

ATTESTATION ENGAGEMENT

Township of Springfield

Fayette County, Pennsylvania

26-219

Liquid Fuels Tax Fund

For the Period

January 1, 2022 to December 31, 2023

July 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 Springfield, Fayette 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 and Summary Of Prior Examination Recommendations sections of this report:

- The municipality did not maintain documentation to support expenditures of \$24,120.73 in 2022 and \$24,120.73 in 2023 for a loan related to the purchase of a 2019 Case 621G loader (see **Finding No. 1**).
- The municipality expended \$17,147.65 during 2022 from the Liquid Fuels Tax Fund for the purchase of stone without maintaining documentation for price quotations (see **Finding No. 2**).
- The municipality expended \$7,584.54 from its Liquid Fuels Tax Fund in excess of the permissible amount for the secretary's salary (see **Finding No. 3**).
- The municipality expended \$1,758.31 for the tax collector's salary during 2022 from the Liquid Fuels Tax Fund. However, these expenditures were nonpermissible (see **Finding No. 4**).
- In the prior examination period, the municipality expended \$80,306.94 for not maintaining documentation supporting expenditures, \$66,958.99 for nonpermissible expenditures, \$22,707.25 where bids awarded were not documented in the Board of Supervisors' meeting minutes, and \$3,566.12 for over expenditure of the secretary's salary. The municipality reimbursed \$34,707.86 to its Liquid Fuels Tax Fund on February 27, 2024, which was subsequent to our examination period, leaving \$138,831.44 due the Liquid Fuels Tax Fund (see **Summary Of Prior Examination Recommendations**).

In our opinion, except for the bulleted 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 Township of Springfield, Fayette 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*.

Independent Auditor's Report (Continued)

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; 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 and other deficiencies that we consider to be significant deficiencies.

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:

- Documentation Supporting Expenditures Was Not Available For Examination - **Recurring.**

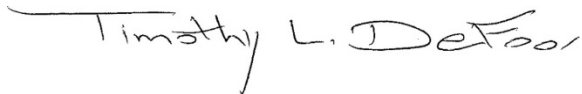
Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Township of Springfield, Fayette 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.
- Over Expenditure Of Secretary's Salary - **Recurring.**
- Nonpermissible Expenditures - **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 Springfield, Fayette 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
June 24, 2025

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TOWNSHIP OF SPRINGFIELD
FAYETTE 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,¹ 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.

Section 9511 of the Pennsylvania Vehicle Code² 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, 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.

¹ 72 P.S. § 2615.1 *et seq.*, see also 72 P.S. § 2615.5.

² 75 Pa.C.S. § 9511.

TOWNSHIP OF SPRINGFIELD
FAYETTE 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:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

