

ATTESTATION ENGAGEMENT

Allegheny County
Pennsylvania
02-000
Liquid Fuels Tax Fund,
Act 44 Tax Fund,
Act 89 Tax Fund And
County Fee for Local Use 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



Commonwealth of Pennsylvania
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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-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Reports of County Fee for Local Use Funds With Adjustments of Allegheny County for the period January 1, 2022 to December 31, 2023 (Forms). The county's management is responsible for presenting the Forms 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 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 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms. 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 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 are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in Finding No. 2, the county received its 2023 County Fee for Local Use Fund December allocation of \$2,583,725.00 on March 1, 2024, which was subsequent to our examination period. As discussed in Finding No. 3, the county expended \$159,868.64 from the Act 44 Tax Fund and \$356,772.28 from the County Fee for Local Use Fund for retroactive expenditures.

In our opinion, except for the matters discussed in the preceding paragraph, the Forms present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund, the Act 44 Tax Fund, the Act 89 Tax Fund, and the County Fee for Local Use Fund of Allegheny County for the period January 1, 2022 to December 31, 2023, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms; 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. 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 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms or on compliance and other matters; accordingly, we express no such opinions.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Forms will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report (Continued)

Our consideration of internal control was for the limited purpose of expressing an opinion on whether the Forms 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 certain deficiencies in internal control, described in the finding listed below, that we consider to be a significant deficiency in internal control:

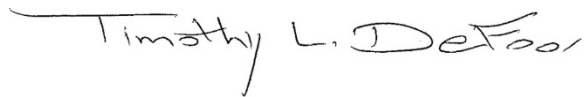
- Duplicate Transfer.

As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of Allegheny 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. 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*:

- Late Receipt Of 2023 County Fee for Local Use Allocation.
- Retroactive Expenditures - Recurring.

The purpose of this report is to determine whether the county's Liquid Fuels Tax Fund, Act 44 Tax Fund, Act 89 Tax Fund, and County Fee for Local Use 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 Allegheny 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
July 8, 2025

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ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background

The Vehicle Code makes provisions and provides funding for the County Liquid Fuels, Act 44, Act 89, and County Fee for Local Use Programs. The Pennsylvania Department of Transportation has regulatory administration and oversight of the funds supporting these county programs. Counties are required to comply with those provisions and to report annually.

The Vehicle Code imposes a state tax on liquid fuels and fuels used or sold and delivered by distributors within the Commonwealth (75 Pa. C.S. § 9004(a)). One-half cent of the tax collected on each gallon of liquid fuels is deposited in the Commonwealth's Liquid Fuels Tax Fund. *The Vehicle Code* further provides for the disposition and use of this tax, including the allocations to counties in June and December of each year to fund construction, reconstruction, maintenance and repair of county roads, streets and bridges. The allocation to the respective counties is made in the ratio that the average amount returned to each county during the three preceding years bears to the average amount returned to all counties during the three preceding years (75 Pa C.S. § 9010).

The Vehicle Code, as amended by Act 44 of 2007 (July 18, 2007, P.L.169) and Act 89 of 2013 (November 25, 2013, P.L. 169), provides the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund (75 Pa. C.S. § 8915.6(b)(2) and as of July 1, 2014 § 9301(b)). The annual distribution to counties is determined based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

The Vehicle Code, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89) provides for semi-annual allocations to all counties that own public bridges (75 Pa. C.S. § 9502(a)(2)(iv)). These allocations are made on the first business day of June and December each year. The Commonwealth allocates the funds available through Act 89 to counties based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

The Vehicle Code, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89), permits counties to impose a \$5 fee for local use on nonexempt vehicles registered to an address located in the county (75 Pa. C.S. § 1935 (b)). This fee is collected by the Department of Transportation and is distributed to counties that impose the fee on the first business day of June and December each year.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

Criteria

A. *The Vehicle Code* prescribes criteria for liquid fuels program funds (75 Pa C.S. § 9010). The Pennsylvania Department of Transportation's *Publication 9* provides more specific policies and procedures to counties for the administration and reporting of the liquid fuels program funds. In the event of any discrepancies between the two, the legislation governs.

(1) Funds received by the counties must be deposited in a special fund designated as the County Liquid Fuels Tax Fund and no other money may be deposited and commingled. Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance and repair of roads, highways, bridges and curb ramps from a road or highway to provide for access by individuals with disabilities consistent with Federal and State law.
- Costs of property damages resulting from road and/or bridge construction, reconstruction, or maintenance; and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges.
- Ferryboat operations, where applicable.
- Interest and principal payments on road or bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.
- Acquisition, maintenance, repair, electrification, and operation of traffic signs and traffic signal control systems at intersections and/or railroad crossings.
- Erection of street name signs, traffic directing signs, and traffic control systems.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

