

TOWNSHIP OF FAIRVIEW
YORK COUNTY
66-208

LIQUID FUELS TAX FUND
AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statement:	
2004 Form MS-965 With Auditor Adjustments.....	3
Notes To The Financial Statement	6
Report On Compliance And On Internal Control Over Financial Reporting	9
Summary Of Exit Conference.....	11
Report Distribution	13



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

JACK WAGNER
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Allen D. Biehler, P.E.
Secretary
Department of Transportation
Harrisburg, PA 17120

We have audited the accompanying financial statement of the Liquid Fuels Tax Fund for the Township of Fairview, York County, for the year ended December 31, 2004, which consists of amounts reported on Form MS-965 With Auditor Adjustments. This financial statement is the responsibility of the municipality's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating Form MS-965 as submitted to and accepted by the Pennsylvania Department of Transportation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township of Fairview, York County's financial statement is prepared using accounting practices prescribed by the Pennsylvania Department of Transportation, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material. The financial statement presents only the Liquid Fuels Tax Fund and is not intended to present fairly the financial position and results of operations of the Township of Fairview, York County, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

As described in Note 4, the adjustments included on the financial statement are adjustments made by the Department of the Auditor General.

In our opinion, because of the effects of the matter discussed in the third paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Liquid Fuels Tax Fund of the Township of Fairview, York County, as of December 31, 2004, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the information required by the Pennsylvania Department of Transportation on Form MS-965 of the Liquid Fuels Tax Fund of the Township of Fairview, York County, for the year ended December 31, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2006, 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 an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of the Township of Fairview, York County, and is not intended to be and should not be used by anyone other than these specified parties.



JACK WAGNER
Auditor General

January 11, 2006

TOWNSHIP OF FAIRVIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 2004 FORM MS-965 – SECTION 1
 WITH AUDITOR ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Auditor Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ -	\$ -
Minor equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	-	624.25	624.25
Highway construction and rebuilding projects	310,709.21	-	310,709.21
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$310,709.21</u>	<u>\$624.25</u>	<u>\$311,333.46</u>

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

TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
2004 FORM MS-965 – SECTION 2
WITH AUDITOR ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Auditor Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2004	\$291,811.65	\$ -	\$291,811.65
Receipts:			
2. State allocation	321,295.50	-	321,295.50
2a. Turnback allocation	-	-	-
2b. Interest on investments (Note 3)	4,545.06	-	4,545.06
2c. Miscellaneous (Note 5)	-	1,524.73	1,524.73
3. Total receipts	<u>325,840.56</u>	<u>1,524.73</u>	<u>327,365.29</u>
4. Total funds available	<u>617,652.21</u>	<u>1,524.73</u>	<u>619,176.94</u>
5. Expenditures (Section 1)	<u>310,709.21</u>	<u>624.25</u>	<u>311,333.46</u>
6. Balance, December 31, 2004	<u><u>\$306,943.00</u></u>	<u><u>\$ 900.48</u></u>	<u><u>\$307,843.48</u></u>

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

TOWNSHIP OF FAIR VIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 2004 FORM MS-965 – SECTION 3
 WITH AUDITOR ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Auditor Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$199,944.00	\$-	\$199,944.00
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	64,259.10	-	64,259.10
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	264,203.10	-	264,203.10
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>264,203.10</u>	<u>-</u>	<u>264,203.10</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance)	<u>\$264,203.10</u>	<u>\$-</u>	<u>\$264,203.10</u>

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

TOWNSHIP OF FAIR VIEW
YORK COUNTY
LIQUID FUELS TAX FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2004

1. Significant Accounting Policies

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

The reporting requirements for the Liquid Fuels Tax Fund are prescribed by the Pennsylvania Department of Transportation. This financial statement, Form MS-965, is not intended to present either financial results of operations or financial position in conformity with accounting principles generally accepted in the United States.

Basis Of Accounting

The accompanying financial statement is 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.

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 FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2004

2. Deposits

The Second Class Township Code, Title 53 P.S. § 68204, authorizes the municipality to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

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.

There were no deposits exposed to custodial credit risk as of December 31, 2004. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

Fund Balance

The fund balance consists of the following:

Cash	<u>\$307,843.48</u>
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TOWNSHIP OF FAIRVIEW
 YORK COUNTY
 LIQUID FUELS TAX FUND
 NOTES TO THE FINANCIAL STATEMENT
 FOR THE YEAR ENDED
 DECEMBER 31, 2004

3. Interest On Investments

Our audit disclosed that the municipality deposited idle liquid fuels tax money in an interest-bearing account and a certificate of deposit which earned \$4,545.06 during 2004, thus providing additional funds for road maintenance and repairs.

4. Auditor Adjustments

Section 1

An adjustment of \$624.25 was made to "Maintenance and repair of roads and bridges" because a transfer to the General Fund for liquid fuels expenditures was not reported.

Section 2

An adjustment of \$1,524.73 was made to "Miscellaneous" receipts because a reimbursement from the General Fund was not reported.

5. Miscellaneous Receipts

The following miscellaneous receipt was deposited into the Liquid Fuels Tax Fund during the audit period:

<u>Source</u>	<u>Description</u>	<u>Amount</u>
General Fund	Reimbursement for nonpermissible expenditures	<u>\$1,524.73</u>



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

JACK WAGNER
AUDITOR GENERAL

Report On Compliance And On
Internal Control Over Financial Reporting

The Honorable Allen D. Biehler, P.E.
Secretary
Department of Transportation
Harrisburg, PA 17120

We have audited the accompanying financial statement of the Liquid Fuels Tax Fund for the Township of Fairview, York County, for the year ended December 31, 2004, which consists of amounts reported on Form MS-965 With Auditor Adjustments, and have issued our report thereon dated January 11, 2006. 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 statement is 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*.

Report On Compliance And On
Internal Control Over Financial Reporting (Continued)

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 statement 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 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 statement 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.

January 11, 2006



JACK WAGNER
Auditor General

TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED
DECEMBER 31, 2004

An exit conference was held January 11, 2006. Those participating were:

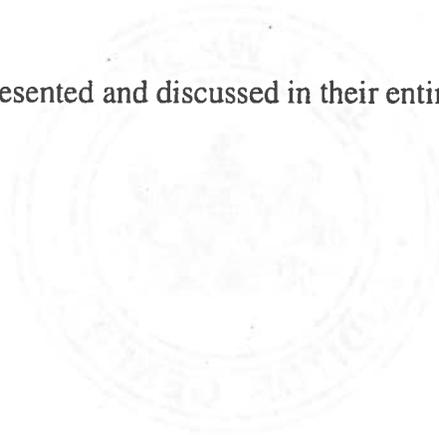
TOWNSHIP OF FAIRVIEW

Mr. Stephen F. Smith, Assistant Manager

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Vernon J. Brennan, Auditor

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





TOWNSHIP OF FAIRVIEW
YORK COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE YEAR ENDED
DECEMBER 31, 2004

This report was initially distributed to:

The Honorable Allen D. Biehler, P.E.
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.