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

TOWNSHIP OF SPRINGFIELD
FAYETTE 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 SPRINGFIELD
FAYETTE 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 SPRINGFIELD
FAYETTE 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	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	44,564.71	16,087.52	60,652.23
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	45,608.08	-	45,608.08
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	27,466.87	-	27,466.87
Maintenance and repair of roads and bridges	198,976.06	-	198,976.06
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>44,567.02</u>	<u>(16,087.52)</u>	<u>28,479.50</u>
Total (To Section 2, Line 5)	<u>\$ 361,182.74</u>	<u>\$ -</u>	<u>\$ 361,182.74</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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	\$ 90,641.78	\$ -	\$ 90,641.78
Receipts:			
2. State allocation	268,209.07	-	268,209.07
2a. Turnback allocation	13,240.00	-	13,240.00
2b. Interest on investments	10.41	-	10.41
2c. Miscellaneous	51,047.34	-	51,047.34
3. Total receipts	332,506.82	-	332,506.82
4. Total funds available	423,148.60	-	423,148.60
5. Expenditures (Section 1)	361,182.74	-	361,182.74
6. Balance, December 31, 2022	<u>\$ 61,965.86</u>	<u>\$ -</u>	<u>\$ 61,965.86</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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	\$ 78,443.94	\$ -	\$ 78,443.94
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	56,289.81	-	56,289.81
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	134,733.75	-	134,733.75
5. Less: Major equipment expenditures	<u>44,564.71</u>	<u>16,087.52</u>	<u>60,652.23</u>
6. Remainder	<u>90,169.04</u>	<u>(16,087.52)</u>	<u>74,081.52</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 61,965.86</u>	<u>\$ -</u>	<u>\$ 61,965.86</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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	46,200.22	-	46,200.22
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	69,808.05	(33,000.00)	36,808.05
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	12,000.00	-	12,000.00
Maintenance and repair of roads and bridges	150,069.88	35,005.92	185,075.80
Highway construction and rebuilding projects	-	-	-
Miscellaneous	29,259.44	(21,403.24)	7,856.20
Total (To Section 2, Line 5)	<u>\$ 307,337.59</u>	<u>\$ (19,397.32)</u>	<u>\$ 287,940.27</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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	\$ 61,965.86	\$ -	\$ 61,965.86
Receipts:			
2. State allocation	274,872.29	-	274,872.29
2a. Turnback allocation	13,240.00	-	13,240.00
2b. Interest on investments	15.04	(.08)	14.96
2c. Miscellaneous	56,385.56	(19,397.24)	36,988.32
3. Total receipts	344,512.89	(19,397.32)	325,115.57
4. Total funds available	406,478.75	(19,397.32)	387,081.43
5. Expenditures (Section 1)	307,337.59	(19,397.32)	287,940.27
6. Balance, December 31, 2023	<u>\$ 99,141.16</u>	<u>\$ -</u>	<u>\$ 99,141.16</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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	\$ 61,965.86	\$ -	\$ 61,965.86
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	57,622.46	-	57,622.46
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	119,588.32	-	119,588.32
5. Less: Major equipment expenditures	<u>46,200.22</u>	<u>-</u>	<u>46,200.22</u>
6. Remainder	<u>73,388.10</u>	<u>-</u>	<u>73,388.10</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 73,388.10</u>	<u>\$ -</u>	<u>\$ 73,388.10</u>

TOWNSHIP OF SPRINGFIELD
FAYETTE 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 1

Adjustments were made to “Major equipment purchases” and “Miscellaneous” because expenditures of \$16,087.52 were misclassified.

2022 - Section 3

An adjustment of \$16,087.52 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2022 - Section 1.

2023 - Section 1

An adjustment of \$(33,000.00) was made to “Winter maintenance services” because expenditures for maintenance and repair of roads and bridges were misclassified.

An adjustment of \$35,005.92 was made to “Maintenance and repair of roads and bridges” because \$33,000.00 was misclassified as winter maintenance services and check No. 9380 for \$2,005.92 was not reported.

An adjustment of \$(21,403.24) was made to “Miscellaneous” expenditures because these expenditures were overstated.

2023 - Section 2

An adjustment of \$(.08) was made to “Interest on investments” because interest earnings were overstated.

An adjustment of \$(19,397.24) was made to “Miscellaneous” because these receipts were overstated.

TOWNSHIP OF SPRINGFIELD
FAYETTE 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:

<u>Source</u>	<u>Description</u>	<u>2022</u>	<u>2023</u>
Vendor	Reimbursement of material	\$ 1,047.34	\$ 1,132.19
General Fund	Grant	50,000.00	35,856.13
Totals		<u>\$51,047.34</u>	<u>\$36,988.32</u>

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>
Secretary/Treasurer	Payroll expenditures	\$24,422.55	\$2,029.98
Taxing authorities	Payroll taxes	2,298.50	5,826.00
Financial Institution	Bank service charge	.14	.22
Tax Collector	Payroll expenditures (Finding No. 4)	1,758.31	-
Totals		<u>\$28,479.50</u>	<u>\$7,856.20</u>

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

Lease-Purchase Agreement

On May 18, 2017, the municipality entered into a lease-purchase agreement with First National Bank of Pennsylvania to purchase a 2018 International truck for \$125,956.00. The agreement was for a term of seven years at an interest rate of 3.29 percent. Principal and interest payments of \$20,443.98 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$67,750.64 and \$14,025.28, respectively.

During the current examination period, the municipality paid principal of \$37,598.40 and interest of \$3,289.56 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2022 and 2023 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$20,606.96, plus interest.

Lease-Purchase Agreement

On April 7, 2020, the municipality entered into a lease-purchase agreement with First National Bank of Pennsylvania to purchase a 2019 Ford F-550 truck for \$79,277.00. The agreement was for a term of four years at an interest rate of 2.89 percent. Principal and interest payments of \$16,052.68 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$31,710.80 and \$354.70, respectively.

