

ATTESTATION ENGAGEMENT

Township of Allegheny

Butler County, Pennsylvania

10-202

Liquid Fuels Tax Fund

For the Period

January 1, 2022 to December 31, 2024

October 2025



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Michael Carroll
Secretary
Department of Transportation
Harrisburg, PA 17120

We have examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Allegheny, Butler County, for the period January 1, 2022 to December 31, 2024. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

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

- Expended \$1,674.67 during 2023 and \$2,341.12 during 2024 from the Liquid Fuels Tax Fund account to purchase fuel in bulk quantities without maintaining fuel dispensation records (see Finding No. 1).
- Made duplicate payments of invoices totaling \$10,207.19 during 2022 and 2023 from the Liquid Fuels Tax Fund. The municipality reimbursed \$8,806.00 to its Liquid Fuels Tax Fund on January 4, 2023, leaving \$1,401.19 due the municipality's Liquid Fuels Tax Fund (see Finding No. 2).
- Expended \$2,310.36 during 2023 from the Liquid Fuels Tax Fund for heating oil, which is a non-permissible expenditure. The municipality reimbursed \$2,310.36 to the Liquid Fuels Tax Fund on January 16, 2025, which was subsequent to our examination period (see Finding No. 3).

In our opinion, except for the effects of the deviations from the criteria discussed in the preceding paragraph, 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 Allegheny, Butler County, for the period January 1, 2022 to December 31, 2024, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

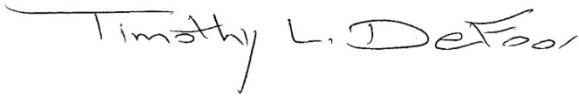
In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Forms MS-965; and any other instances that warrant the attention of those charged with governance. 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 internal control over the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed the following findings that are required to be reported under *Government Auditing Standards*:

- Fuel Dispensation Records Not Maintained.
- Duplicate Payment Of Invoices.
- Non-permissible Expenditures.
- Liquid Fuels Allocation And Turnback Allocation Deposited Into General Fund.

Independent Auditor's Report (Continued)

The purpose of this report is to provide information related to the municipality's Liquid Fuels Tax Fund to assist the Pennsylvania Department of Transportation in fulfilling its regulatory authority as described in the laws and regulations identified in the Background section of this report and the Pennsylvania Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Township of Allegheny, Butler County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending from the left side of the name.

Timothy L. DeFoor
Auditor General
September 26, 2025

CONTENTS

	<u>Page</u>
Background	1
Financial Section:	
2022 Form MS-965 With Adjustments	5
2023 Form MS-965 With Adjustments	8
2024 Form MS-965 With Adjustments	11
Auditor Description Of Select Transactions.....	14
Findings And Recommendations:	
Finding No. 1 - Fuel Dispensation Records Not Maintained	18
Finding No. 2 - Duplicate Payment Of Invoices	20
Finding No. 3 - Non-permissible Expenditures.....	21
Finding No. 4 - Liquid Fuels Allocation And Turnback Allocation Deposited Into General Fund.....	23
Summary Of Onsite Closeout Meeting.....	25
Report Distribution	26

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Background

The Liquid Fuels Tax Municipal Allocation Law¹ 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 maintained by all political subdivisions making application in the county; and (2) 50 percent on the proportion of a municipality's population to the total population of all municipalities making application in the state.²

Section 9511 (relating to Allocation of proceeds) of the Pennsylvania Vehicle Code provides municipalities with annual maintenance payments to be received from the Motor License Fund.³

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).

¹ 72 P.S. § 2615.1 *et seq.*, Act 655 of 1956, as amended.

² 75 Pa.C.S. § 9010(c)(1)-(2) as last amended by Act 89 of 2013.

³ 75 Pa.C.S. § 9511, as last amended by Act 89 of 2013 and Act 101 of 2016, *See also* 72 P.S. § 2615.4, as last amended by Act 42 of 2013.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Background (Continued)

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 that can be placed into the Liquid Fuels Tax Fund.
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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>	<u>\$12,600.00</u>

- Minor equipment purchases are purchases of road machinery and road equipment with varying yearly costs that are less than or equal to the amounts indicated below:

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

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

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Background (Continued)

Section 2 of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is available from the Department of Transportation in March of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- Municipalities that transferred roads from the Commonwealth of Pennsylvania to the municipality through the Highway Transfer Program receive annual turnback allocations in March of each year from the Department of Transportation. Turnback allocations are based on the mileage of the roads transferred.
- Expenditures include the total transferred from Section 1.

Section 3 of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Background (Continued)

Basis of Presentation

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, 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's financial activities.

