months. Furthermore, had the allocation 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.

A similar finding was also written in our prior report. However, we noted that the municipality received its 2023 Liquid Fuels Tax Fund allocation on time.

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

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

Recommendation

We recommend that the municipality continue to comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in March as outlined above.

Management's Response

The secretary/treasurer stated:

I took over as secretary/treasurer on January 3, 2023, after a secretary who was lax at her job. I spent 2023 cleaning up files, vendors, QuickBooks, taxes, and many other jobs. I had little experience with running a township and was trying to make up a filing system as well as a payment schedule for payments. Still learning, but getting better.

Auditor's Conclusion

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

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$49,533.22 to its Liquid Fuels Tax Fund. This amount consists of \$4,263.68 for failing to maintain documentation supporting expenditures, \$40,241.16 for an over expenditure of its equipment purchase tally, and \$5,028.38 for retroactive expenditures, which are payments for previous years expenditures.

During our current examination, we reviewed a letter dated April 18, 2023, from the Department of Transportation directing the municipality to reimburse \$49,533.22 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed \$40,241.16 on February 2, 2023, and \$9,292.06 on May 1, 2023.

In our prior report we also recommended that the municipality:

- Ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.
- File all required documents and information timely to receive its allocation during the first week in March.
- Deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.
- Only expend up to the approved amount on equipment expenditures in accordance with the Department of Transportation's *Publication 9*.
- Comply with the Department of Transportation's *Publication 9* regarding retroactive expenditures.

During our current examination, we noted that the municipality complied with the first, third, fourth and fifth bulleted recommendations, but did not comply with the second bulleted recommendation until 2023 (see Finding No. 5).

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

An onsite closeout meeting was held January 15, 2025. Those participating were:

TOWNSHIP OF BENTON

Ms. Cerissa Getz, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Ian Johnson, Auditor

TOWNSHIP OF BENTON
COLUMBIA COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

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

The Honorable Doug Pennington
Chairman of the Board of Supervisors

Ms. Cerissa Getz
Secretary/Treasurer

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.