- Administrative costs, including benefits, overhead, and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county.
 - Indirect engineering and transportation planning costs, not to exceed 10 percent of the yearly allocation to the county.
 - Other items as permitted by Department of Transportation Publications.
- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation. Additionally, counties may not allocate money from the special fund to political subdivisions within the county until the application and the contracts or plans for the proposed expenditures have been made on a form prescribed by the Pennsylvania Department of Transportation.
- (4) Counties may encumber current funds for future road and bridge construction, reconstruction, and maintenance projects including viable municipal projects. Counties must redistribute any unencumbered balance in the special fund to political subdivisions if the unencumbered balance is more than the county's receipts during the preceding twelve month period.
- (5) Counties must submit a report to the Pennsylvania Department of Transportation by January 31 for the period ending December 31 on prescribed Form MS-991, The Report of County Liquid Fuels Tax Fund, showing the receipts and expenditures of the money received by the county from the Commonwealth. Upon failure to file the report or instances of any non-compliant payments, allocations, or expenditures, the Pennsylvania Department of Transportation may withhold further funding until the delinquent report is filed, the money is allocated, or the expenditures for the prior 12 months are approved.
- B. *The Vehicle Code*, as amended by Act 44 of 2007 (July 18, 2007, P.L. 169) and Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund. The County's Act 44 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

(1) Funds received by the counties must be deposited in a special fund designated as the County Act 44 Fund and no other money may be deposited and commingled. (Note: Act 44 and Act 89 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the Act 44 Tax Fund money to be received during the current calendar year.

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
- Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.
- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
- Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
- Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 44 Fund.
- Inspection costs associated with bridges.
- Purchase of right-of-way for bridge construction, reconstruction, or maintenance.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
 - (4) In order to receive Act 44 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- C. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 89 funds distributed to the counties from the Department of Transportation. The County's Act 89 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund designated as the County Act 89 Fund and no other money may be deposited and commingled. (Note: Act 89 and Act 44 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.
 - For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the Act 89 Tax Fund money to be received during the current calendar year.
 - (2) Payments from the special fund may be used for:
 - Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
 - Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
 - Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
 - Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 89 Fund.
 - Inspection costs associated with bridges.
 - Purchase of right-of-way for bridge construction, reconstruction, or maintenance.
- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
- (4) In order to receive Act 89 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- D. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the County Fee for Local Use funds distributed to the counties from the Department of Transportation. The County Fee for Local Use Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund. No other money may be deposited and commingled in this fund. Money should be invested to earn interest until expended.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance, and repair of public roads/streets, or bridges for which the county is legally responsible including a roadway open to the use of the public for vehicular traffic on the grounds of a college or university, public or private school, or public or historical park.
- Curb ramps to provide for access by individuals with disabilities in accordance with the Americans with Disabilities Act (ADA) and Department of Transportation Standards.
- Costs of property damages resulting from road and/or bridge construction, reconstruction or maintenance and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges.
- Ferry boat operations, where applicable.
- Acquisition, maintenance, repair, electrification, and operation of traffic signs and traffic signal control systems at intersections and or railroad crossings.
- Erection of street name signs, traffic directing signs, and traffic control systems.
- Administrative costs, including benefits, overhead, and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county.
- Indirect engineering and transportation planning costs, not to exceed 10 percent of the yearly allocation to the county.
- Transportation related safety studies or safety projects on public highways.
- The construction of sound walls if included in a highway project as a mitigation measure for environmental purposes and all warrants are met.
- Other expenditures determined, on a case-by-case basis, to be consistent with the requirements and restrictions of Article 8, Section 11 of the Pennsylvania Constitution.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation.
- (4) Each county that has adopted a fee for local use ordinance must submit a set of annual reports showing the receipts and expenditures of all fee for local use funds received from the Commonwealth on forms supplied by the Center for Program Development and Management.

Basis Of Presentation

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Forms do not constitute complete financial presentations of the county's assets, liabilities, expenses, and fund balance but include the receipts, expenditures, and fund balances of the County Liquid Fuels Tax Fund, the County Act 44 Tax Fund, the County Act 89 Tax Fund, and the County Fee for Local Use Fund, respectively.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Form MS-991, *Report of County Liquid Fuels Tax Fund*:

- A. The balance in the County Liquid Fuels Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Liquid Fuels Tax Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Accounts receivable (to be realized within 60 days of the year end).
- D. Total Liquid Fuels Tax funds available for expenditure and encumbrances.
- E. Expenditures for county-owned roads, highways, and bridges.
- F. Accounts payable (accrued wages, accrued payroll taxes, and accounts payable vendors to be realized within 60 days of the year end).

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

- G. The balance in the fund at the close of the report calendar year.
- H. Encumbered and unpaid county aid as of the close of the report calendar year.
- I. Encumbered and unencumbered balances on hand at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports Of Act 44 Tax Fund and Act 89 Tax Fund:

- A. The balance in the County Act 44 and Act 89 Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Act 44 and Act 89 allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total Act 44 and Act 89 funds available for expenditure.
- D. Expenditures for county-owned bridges.
- E. The balance in the fund at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports of County Fee for Local Use Funds:

- A. The balance in the County Fee for Local Use Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Fee for Local Use Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total County Fee for Local Use funds available for expenditure.
- D. Expenditures.
- E. The balance in the fund at the close of the report calendar year.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

Basis Of Accounting

The accompanying Forms are 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.