During the current examination period, the municipality paid principal of \$15,855.40 and interest of \$232.12 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2022 and 2023 Forms MS-965 - Section 1. Additionally, the municipality paid principal of \$15,995.94 and interest of \$162.27 from the General Fund. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$15,714.86 plus interest.

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

Finding No. 1 - Documentation Supporting Expenditures Was Not Available For Examination - Recurring

We cited the municipality for not maintaining documentation supporting expenditures in our prior report for the period January 1, 2020 to December 31, 2021. Our current examination disclosed that the municipality did not maintain documentation to support the expenditure of \$24,120.73 in 2022 and \$24,120.73 in 2023 for loan payments related to the purchase of a 2019 Case 621G loader.

Good internal control procedures ensure that there is documentation to support all expenditures.

The Liquid Fuels Tax Municipal Allocation Law³, 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 expenditures made without supporting documentation, are outside the scope of permissible expenditures.⁴

Without adequate documentation, we could not determine if the expenditures were permissible according to the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations.

We were unable to determine why the municipality did not maintain copies of loan documents.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$48,241.46 to its Liquid Fuels Tax Fund.

³ 72 P.S. § 2615.1 *et seq.*, see in particular, 72 P.S. § 2615.4 (relating to Formula for payment; authorized expenditures; manner of payment).

⁴<https://www.pa.gov/content/dam/copapwppagov/en/penndot/documents/public/pubsforms/publications/pub%209.pdf> see "1.6 APPROPRIATE USE OF FUNDS It is extremely important that the monies in the County Liquid Fuels Tax Fund be handled properly..." page 1-2, dated 11/24.

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

Finding No. 1 - Documentation Supporting Expenditures Was Not Available For Examination - Recurring (Continued)

Recommendations

We recommend that the municipality reimburse \$48,241.46 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that the municipality ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.

Management's Response

The secretary/treasurer stated:

The supervisors strongly oppose Finding No. 1. Attached are documents with the Costars number. They are also of the opinion that this was not an issue with previous audits and the dollar amount paid has increased exponentially. That should not be an issue to resolve.

Auditor's Conclusion

The municipality failed to provide us with documentation for a loan. Therefore, we could not determine if the amounts paid were correct and permissible. During our next examination, we will determine if the municipality complied with our recommendations.

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

Finding No. 2 - Documentation For Price Quotations Was Not Available For Examination

Our examination disclosed that the township expended \$23,127.26 for stone in 2022. However, the contract the township obtained in 2021 expired on May 4, 2022, and did not include \$17,147.65 expended between May 5, 2022 and December 31, 2022. Because the amount expended for stone after May 4, 2022 was within the required range to obtain price quotations of \$11,800.00 and \$21,900.00 for 2022, the township did not comply with *The Second Class Township Code*, 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), subject to adjustment under subsection (b.1), 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.⁵

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.

We were unable to determine the cause of this condition.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$17,147.65 to its Liquid Fuels Tax Fund.

⁵ 53 P.S. § 68102(b).

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
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Finding No. 2 - Documentation For Price Quotations Was Not Available For Examination
(Continued)

Recommendations

We recommend that the municipality reimburse \$17,147.65 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 township 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 SPRINGFIELD
FAYETTE COUNTY
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Finding No. 3 - Over Expenditure Of Secretary's Salary - Recurring

We cited the municipality for over expenditure of the secretary's salary in our prior report for the period January 1, 2020 to December 31, 2021. Our current examination disclosed that the municipality expended \$24,422.55 during 2022 from the Liquid Fuels Tax Fund for the secretary's salary. However, we further noted that the amount expended exceeded the permissible amount by \$7,584.54 as follows:

	<u>2022</u>
Total expenditures	\$361,182.74
Less – Secretary salary expended	24,422.55
Less – Loans to the General Fund	<u>-</u>
Expenditures eligible for salary compensation	336,760.19
Multiplied by .05	<u>x .05</u>
Maximum permissible secretary salary	16,838.01
Less – Salary charged to Fund	<u>24,422.55</u>
Excess salary payment	<u>\$ (7,584.54)</u>

According to the Department of Transportation representatives, the secretary's salary permitted to be expended from the Liquid Fuels Tax Fund is limited to 5 percent of expenditures, not including the secretary's salary, as calculated above.