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 ALLEGHENY
BUTLER 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	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	1,940.04	-	1,940.04
Maintenance and repair of roads and bridges	85,758.33	2,702.33	88,460.66
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 87,698.37</u>	<u>\$ 2,702.33</u>	<u>\$ 90,400.70</u>

TOWNSHIP OF ALLEGHENY
BUTLER 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	\$ 2,414.29	\$ -	\$ 2,414.29
Receipts:			
2. State allocation	72,824.36	-	72,824.36
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	-	-	-
2c. Miscellaneous	591.58	-	591.58
3. Total receipts	95,175.94	-	95,175.94
4. Total funds available	97,590.23	-	97,590.23
5. Expenditures (Section 1)	87,698.37	2,702.33	90,400.70
6. Balance, December 31, 2022	<u>\$ 9,891.86</u>	<u>\$ (2,702.33)</u>	<u>\$ 7,189.53</u>

TOWNSHIP OF ALLEGHENY
BUTLER 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	\$ 2,414.29	\$ -	\$ 2,414.29
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	18,916.87	-	18,916.87
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	21,331.16	-	21,331.16
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>21,331.16</u>	<u>-</u>	<u>21,331.16</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 9,891.86</u>	<u>\$ (2,702.33)</u>	<u>\$ 7,189.53</u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	886.55	1,478.30	2,364.85
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	344.50	-	344.50
Maintenance and repair of roads and bridges	109,781.91	(2,293.20)	107,488.71
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>3.00</u>	<u>451.60</u>	<u>454.60</u>
Total (To Section 2, Line 5)	<u>\$ 111,015.96</u>	<u>\$ (363.30)</u>	<u>\$ 110,652.66</u>

TOWNSHIP OF ALLEGHENY
BUTLER 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	\$ 9,891.86	\$ (2,702.33)	\$ 7,189.53
Receipts:			
2. State allocation	75,047.70	-	75,047.70
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	-	-	-
2c. Miscellaneous	9,290.60	451.60	9,742.20
3. Total receipts	106,098.30	451.60	106,549.90
4. Total funds available	115,990.16	(2,250.73)	113,739.43
5. Expenditures (Section 1)	111,015.96	(363.30)	110,652.66
6. Balance, December 31, 2023	<u>\$ 4,974.20</u>	<u>\$ (1,887.43)</u>	<u>\$ 3,086.77</u>

TOWNSHIP OF ALLEGHENY
BUTLER 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	\$ 9,891.86	\$ (2,702.33)	\$ 7,189.53
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	19,361.54	-	19,361.54
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	29,253.40	(2,702.33)	26,551.07
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>29,253.40</u>	<u>(2,702.33)</u>	<u>26,551.07</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 4,974.20</u>	<u>\$ (1,887.43)</u>	<u>\$ 3,086.77</u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	2,462.96	1,756.10	4,219.06
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	100,111.11	(1,333.17)	98,777.94
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 102,574.07</u>	<u>\$ 422.93</u>	<u>\$ 102,997.00</u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2024	\$ 4,974.20	\$ (1,887.43)	\$ 3,086.77
Receipts:			
2. State allocation	74,516.58	-	74,516.58
2a. Turnback allocation	21,760.00	-	21,760.00
2b. Interest on investments	1,853.59	-	1,853.59
2c. Miscellaneous	2,903.81	-	2,903.81
3. Total receipts	101,033.98	-	101,033.98
4. Total funds available	106,008.18	(1,887.43)	104,120.75
5. Expenditures (Section 1)	102,574.07	422.93	102,997.00
6. Balance, December 31, 2024	<u>\$ 3,434.11</u>	<u>\$ (2,310.36)</u>	<u>\$ 1,123.75</u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 4,974.20	\$ (1,887.43)	\$ 3,086.77
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	19,255.32	-	19,255.32
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	24,229.52	(1,887.43)	22,342.09
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>24,229.52</u>	<u>(1,887.43)</u>	<u>22,342.09</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 3,434.11</u>	<u>\$ (2,310.36)</u>	<u>\$ 1,123.75</u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

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

Adjustments

2022 - Section 1

An adjustment of \$2,702.33 was made to “Maintenance and repair of roads and bridges” because check No. 3187 was issued on December 24, 2022, but was incorrectly reported as an expenditure in 2023.

2023 - Section 1

An adjustment of \$1,478.30 was made to “Winter maintenance services” because check No. 3207 was issued on December 11, 2023, but was incorrectly reported as an expenditure in 2024.

An adjustment of \$(2,293.20) was made to “Maintenance and repair of roads and bridges” because check No. 3187 for \$2,702.33, which was issued on December 24, 2022, was incorrectly reported as an expenditure in 2023, and check No. 3208 for \$409.13 was issued on December 11, 2023, but was incorrectly reported as an expenditure in 2024.

An adjustment of \$451.60 was made to “Miscellaneous” because a correction of a deposit in error to the General Fund was not reported.

2023 - Section 2

An adjustment of \$(2,702.33) was made to “Balance, January 1, 2023” to reflect the adjustment made to the fund balance in 2022 - Section 2.

An adjustment of \$451.60 was made to “Miscellaneous” because a deposit in error from the General Fund was not reported.