ALLEGHENY COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-991 WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2022	\$ 175,351.71	\$ -	\$ 175,351.71
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	3,591,320.82	-	3,591,320.82
Interest	20,475.33	-	20,475.33
Reimbursable agreements	-	-	-
Miscellaneous	<u>3,565,587.81</u>	<u>-</u>	<u>3,565,587.81</u>
Total receipts	<u>7,177,383.96</u>	<u>-</u>	<u>7,177,383.96</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>7,352,735.67</u>	<u>-</u>	<u>7,352,735.67</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	923,792.63	923,792.63
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,705,202.12	(989,380.44)	2,715,821.68
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>-</u>	<u>65,587.81</u>	<u>65,587.81</u>
Total expenditures	<u>3,705,202.12</u>	<u>-</u>	<u>3,705,202.12</u>
Remaining funds available as of December 31, 2022	<u>3,647,533.55</u>	<u>-</u>	<u>3,647,533.55</u>

ALLEGHENY COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-991 WITH ADJUSTMENTS

Approved future year receipts and
expenditures

Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>

Total approved future year receipts
and expenditures

-	-	-
<hr/>	<hr/>	<hr/>

Year end balance available for future
years as of December 31, 2022

<u>\$ 3,647,533.55</u>	<u>\$ -</u>	<u>\$ 3,647,533.55</u>
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ALLEGHENY COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-991 WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2023	\$ 3,647,533.55	\$ -	\$ 3,647,533.55
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	3,704,218.43	-	3,704,218.43
Interest	99,279.87	-	99,279.87
Reimbursable agreements	245,700.00	(245,700.00)	-
Miscellaneous	<u>3,924,055.45</u>	<u>521,644.55</u>	<u>4,445,700.00</u>
Total receipts	<u>7,973,253.75</u>	<u>275,944.55</u>	<u>8,249,198.30</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>11,620,787.30</u>	<u>275,944.55</u>	<u>11,896,731.85</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	829,597.79	275,944.55	1,105,542.34
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,076,741.60	-	3,076,741.60
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>7,700,000.00</u>	<u>-</u>	<u>7,700,000.00</u>
Total expenditures	<u>11,606,339.39</u>	<u>275,944.55</u>	<u>11,882,283.94</u>
Remaining funds available as of December 31, 2023	<u>14,447.91</u>	<u>-</u>	<u>14,447.91</u>

ALLEGHENY COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-991 WITH ADJUSTMENTS

Approved future year receipts and
expenditures

Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>

Total approved future year receipts
and expenditures

-	-	-
<hr/>	<hr/>	<hr/>

Year end balance available for future
years as of December 31, 2023

\$ 14,447.91	\$ -	\$ 14,447.91
<hr/>	<hr/>	<hr/>

ALLEGHENY COUNTY
2022 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2022	\$ 1,384,243.76	\$ -	\$ 1,384,243.76
<u>Receipts:</u>			
Act 44 Funds	1,156,305.65	-	1,156,305.65
Interest	11,490.83	(3,871.76)	7,619.07
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>1,167,796.48</u>	<u>(3,871.76)</u>	<u>1,163,924.72</u>
Total receipts			
	<u>1,167,796.48</u>	<u>(3,871.76)</u>	<u>1,163,924.72</u>
Total funds available	<u>2,552,040.24</u>	<u>(3,871.76)</u>	<u>2,548,168.48</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	712,394.19	(390,868.46)	321,525.73
Highway Construction and			
Rebuilding Projects	-	394,068.46	394,068.46
Miscellaneous	3,710.60	156,668.64	160,379.24
	<u>716,104.79</u>	<u>159,868.64</u>	<u>875,973.43</u>
Total expenditures			
	<u>716,104.79</u>	<u>159,868.64</u>	<u>875,973.43</u>
Balance, December 31, 2022	<u><u>\$ 1,835,935.45</u></u>	<u><u>\$ (163,740.40)</u></u>	<u><u>\$ 1,672,195.05</u></u>

ALLEGHENY COUNTY
2023 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2023	\$ 1,835,935.45	\$ (163,740.40)	\$ 1,672,195.05
<u>Receipts:</u>			
Act 44 Funds	1,158,164.26	-	1,158,164.26
Interest	61,583.36	901.46	62,484.82
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>1,219,747.62</u>	<u>901.46</u>	<u>1,220,649.08</u>
Total receipts			
	<u>1,219,747.62</u>	<u>901.46</u>	<u>1,220,649.08</u>
Total funds available	<u>3,055,683.07</u>	<u>(162,838.94)</u>	<u>2,892,844.13</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	37,312.00	-	37,312.00
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	398,752.92	(344,407.34)	54,345.58
Highway Construction and			
Rebuilding Projects	1,173,284.02	374,619.29	1,547,903.31
Miscellaneous	84,485.72	(84,485.72)	-
	<u>1,693,834.66</u>	<u>(54,273.77)</u>	<u>1,639,560.89</u>
Total expenditures			
	<u>1,693,834.66</u>	<u>(54,273.77)</u>	<u>1,639,560.89</u>
Balance, December 31, 2023	<u><u>\$ 1,361,848.41</u></u>	<u><u>\$ (108,565.17)</u></u>	<u><u>\$ 1,253,283.24</u></u>