This condition occurred because the secretary/treasurer was unaware of the Liquid Fuels Tax Fund salary cap regarding the secretary's salary.

The failure to follow the Department of Transportation's directive as noted above could result in the township having to reimburse \$7,584.54 to its Liquid Fuels Tax Fund.

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FAYETTE COUNTY
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FINDINGS AND RECOMMENDATIONS
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Finding No. 3 - Over Expenditure Of Secretary's Salary - Recurring (Continued)

Recommendations

We recommend that the municipality reimburse \$7,584.54 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that the township limit its expenditures from the Liquid Fuels Tax Fund for the secretary's compensation to 5 percent as calculated in this finding and described by the Department of Transportation's memorandum.

Management's Response

The secretary/treasurer stated:

We have taken action to remedy this issue and it will not be a recurrence moving forward.

Auditor's Conclusion

This is a recurring finding. We again strongly recommend that the municipality comply with our recommendations. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
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Finding No. 4 - Nonpermissible Expenditures - Recurring

We cited the municipality for nonpermissible expenditures in our prior report for the period January 1, 2020 to December 31, 2021. Our current examination disclosed that the municipality expended \$1,758.31 for the tax collector's salary during 2022 from the Liquid Fuels Tax Fund. However, these expenditures were nonpermissible.

The Liquid Fuels Tax Municipal Allocation Law⁶, 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 tax collector's salary, are outside the scope of permissible expenditures.

This condition occurred because the secretary/treasurer was unaware that the tax collector's salary expenses were nonpermissible 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 \$1,758.31 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$1,758.31 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

⁶ 72 P.S. § 2615.4

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Finding No. 4 - Nonpermissible Expenditures - Recurring (Continued)

Management's Response

The secretary/treasurer stated:

We have taken action to remedy this issue and it will not be a recurrence moving forward.

Auditor's Conclusion

This is a recurring finding. We again strongly recommend that the municipality comply with our recommendations. During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF SPRINGFIELD
FAYETTE 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 \$173,539.30 to its Liquid Fuels Tax Fund. This amount consists of \$80,306.94 for not maintaining documentation supporting expenditures, \$66,958.99 for nonpermissible expenditures, \$22,707.25 because bids awarded were not documented in the Board of Supervisors' meeting minutes, and \$3,566.12 for over expenditure of the secretary's salary.

During our current examination, we reviewed a letter dated March 14, 2023, from the Department of Transportation directing the municipality to reimburse \$173,539.30 to its Liquid Fuels Tax Fund. We reviewed another letter dated February 28 2024, approving the following plan to reimburse the Liquid Fuels Tax Fund:

<u>Due Date</u>	<u>Date Paid</u>	<u>Amount</u>
12/31/23	02/27/24	\$ 34,707.86
12/31/24	-	34,707.86
12/31/25	-	34,707.86
12/31/26	-	34,707.86
12/31/27	-	<u>34,707.86</u>
Total		<u>\$173,539.30</u>

The \$34,707.86 reimbursed to its Liquid Fuels Tax Fund on February 27, 2024, was subsequent to our examination period.

In our prior report we also recommended that the municipality:

- Ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.
- Limit its expenditures from the Liquid Fuels Tax Fund for the secretary's compensation to 5 percent as described by the Department of Transportation's memorandum.
- Comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.
- Ensure that bids awarded during public meetings are documented in the minute book.

TOWNSHIP OF SPRINGFIELD
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SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
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Summary Of Prior Examination Recommendations (Continued)

During our current examination, we noted that the municipality complied with our fourth bulleted recommendation, but did not comply with our first, second, and third bulleted recommendations noted above (see Finding Nos. 1, 3, and 4).

TOWNSHIP OF SPRINGFIELD
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
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An onsite closeout meeting was held February 20, 2025. Those participating were:

TOWNSHIP OF SPRINGFIELD

Ms. Stephanie S. Cain, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Penelope Fjellanger, Auditor

TOWNSHIP OF SPRINGFIELD
FAYETTE 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 Springfield
Fayette County
755 Mill Run Road
P. O. Box 13
Mill Run, PA 15464

The Honorable Brian Nicholson
Chairman of the Board of Supervisors

Ms. Stephanie S. Cain
Secretary/Treasurer

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