

# ATTESTATION ENGAGEMENT

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Township of Pocopson

Chester County, Pennsylvania

15-231

Liquid Fuels Tax Fund

For the Period

January 1, 2021 to December 31, 2024

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June 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
Department of the 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 Pocopson, Chester County, for the period January 1, 2021 to December 31, 2024. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with 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)

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 Pocopson, Chester County, for the period January 1, 2021 to December 31, 2024, 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. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the finding listed below, that we consider to be a significant deficiency in internal control:

- Vendor Overcharge.

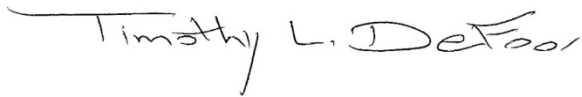
As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Pocopson, Chester County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Failure To Obtain Project Approval.

Independent Auditor's Report (Continued)

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

We appreciate the courtesy extended by the Township of Pocopson, Chester 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 horizontal line above the first name.

Timothy L. DeFoor  
Auditor General  
June 12, 2025

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TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

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 POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

Background (Continued)

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

*Criteria*

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

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

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

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>	<u>\$12,600.00</u>

- 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:

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>	<u>\$12,600.00</u>

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

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

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 POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

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 POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 241.38	\$ -	\$ 241.38
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	47,101.55	-	47,101.55
Traffic control devices	3,052.57	-	3,052.57
Street lighting	-	-	-
Storm sewers and drains	1,752.00	-	1,752.00
Repairs of tools and machinery	9,048.79	600.00	9,648.79
Maintenance and repair of roads and bridges	40,332.80	-	40,332.80
Highway construction and rebuilding projects	200,137.10	-	200,137.10
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 301,666.19</u>	<u>\$ 600.00</u>	<u>\$ 302,266.19</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2021	\$ 563,088.59	\$ -	\$ 563,088.59
Receipts:			
2. State allocation	156,960.74	-	156,960.74
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	212.23	-	212.23
2c. Miscellaneous	-	600.00	600.00
3. Total receipts	<u>178,932.97</u>	<u>600.00</u>	<u>179,532.97</u>
4. Total funds available	<u>742,021.56</u>	<u>600.00</u>	<u>742,621.56</u>
5. Expenditures (Section 1)	<u>301,666.19</u>	<u>600.00</u>	<u>302,266.19</u>
6. Balance, December 31, 2021	<u>\$ 440,355.37</u>	<u>\$ -</u>	<u>\$ 440,355.37</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 320,827.43	\$ -	\$ 320,827.43
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	35,744.15	-	35,744.15
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	356,571.58	-	356,571.58
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>356,571.58</u>	<u>-</u>	<u>356,571.58</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 356,571.58</u>	<u>\$ -</u>	<u>\$ 356,571.58</u>

TOWNSHIP OF POCOPSON  
CHESTER 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	\$ 2,891.39	\$ -	\$ 2,891.39
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	20,911.15	-	20,911.15
Traffic control devices	1,590.49	-	1,590.49
Street lighting	-	-	-
Storm sewers and drains	9,239.43	-	9,239.43
Repairs of tools and machinery	3,898.22	-	3,898.22
Maintenance and repair of roads and bridges	84,299.91	-	84,299.91
Highway construction and rebuilding projects	140,836.82	-	140,836.82
Miscellaneous	100,121.25	(100,000.00)	121.25
Total (To Section 2, Line 5)	<u>\$ 363,788.66</u>	<u>\$ (100,000.00)</u>	<u>\$ 263,788.66</u>