ALLEGHENY COUNTY
2022 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2022	\$ 2,781,608.91	\$ -	\$ 2,781,608.91
<u>Receipts:</u>			
Act 89 Funds	2,182,421.37	-	2,182,421.37
Interest	27,534.54	(6,750.50)	20,784.04
Reimbursable agreements	-	-	-
Miscellaneous	-	159,868.64	159,868.64
	<u>2,209,955.91</u>	<u>153,118.14</u>	<u>2,363,074.05</u>
Total receipts			
	<u>2,209,955.91</u>	<u>153,118.14</u>	<u>2,363,074.05</u>
Total funds available	<u>4,991,564.82</u>	<u>153,118.14</u>	<u>5,144,682.96</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	2,177,089.48	(1,966,946.60)	210,142.88
Highway Construction and			
Rebuilding Projects	-	1,983,429.37	1,983,429.37
Miscellaneous	18,136.21	(16,482.77)	1,653.44
	<u>2,195,225.69</u>	<u>-</u>	<u>2,195,225.69</u>
Total expenditures			
	<u>2,195,225.69</u>	<u>-</u>	<u>2,195,225.69</u>
Balance, December 31, 2022	<u>\$ 2,796,339.13</u>	<u>\$ 153,118.14</u>	<u>\$ 2,949,457.27</u>

ALLEGHENY COUNTY
2023 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2023	\$ 2,796,339.13	\$ 153,118.14	\$ 2,949,457.27
<u>Receipts:</u>			
Act 89 Funds	2,198,429.80	-	2,198,429.80
Interest	149,243.56	6,750.50	155,994.06
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>2,347,673.36</u>	<u>6,750.50</u>	<u>2,354,423.86</u>
Total receipts			
	<u>5,144,012.49</u>	<u>159,868.64</u>	<u>5,303,881.13</u>
Total funds available			
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	38,206.53	-	38,206.53
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	128,974.15	(57,499.89)	71,474.26
Highway Construction and			
Rebuilding Projects	1,702,588.91	162,130.58	1,864,719.49
Miscellaneous	129,725.02	(129,725.02)	-
	<u>1,999,494.61</u>	<u>(25,094.33)</u>	<u>1,974,400.28</u>
Total expenditures			
Balance, December 31, 2023	<u><u>\$ 3,144,517.88</u></u>	<u><u>\$ 184,962.97</u></u>	<u><u>\$ 3,329,480.85</u></u>

ALLEGHENY COUNTY
2022 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2022	\$ 1,115,418.09	\$ -	\$ 1,115,418.09
<u>Receipts:</u>			
Local Use Funds	4,769,150.00	-	4,769,150.00
Interest	20,190.10	-	20,190.10
Reimbursable agreements	-	-	-
Miscellaneous	4,525,274.10	26,528.97	4,551,803.07
Total receipts	<u>9,314,614.20</u>	<u>26,528.97</u>	<u>9,341,143.17</u>
Total funds available	<u>10,430,032.29</u>	<u>26,528.97</u>	<u>10,456,561.26</u>
<u>Expenditures:</u>			
County-Owned road maintenance	7,283,240.98	(3,932,142.32)	3,351,098.66
County-Owned road construction	-	2,930,288.13	2,930,288.13
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	1,028,383.16	1,028,383.16
Grants to political subdivisions	-	-	-
Total expenditures	<u>7,283,240.98</u>	<u>26,528.97</u>	<u>7,309,769.95</u>
Balance, December 31, 2022	<u><u>\$ 3,146,791.31</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,146,791.31</u></u>

ALLEGHENY COUNTY
2023 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2023	\$ 3,146,791.31	\$ -	\$ 3,146,791.31
<u>Receipts:</u>			
Local Use Funds	2,180,175.00	-	2,180,175.00
Interest	138,401.80	-	138,401.80
Reimbursable agreements	-	-	-
Miscellaneous	7,343,299.93	-	7,343,299.93
Total receipts	<u>9,661,876.73</u>	<u>-</u>	<u>9,661,876.73</u>
Total funds available	<u>12,808,668.04</u>	<u>-</u>	<u>12,808,668.04</u>
<u>Expenditures:</u>			
County-Owned road maintenance	1,708,391.22	782,992.76	2,491,383.98
County-Owned road construction	-	2,669,408.54	2,669,408.54
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	9,316,793.70	(3,452,401.30)	5,864,392.40
Grants to political subdivisions	-	-	-
Total expenditures	<u>11,025,184.92</u>	<u>-</u>	<u>11,025,184.92</u>
Balance, December 31, 2023	<u><u>\$ 1,783,483.12</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,783,483.12</u></u>

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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The following information relates to certain types of transactions for which the Pennsylvania Department of Transportation requested that we provide additional detail.

Adjustments

2022 Form MS-991

Adjustments were made to “Winter maintenance services,” “Maintenance and repair of roads and bridges,” and “Miscellaneous” because expenditures of \$989,380.44 were misclassified.

2023 Form MS-991

An adjustment of \$(245,700.00) was made to “Reimbursable agreements” because miscellaneous receipts were misclassified as reimbursable agreements.

An adjustment of \$521,644.55 was made to “Miscellaneous” because a transfer from the General Fund for a temporary loan was understated by \$275,944.55 and receipts totaling \$245,700.00 were misclassified as reimbursable agreements.

An adjustment of \$275,944.55 was made to “Winter maintenance services” because these expenditures were understated.

