

TOWNSHIP OF FAIRVIEW
YORK COUNTY
66-208

LIQUID FUELS TAX FUND
AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001

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Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018

Independent Auditor's Report

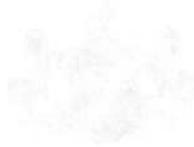
The Honorable Bradley L. Mallory
Secretary
Department of Transportation
Harrisburg, PA 17120

We have audited the accompanying statement of assets and fund balance arising from cash transactions of the Liquid Fuels Tax Fund of the Township of Fairview, York County, as of December 31, 2001, and the related statement of cash receipts, disbursements, and fund balance for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements are prepared as required by the Pennsylvania Department of Transportation on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial statements present only the Liquid Fuels Tax Fund and are not intended to present fairly the financial position and results of operations of the Township of Fairview, York County, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects the assets and fund balance arising from cash transactions of the Liquid Fuels Tax Fund of the Township of Fairview, York County, as of December 31, 2001, and its cash receipts, disbursements, and fund balance for the year then ended, on the basis of accounting described in Note 1.



OFFICE OF THE STATE AUDITOR
120 NASSAU ST., 12TH FLOOR
NEW YORK, N.Y. 10038

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Township of Fairview, York County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. The report on compliance with laws and regulations and internal control over financial reporting is an integral part of a generally accepted auditing standards audit, and in considering the results of the audit, this report should be read along with the auditor's report on the financial statements.

Robert P. Casey, Jr.

July 8, 2002

Robert P. Casey, Jr.
Auditor General

TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
STATEMENT OF ASSETS AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED
DECEMBER 31, 2001

Assets

Deposits:

Cash (Note 2) \$28,824.37

Certificate of deposit (Note 2) 47,366.07

Total assets \$76,190.44

Fund Balance

\$76,190.44

Notes to the financial statements are an integral part of this report.

TOWNSHIP OF FAIRVIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND FUND BALANCE
 FOR THE YEAR ENDED
 DECEMBER 31, 2001

	<u>Year Ended 12/31/01</u>
<u>Cash Receipts</u>	
State allocation	\$291,944.25
Deposit earnings (Note 3)	<u>4,084.24</u>
Total receipts	<u>296,028.49</u>
 <u>Cash Disbursements</u>	
Highway construction and rebuilding	<u>267,470.14</u>
Receipts over (under) disbursements	28,558.35
 <u>Fund Balances</u>	
Beginning	<u>47,632.09</u>
Ending	<u><u>\$ 76,190.44</u></u>

Notes to the financial statements are an integral part of this report.

TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2001

1. Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements are prepared on the cash basis of accounting as required by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenses are recorded when paid.

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 used primarily for building and improving local roads and bridges.

Scope Of Audit Report

The financial presentation has been prepared in compliance with regulatory provisions of the Liquid 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 but is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

General Fixed Assets

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

2. Deposits

Deposits consist of receipts and deposits in a financial institution. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined. The following summary presents the amount of the municipality's Liquid Fuels Tax Fund deposits which are fully insured or collateralized with securities held by the municipality or its agent in the municipality's name (Category 1); those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the municipality's name (Category 2); and those deposits which are not collateralized or are collateralized by the pledging financial institution or the pledging institution's trust department or agent, but not in the municipality's name (Category 3) at December 31, 2001.

TOWNSHIP OF FAIRVIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 DECEMBER 31, 2001

2. Deposits, Continued

All deposits susceptible to credit risk are in Category 1 as follows:

	<u>Total Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$28,824.37	\$28,824.37
Certificate of deposit	<u>47,366.07</u>	<u>47,366.07</u>
Totals	<u>\$76,190.44</u>	<u>\$76,190.44</u>

Cash

Of the carrying amount, \$28,824.37 was in an interest-bearing account.

Certificate Of Deposit

A certificate of deposit is included in the above-reported carrying amount. The following certificate of deposit stated at cost, which approximates market value, was held at December 31, 2001:

Certificate of deposit at variable interest due March 19, 2002	<u>\$47,366.07</u>
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3. Deposit Earnings

Our audit disclosed that the municipality invested idle liquid fuels tax monies in an interest-bearing account and certificates of deposit which earned \$4,084.24 during the period under audit, thus providing additional funds for road maintenance and repairs.



Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018

Independent Auditor's Report On Compliance
And Internal Control Over Financial Reporting

The Honorable Bradley L. Mallory
Secretary
Department of Transportation
Harrisburg, PA 17120

We have audited the accompanying statement of assets and fund balance arising from cash transactions of the Liquid Fuels Tax Fund of the Township of Fairview, York County, as of December 31, 2001, and the related statement of cash receipts, disbursements, and fund balance for the year then ended, and have issued our report thereon dated July 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

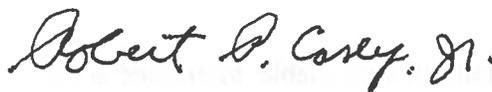
Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the municipality's compliance with certain provisions of laws, regulations, contracts, grants and allocations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts of the Liquid Fuels Tax Fund. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Fairview, York County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Pennsylvania Department of Transportation and the municipality and is not intended to be and should not be used by anyone other than these specified parties.



Robert P. Casey, Jr.
Auditor General

July 8, 2002

TOWNSHIP OF FAIR VIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 COMMENT
 FOR THE YEAR ENDED
 DECEMBER 31, 2001

Comment - Fund Balance Different Than Reported

Our audit disclosed that the fund balance at December 31, 2001 was \$76,190.44 rather than \$76,199.55 as reported. The difference is reconciled as follows:

Balance reported		\$76,199.55
Deposit earnings overstated		
Actual	\$4,084.24	
Reported	<u>4,093.35</u>	<u>(9.11)</u>
Balance, December 31, 2001		<u>\$76,190.44</u>

The township officials should adjust the Liquid Fuels Tax Fund records accordingly. The equipment purchase tally should also be corrected to reflect the change in fund balance.



TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE YEAR ENDED
DECEMBER 31, 2001

This report was initially distributed to:

The Honorable Bradley L. Mallory
Secretary
Department of Transportation

Township of Fairview
York County
599 Lewisberry Road
New Cumberland, PA 17070

The Honorable Perry Albert

Chairman of the Board

Mr. Stephen F. Smith

Assistant Manager

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our web site at www.auditorgen.state.pa.us.