TOWNSHIP OF POCOPSON  
CHESTER 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	\$ 440,355.37	\$ -	\$ 440,355.37
Receipts:			
2. State allocation	154,405.57	-	154,405.57
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	8,265.43	-	8,265.43
2c. Miscellaneous	<u>100,000.00</u>	<u>(100,000.00)</u>	<u>-</u>
3. Total receipts	<u>284,431.00</u>	<u>(100,000.00)</u>	<u>184,431.00</u>
4. Total funds available	<u>724,786.37</u>	<u>(100,000.00)</u>	<u>624,786.37</u>
5. Expenditures (Section 1)	<u>363,788.66</u>	<u>(100,000.00)</u>	<u>263,788.66</u>
6. Balance, December 31, 2022	<u>\$ 360,997.71</u>	<u>\$ -</u>	<u>\$ 360,997.71</u>

TOWNSHIP OF POCOPSON  
CHESTER 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	\$ 356,571.58	\$ -	\$ 356,571.58
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	35,233.11	-	35,233.11
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	391,804.69	-	391,804.69
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>391,804.69</u>	<u>-</u>	<u>391,804.69</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 360,997.71</u>	<u>\$ -</u>	<u>\$ 360,997.71</u>

TOWNSHIP OF POCOPSON  
CHESTER 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	11,330.06	-	11,330.06
Traffic control devices	677.83	-	677.83
Street lighting	-	-	-
Storm sewers and drains	6,636.00	-	6,636.00
Repairs of tools and machinery	4,525.49	-	4,525.49
Maintenance and repair of roads and bridges	11,524.42	-	11,524.42
Highway construction and rebuilding projects	8,200.00	-	8,200.00
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 42,893.80</u>	<u>\$ -</u>	<u>\$ 42,893.80</u>



TOWNSHIP OF POCOPSON  
CHESTER 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	\$ 360,997.71	\$ -	\$ 360,997.71
Receipts:			
2. State allocation	158,525.99	-	158,525.99
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	24,878.18	-	24,878.18
2c. Miscellaneous	3,391.48	-	3,391.48
3. Total receipts	208,555.65	-	208,555.65
4. Total funds available	569,553.36	-	569,553.36
5. Expenditures (Section 1)	42,893.80	-	42,893.80
6. Balance, December 31, 2023	<u>\$ 526,659.56</u>	<u>\$ -</u>	<u>\$ 526,659.56</u>

TOWNSHIP OF POCOPSON  
CHESTER 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	\$ 360,997.71	\$ -	\$ 360,997.71
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	36,057.20	-	36,057.20
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	397,054.91	-	397,054.91
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>397,054.91</u>	<u>-</u>	<u>397,054.91</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 397,054.91</u>	<u>\$ -</u>	<u>\$ 397,054.91</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2024 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	22,820.32	-	22,820.32
Traffic control devices	1,090.00	-	1,090.00
Street lighting	-	-	-
Storm sewers and drains	11,888.49	-	11,888.49
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	40,427.14	-	40,427.14
Highway construction and rebuilding projects	208,985.89	-	208,985.89
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 285,211.84</u>	<u>\$ -</u>	<u>\$ 285,211.84</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2024 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, 2024	\$ 526,659.56	\$ -	\$ 526,659.56
Receipts:			
2. State allocation	158,130.19	-	158,130.19
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	29,932.36	-	29,932.36
2c. Miscellaneous	2,313.50	-	2,313.50
3. Total receipts	212,136.05	-	212,136.05
4. Total funds available	738,795.61	-	738,795.61
5. Expenditures (Section 1)	285,211.84	-	285,211.84
6. Balance, December 31, 2024	<u>\$ 453,583.77</u>	<u>\$ -</u>	<u>\$ 453,583.77</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
2024 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	\$ 397,054.91	\$ -	\$ 397,054.91
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	35,978.04	-	35,978.04
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	433,032.95	-	433,032.95
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>433,032.95</u>	<u>-</u>	<u>433,032.95</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 433,032.95</u>	<u>\$ -</u>	<u>\$ 433,032.95</u>

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

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

Adjustments

2021 - Section 1

An adjustment of \$600.00 was made to “Repairs of tools and machinery” because check No. 2892 was reported as \$67.66 but was issued for \$667.66.