2022 Report of Act 44 Tax Fund

An adjustment of \$(3,871.76) was made to “Interest” because interest earned was overstated.

An adjustment of \$(390,868.46) was made to “Maintenance and repair of roads and bridges” because \$3,200.00 of maintenance and repair of roads and bridges expenditures were misclassified as miscellaneous and \$394,068.46 of highway construction and rebuilding projects expenditures were misclassified as maintenance and repair of roads and bridges.

An adjustment of \$394,068.46 was made to “Highway construction and rebuilding projects” because these expenditures were misclassified as maintenance and repair of roads and bridges.

An adjustment of \$156,668.64 was made to “Miscellaneous” because \$3,200.00 of maintenance and repair of roads and bridges expenditures were misclassified as miscellaneous and \$159,868.64 of miscellaneous expenditures were not reported.

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Adjustments (Continued)

2023 Report of Act 44 Tax Fund

An adjustment of \$(163,740.40) was made to “Balance, January 1, 2023” to reflect the adjustment made to the fund balance on the 2022 Report of Act 44 Tax Fund.

An adjustment of \$901.46 was made to “Interest” because interest earned was understated.

An adjustment of \$(344,407.34) was made to “Maintenance and repair of roads and bridges” because \$8,547.40 of maintenance and repair of roads and bridges expenditures were misclassified as miscellaneous, \$298,680.97 of highway construction and rebuilding projects expenditures were misclassified as maintenance and repair roads and bridges, and maintenance and repair of roads and bridges expenditures were overstated by \$54,273.77.

An adjustment of \$374,619.29 was made to “Highway construction and rebuilding projects” because \$298,680.97 of highway construction and rebuilding projects expenditures were misclassified as maintenance and repair of roads and bridges and \$75,938.32 of highway construction and rebuilding projects expenditures were misclassified as miscellaneous.

An adjustment of \$(84,485.72) was made to “Miscellaneous” because expenditures of \$75,938.32 for highway construction and rebuilding projects and \$8,547.40 for maintenance and repair of roads and bridges were misclassified as miscellaneous expenditures.

2022 Report of Act 89 Tax Fund

An adjustment of \$(6,750.50) was made to “Interest” because interest earned was overstated.

An adjustment of \$159,868.64 was made to “Miscellaneous” because reimbursements from the Act 44 Tax Fund were not reported.

Adjustments were made to “Maintenance and repair of roads and bridges,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$1,983,429.37 were misclassified.

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Adjustments (Continued)

2023 Report of Act 89 Tax Fund

An adjustment of \$153,118.14 was made to “Balance, January 1, 2023” to reflect the adjustment made to the fund balance on the 2022 Report of Act 89 Tax Fund.

An adjustment of \$6,750.50 was made to “Interest” because interest earned was understated.

An adjustment of \$(57,499.89) was made to “Maintenance and repair of roads and bridges” because \$13,919.63 of maintenance and repair of roads and bridges expenditures were misclassified as miscellaneous and \$71,419.52 of highway construction and rebuilding projects expenditures were misclassified as maintenance and repair of roads and bridges expenditures.

An adjustment of \$162,130.58 was made to “Highway construction and rebuilding projects” because \$71,419.52 of these expenditures were misclassified as maintenance and repair of roads and bridges and \$90,711.06 of these expenditures were misclassified as miscellaneous.

An adjustment of \$(129,725.02) was made to “Miscellaneous” because \$13,919.63 of maintenance and repair of roads and bridges expenditures and \$90,711.06 of highway construction and rebuilding projects expenditures were misclassified as miscellaneous. Additionally, miscellaneous expenditures were overstated by \$25,094.33.

2022 Report of County Fee for Local Use Funds

An adjustment of \$26,528.97 was made to “Miscellaneous” because these receipts were understated.

An adjustment of \$(3,932,142.32) was made to “County-owned road maintenance” because \$2,909,386.65 of county-owned road construction expenditures and \$1,028,383.16 of miscellaneous expenditures were misclassified as county-owned road maintenance expenditures. Additionally, \$5,627.49 of county-owned road maintenance expenditures were not reported.

An adjustment of \$2,930,288.13 was made to “County-owned road construction” because \$20,901.48 of these expenditures were not reported and \$2,909,386.65 of these expenditures were misclassified as county-owned road maintenance.

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Adjustments (Continued)

2022 Report of County Fee for Local Use Funds (Continued)

An adjustment of \$1,028,383.16 was made to “Miscellaneous” because these expenditures were misclassified as county-owned road maintenance.

2023 Report of County Fee for Local Use Funds

Adjustments were made to “County-owned road maintenance,” “County-owned road construction,” and “Miscellaneous” because expenditures of \$3,452,401.30 were misclassified.

Miscellaneous Receipts

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

Source	Description	2022	2023
General Fund	Temporary loan	\$3,500,000.00	\$4,200,000.00
General Fund	Reimbursement of duplicate transfer	54,894.65	-
General Fund	Reimbursement of duplicate transfer (Finding No. 1)	10,693.16	-
General Fund	Reimbursement of payroll expenditures	-	243,000.00
General Fund	Reimbursement of salt	-	2,700.00
Totals		<u>\$3,565,587.81</u>	<u>\$4,445,700.00</u>

On various dates in 2022, the county deposited a total of \$159,868.64 into its Act 89 Tax Fund which was received from the Act 44 Tax Fund for reimbursement of retroactive bridge expenditures (See Finding No. 3).

ALLEGHENY COUNTY
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Miscellaneous Receipts (Continued)

The following miscellaneous receipts were deposited into the County Fee for Local Use Fund during the examination period:

Source	Description	2022	2023
General Fund	Temporary loan	\$3,000,000.00	\$4,000,000.00
General Fund	Reimbursement for asphalt	19,047.43	-
General Fund	Reimbursement (Summary of 2020 Examination Recommendation)	185,876.00	-
General Fund	Correction of transfers in error	940,286.10	-
Commonwealth of Pennsylvania	Deposits in error	75,267.04	2,724,264.51
General Fund	Deposits in error	154,978.01	-
General Fund	Reimbursement of payroll	164,353.47	-
General Fund	Reimbursement of road invoice	11,995.02	2,537.94
Financial institution	Refund of bank service charges	-	30.00
General Fund	Reimbursement (Summary of 2021 Examination Recommendation)	-	616,467.48
Totals		<u>\$4,551,803.07</u>	<u>\$7,343,299.93</u>

Miscellaneous Expenditures

The following miscellaneous expenditures were paid from the Liquid Fuels Tax Fund during the examination period:

Payee	Description	2022	2023
General Fund	Duplicate transfer (Finding No. 1)	\$10,693.16	\$ -
General Fund	Duplicate transfer	54,894.65	-
General Fund	Repayment of temporary loans	-	7,700,000.00
Totals		<u>\$65,587.81</u>	<u>\$7,700,000.00</u>

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Miscellaneous Expenditures (Continued)

The following miscellaneous expenditures were paid from the Act 44 Tax Fund during the examination period:

Payee	Description	2022
Vendor	Advertisement for road condemnation	\$ 510.60
Act 89 Tax Fund	Reimbursements (Finding No. 3)	<u>159,868.64</u>
Total		<u>\$160,379.24</u>

The following miscellaneous expenditures were paid from the Act 89 Tax Fund during the examination period:

Payee	Description	2022
Vendor	Advertisement for bridge project	\$1,184.24
Allegheny County Bar Association	Advertisement for bridge project	<u>469.20</u>
Total		<u>\$1,653.44</u>

The following miscellaneous expenditures were paid from the County Fee for Local Use Fund during the examination period:

Payee	Description	2022	2023
General Fund	Repayment of temporary loan	\$ -	\$3,000,000.00
General Fund	Correction of 2022 deposits in error	88,097.06	140,222.03
General Fund	Correction of 2023 deposits in error	-	2,724,139.87
General Fund	Transfers in error	940,286.10	-
Financial institution	Bank service charge	-	30.00
General Fund	Partial reimbursement of an invoice	<u>-</u>	<u>.50</u>
Totals		<u>\$1,028,383.16</u>	<u>\$5,864,392.40</u>

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Temporary Loans

On February 4, 2022, the county loaned \$3,500,000.00 from its General Fund to its Liquid Fuels Tax Fund. On January 6, 2023, the county transferred \$3,500,000.00 from its Liquid Fuels Tax Fund to its General Fund to repay the temporary loan.

On February 1, 2023, the county loaned \$4,200,000.00 from its General Fund to its Liquid Fuels Tax Fund. On December 18, 2023, the county transferred \$4,200,000.00 from its Liquid Fuels Tax Fund to its General Fund to repay the temporary loan.

On February 4, 2022, the county loaned \$3,000,000.00 from its General Fund to its County Fee for Local Use Fund. On January 6, 2023, the county transferred \$3,000,000.00 from its County Fee for Local Use Fund to its General Fund to repay the temporary loan.

On January 31, 2023, the county loaned \$4,000,000.00 from its General Fund to its County Fee for Local Use Fund. The county transferred \$4,000,000.00 from its County Fee for Local Use Fund to its General Fund to repay the temporary loan on December 24, 2024, which was subsequent to our examination period.

Deposits In Error

On various dates in 2022, the county deposited a total of \$230,245.05 into its County Fee for Local Use Fund in error. This consisted of \$75,267.04 from the Commonwealth of Pennsylvania and \$154,978.01 from the General Fund. The county transferred a total of \$228,319.09 from its County Fee for Local Use Fund to its General Fund to correct the deposits in error. This consisted of \$88,097.06 in 2022 and \$140,222.03 in 2023. The remaining deposits in error of \$1,925.96 were never corrected.

On various dates in 2023, the county deposited a total of \$2,724,264.51 into County Fee for Local Use Fund in error. On various dates in 2023, the county transferred a total of \$2,724,139.87 from its County Fee for Local Use Fund to its General Fund to correct the deposits in error. The remaining deposits in error of \$124.64 were never corrected.

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Transfers In Error

On various dates in 2022, the county transferred a total of \$940,286.10 from its County Fee for Local Use Fund to its General Fund in error. On various dates in 2022, the county transferred a total of \$940,286.10 from its General Fund to its County Fee for Local Use Fund to correct the transfers in error.