2021 - Section 2

An adjustment of \$600.00 was made to “Miscellaneous” because a reimbursement for an overpayment was not reported.

2022 - Section 1

An adjustment of \$(100,000.00) was made to “Miscellaneous” because a transfer between two Liquid Fuels Tax Fund accounts was incorrectly reported as an expenditure.

2022 - Section 2

An adjustment of \$(100,000.00) was made to “Miscellaneous” because a transfer between two Liquid Fuels Tax Fund accounts was incorrectly as a receipt.

Miscellaneous Receipts

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

Source	Description	2021	2023	2024
Vendor	Reimbursement for overpayment	\$600.00	\$ -	\$ -
Chester County	Sale of salt	-	-	2,313.50
General Fund	Reimbursement (Finding No. 1)	-	3,391.48	-
Totals		\$600.00	\$3,391.48	\$2,313.50

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

Miscellaneous Expenditures

January 28, 2022 and February 25, 2022, the municipality expended \$61.15 and \$60.10, respectively, from the Liquid Fuels Tax Fund for bank service charges.

Overpayment Of Invoice

On November 22, 2021, the municipality expended \$667.66 from the Liquid Fuels Tax Fund to pay vendor invoice No. 1351 for the maintenance on a vehicle. However, the amount of the invoice was only \$67.66. On December 10, 2021, the municipality deposited \$600.00 into its Liquid Fuels Tax Fund that was received from the vendor to correct the overpayment of the invoice.

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

**Finding No. 1 - Vendor Overcharge**

Our examination disclosed that the municipality was overcharged a total of \$3,391.48 for the purchase of asphalt for the 2022 paving project as follows:

<u>Product</u>	<u>Quantity Purchased</u>	<u>Contract Price</u>	<u>Invoice Price</u>	<u>Unit Price Difference</u>	<u>Total Price Difference</u>
Asphalt	11,969 square yards	\$10.10	\$10.4915	\$0.3915	\$4,685.87.
Less:	Permissible price escalation				<u>(1,294.39)</u>
			Amount overpaid		<u><u>\$3,391.48</u></u>

Municipalities should have internal control procedures to ensure that invoice prices are compared to contract prices before payments are made on vendor invoices. The failure to follow this procedure increases the risk of overpayments being made and remaining undetected.

This condition occurred because the vendor submitted an additional invoice #3813, which listed a price index for an incorrect month. The municipality paid this invoice with check number 2932.

On December 12, 2023, the municipality reimbursed \$3,391.48 to the Liquid Fuels Tax Fund.

**Recommendations**

We recommend the municipality contact the vendor to request reimbursement for the \$3,391.48 that was overcharged.

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

**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.



TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

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

Our examination disclosed that the municipality expended \$8,200.00 for paving in excess of one inch on Tullamore Drive without obtaining the approval of the Department of Transportation. Before paving one inch in thickness or greater is done, the municipality must obtain the approval of the Department of Transportation. 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 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.

Bituminous Surface:                      One inch thickness or greater

We could not determine the cause of this condition.

The failure to comply with the Department of Transportation's *Publication 9* could result in the municipality having to reimburse \$8,200.00 to its Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the municipality reimburse \$8,200.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further 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.

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

**Finding No. 2 - Failure To Obtain Project Approval (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.

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

An onsite closeout meeting was held April 29, 2025. Those participating were:

TOWNSHIP OF POCOPSON

Mr. Neil Vaughn, Manager

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Stephen P. Stoppie, Audit Supervisor

TOWNSHIP OF POCOPSON  
CHESTER COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2024

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Township of Pocopson**  
Chester County  
664 South Wawaset Road  
West Chester, PA 19382

**The Honorable Elaine DiMonte**  
Chairperson of the Board of Supervisors

**Mr. Neil D. Vaughn**  
Township Manager/Secretary

**Ms. Sharon Gledhill**  
Bookkeeper

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