Duplicate Transfers

On April 6, 2022 and May 4, 2022, the county transferred \$54,894.65 from its Liquid Fuels Tax Fund to its General Fund for reimbursement of the same invoice. On June 29, 2022, the county transferred this amount from its General Fund to its Liquid Fuels Tax Fund to correct the duplicate transfer.

On April 13, 2022 and April 20, 2022, the county transferred \$10,693.16 from its Liquid Fuels Tax Fund to its General Fund for reimbursement of the same invoice. On August 12, 2022, the county transferred this amount from its General Fund to its Liquid Fuels Tax Fund to correct the duplicate transfer (see Finding No. 1).

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Finding No. 1 - Duplicate Transfer

Our examination disclosed that the county transferred \$10,693.16 from its Liquid Fuels Tax Fund to its General Fund on both April 13, 2022 and April 20, 2022 for the reimbursement of the same salt invoice.

Although this money was reimbursed to the Liquid Fuels Tax Fund on August 12, 2022, the primary concern is the inadequate internal controls which enabled the duplicate transfer of \$10,693.16 to remain undetected for over three months.

A sufficient system of internal controls includes procedures to avoid duplicate transfers. The failure to implement such procedures increases the risk of vendor fraud, misappropriation of funds, and duplicate transfers on vendor invoices occurring and remaining undetected.

The condition occurred due to a delay in processing the transactions between departments.

On August 12, 2022, the county reimbursed \$10,693.16 to the Liquid Fuels Tax Fund.

Recommendation

We recommend that the county avoid making duplicate transfers.

Management's Response

The county officials stated:

Both the Controller's and Treasurer's Offices understand the importance of timely reconciliations and corrections of errors. Reconciliations are done monthly, and reconciling items are generally identified in a timely manner. However, turnover and understaffing have, for periods of time, resulted in the delays in the ability to properly correct bank/book reconciling items. The Controller's and Treasurer's Office remain committed to working together to increase the timeliness of making needed corrections.

Auditor's Conclusion

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

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Finding No. 2 - Late Receipt Of 2023 County Fee for Local Use Allocation

Our examination disclosed that the 2023 County Fee for Local Use Fund allocation of \$2,583,725.00, which should have been distributed from the Department of Transportation to the county on December 1, 2023, was not received until March 1, 2024, which was subsequent to our examination period.

According to the Department of Transportation, the allocation was received late because the county did not provide documentation that it reimbursed its County Fee For Local Use Fund timely for a request for reimbursement for findings in our 2021 report.

Because the county failed to provide documentation for its reimbursement timely, the county did not have use of its December 2023 allocation for four months. Furthermore, had the allocation been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

We noted the county did receive its County Fee for Local Use Fund allocations in June 2022, December 2022, and June 2023 in a timely manner.

Recommendation

We recommend that the county provide the Department of Transportation with all documentation requested timely.

Management's Response

The county officials stated:

The county is not solely responsible for the lengthy delay in the receipt of the December allocation. The PennDOT letter to the Controller's Office advising reimbursement of retroactive expenditures was dated September 21, 2023. The county thought it had cause and the option to appeal this request. Once it was understood that PennDOT's decision in the September 21, 2023 letter would stand, the county transferred the funds to reimburse the County Fee for Local Use Fund on December 20, 2023. Going forward, to ensure the timely receipt of funds, we will address all concerns and send verification of our actions sooner.

ALLEGHENY COUNTY
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TAX FUNDS AND COUNTY FEE
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Finding No. 2 - Late Receipt Of 2023 County Fee for Local Use Allocation (Continued)

Auditor's Conclusion

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

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Finding No. 3 - Retroactive Expenditures - Recurring

We cited the county for retroactive expenditures in our prior report for the period January 1, 2021 to December 31, 2021. Our current examination disclosed that the county transferred a total of \$159,868.64 from the Act 44 Tax Fund to the Act 89 Tax Fund during 2022 for bridge invoices incurred in 2018 and 2019. In addition, the county transferred \$356,772.28 from the County Fee for Local Use Fund to the General Fund during 2022 for road invoices incurred in 2021. They are as follows:

<u>Act 44 Paid Date</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Amount</u>
12/01/22	02/21/18	Reimbursement of 2018 bridge invoice	\$ 46,741.98
12/06/22	08/06/19	Reimbursement of 2019 bridge invoice	113,126.66
		Act 44 Total	<u>\$159,868.64</u>

<u>County Fee for Local Use Paid Date</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Amount</u>
02/22/22	09/30/21	Reimbursement of 2021 paving	\$146,753.40
02/22/22	09/16/21	Reimbursement of 2021 paving	167,793.40
02/22/22	08/31/21	Reimbursement of 2021 paving	9,117.00
02/22/22	09/30/21	Reimbursement of 2021 paving	9,348.00
02/22/22	09/30/21	Reimbursement of 2021 paving	2,859.00
02/22/22	11/08/21	Reimbursement of 2021 paving	1,690.04
05/04/22	11/02/21	Reimbursement of 2021 paving	1,330.96
05/04/22	11/03/21	Reimbursement of 2021 paving	6,808.09
05/04/22	11/03/21	Reimbursement of 2021 paving	1,574.35
05/04/22	11/03/21	Reimbursement of 2021 paving	563.17
05/04/22	10/31/21	Reimbursement of 2021 paving	8,934.87
		County Fee for Local Use Total	<u>\$356,772.28</u>

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Act 44 Tax Fund. *Publication 9*, Chapter Four, Section 4.6.6.3, states, in relevant part:

Unacceptable Expenditures

12. Retroactive expenditures.

ALLEGHENY COUNTY
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Finding No. 3 - Retroactive Expenditures - Recurring (Continued)

In addition, the Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the County Fee for Local Use Fund. *Publication 9*, Chapter Five, Section 5.8.2, states, in relevant part:

Unacceptable Expenditures

10. Retroactive expenditures.

Because the Act 44 expenditures were paid from the Act 89 Tax Fund during 2018 and 2019 and were not reimbursed with Act 44 Tax Fund money until 2022 and the County Fee for Local Use expenditures were paid from the General Fund during 2021 and were not reimbursed with County Fee for Local Use money until 2022, the expenditures incurred were not reimbursed in a reasonable period of time. Therefore, the county did not comply with the Department of Transportation's *Publication 9*.

The condition occurred because the county does not agree that retroactive expenditures are non-permissible.

The failure to follow the Department of Transportation's *Publication 9* could result in the county having to reimburse \$159,868.64 to its Act 44 Tax Fund and \$356,772.28 to its County Fee for Local Use Fund.

Recommendations

We recommend that the county reimburse \$159,868.64 to its Act 44 Tax Fund and \$356,772.28 to its County Fee for Local Use Fund upon official notification by the Department of Transportation.

We again recommend that the county comply with the Department of Transportation's *Publication 9* as noted above.

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Finding No. 3 - Retroactive Expenditures - Recurring (Continued)

Management's Response

The county officials stated:

The county disagrees with the auditor's conclusion regarding the categorization of \$356,772.28 as retroactive expenditures in the County Fee for Local Use Fund. The payments were properly coded as expenditures of the County Fee for Local Use Fund in 2021 and third parties received payment in 2021. If the County Fee for Local Use Fund is examined on a cash basis of accounting, then these expenditures should be considered an expenditure of this fund in 2022, when repayment to the General Fund occurred.

That said, the Controller's Office will continue to work with the Treasurer's Office and Budget and Finance Office to ensure that the movement of cash is done accurately and in a timely manner.

Auditor's Conclusion

This is a recurring finding. We strongly recommend the county comply with the Department of Transportation's *Publication 9* as noted above. As stated above, retroactive expenditures are considered unacceptable according to the Department of Transportation's *Publication 9*. The Department of Transportation will determine if the county is required to reimburse \$159,868.64 to its Act 44 Tax Fund and \$356,772.28 to its County Fee for Local Use Fund. During our next examination, we will determine if the county complied with our recommendations.

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
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SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

Summary Of 2020 Examination Recommendation

In our 2020 report we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$185,876.00 to its County Fee for Local Use Fund for a duplicate transfer.

During our prior examination we reviewed a letter dated June 8, 2022, from the Department of Transportation directing the county to reimburse \$185,876.00 to its County Fee for Local Use Fund. We noted that the county reimbursed this amount to its County Fee for Local Use Fund on January 26, 2022.

Summary Of 2021 Examination Recommendations

In our prior report we recommended that the Department of Transportation review our examination findings to determine if the county should reimburse \$616,467.48 to its County Fee for Local Use Fund. This amount consists of \$614,063.33 for retroactive expenditures and \$2,404.15 for funds transferred to the General Fund that exceeded eligible expenditures.

During our current examination we reviewed a letter dated September 21, 2023, from the Department of Transportation directing the county to reimburse \$616,467.48 to its County Fee for Local Use Fund. We noted that the county reimbursed this amount to its County Fee for Local Use Fund on December 20, 2023.

In our prior report, we also recommended that the county:

- Comply with the Department of Transportation's *Publication 9* regarding retroactive expenditures.
- Discontinue the practice of transferring County Fee for Local Use Funds money to other funds or accounts.

During our current examination we noted that the county did not comply with our first bulleted recommendation (see Finding No. 3). However, the county did comply with our second bulleted recommendation.

ALLEGHENY COUNTY
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SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2023

An onsite closeout meeting was held February 20, 2025. Those participating were:

ALLEGHENY COUNTY

Ms. Theresa A. Jacob, Manager of Accounting

Mr. Austin Ramsey, Accountant, Controller's Office

Ms. Starry Ray, Assistant Deputy Director of Accounting

Mr. Joseph Panucci, Manager, Treasury Department

Ms. Debbie Lestitian, Chief Deputy Treasurer

Ms. Jennifer Sheran, Financial Manager, Department of Public Works

Mr. Stephen Shanley, Director, Department of Public Works

Mr. Adam Lentz, Deputy Director, Budget and Finance

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Brian Delaney, Audit Supervisor

ALLEGHENY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS AND COUNTY FEE
FOR LOCAL USE 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

Allegheny County
211 Courthouse
436 Grant Street
Pittsburgh, PA 15219

The Honorable Sara Innamorato
County Executive

The Honorable Corey O'Connor
Controller

The Honorable Erica Rocchi Brusselars
Treasurer

Ms. Theresa A. Jacob
Manager of Accounting

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