2023 - Section 3

An adjustment of \$(2,702.33) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2022 - Section 3.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Adjustments (Continued)

2024 - Section 1

An adjustment of \$1,756.10 was made to “Winter maintenance services” because check No. 3207 for \$1,478.30 was issued on December 11, 2023, but was incorrectly reported as an expenditure in 2024, and check No. 3212 for \$3,234.40 was misclassified as maintenance and repair of roads and bridges.

An adjustment of \$(1,333.17) was made to “Maintenance and repair of roads and bridges” because check No. 3208 for \$409.13 was issued on December 11, 2023, but was incorrectly reported as an expenditure in 2024, check No. 3214 was reported as \$204.93 but was issued for \$1,733.74, check No. 3217 was reported as \$123.91 but was issued for \$905.46, and check No. 3212 for \$3,234.40 for winter maintenance services was misclassified.

2024 - Section 2

An adjustment of \$(1,887.43) was made to “Balance, January 1, 2024” to reflect the adjustment made to the fund balance in 2023 - Section 2.

2024 - Section 3

An adjustment of \$(1,887.43) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2023 - Section 3.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

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>	<u>2024</u>
Vendor	Reimbursement for damaged township roadways	\$211.46	\$ -	\$ -
Commonwealth of Pennsylvania	Gas tax refund	380.12	484.60	916.17
Vendor	Refund for overpayment of invoice (Finding No. 2)	-	8,806.00	-
General Fund	Deposit in error	-	451.60	-
Allegheny Township ARPA Account	Grant	-	-	1,987.64
Totals		<u>\$591.58</u>	<u>\$9,742.20</u>	<u>\$2,903.81</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>2023</u>
Financial Institution	Bank service charge	\$ 3.00
General Fund	Correction of deposit in error	<u>451.60</u>
Total		<u><u>\$454.60</u></u>

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Deposit In Error

On August 18, 2023, the municipality deposited \$451.60 into its Liquid Fuels Tax Fund in error. The same day, the municipality transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 1 - Fuel Dispensation Records Not Maintained

Our examination disclosed that the municipality expended \$1,674.67 during 2023 and \$2,341.12 during 2024 from the Liquid Fuels Tax Fund account to purchase fuel in bulk quantities. However, records for the dispensation of these fuel purchases were not maintained.

To ensure good internal control of fuel purchases and usage, the municipality should maintain records listing the following information:

- Date.
- Number of gallons pumped.
- License number or identity of the vehicle.
- Intended use.
- Signature of the operator.

Without fuel dispensation records, there is no record that fuel was used for purposes permitted by the Liquid Fuels Tax Municipal Allocation Law. As a result, we could not determine if the expenditures made from the Liquid Fuels Tax Fund to purchase the fuel were permissible.

The failure to maintain records of fuel dispensation as noted above could result in the municipality having to reimburse \$4,015.79 to its Liquid Fuels Tax Fund.

This condition occurred because the current secretary/treasurer was unaware of the requirement to maintain fuel logs when purchasing fuel with Liquid Fuels Tax Fund money.

Recommendations

We recommend that the municipality reimburse \$4,015.79 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality prepare detailed fuel usage reports to ensure good internal controls over fuel purchases and usage.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 1 - Fuel Dispensation Records Not Maintained (Continued)

Management's Response

The secretary/treasurer stated:

All of the findings in this report make sense and will help me in the future.

Auditor's Conclusion

During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 2 - Duplicate Payment Of Invoices

We tested 63 expenditures totaling \$293,732.68 and found that the municipality paid the following invoices twice:

<u>Invoice Number</u>	<u>First Check No.</u>	<u>First Date Paid</u>	<u>Second Check No.</u>	<u>Second Date Paid</u>	<u>Invoice Amount</u>
IN08236	3185	10/25/22	3186	11/15/22	\$ 8,806.00
839406	3198	09/12/23	3204	10/10/23	639.63
839579	3204	10/10/23	3205	10/16/23	<u>761.56</u>
Total					<u>\$10,207.19</u>

Although \$8,806.00 of this money was reimbursed to the Liquid Fuels Tax Fund on January 4, 2023, the primary concern is the inadequate internal controls which enabled the remaining duplicate payments of \$1,401.19 to remain undetected for over two years.

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

The condition occurred because the municipality did not have sufficient internal controls to prevent and/or timely detect and correct duplicate payments.

Recommendations

We recommend that the municipality reimburse \$1,401.19 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation. We also recommend that the municipal officials contact the vendor as soon as possible to obtain reimbursement.

We further recommend that the municipality ensure vendor invoices are reviewed timely to avoid duplicate payments.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 2 - Duplicate Payment Of Invoices (Continued)

Management's Response

The township secretary/treasurer stated:

All of the findings in this report make sense and will help me in the future.

Auditor's Conclusion

During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 3 - Non-permissible Expenditures

We tested 63 expenditures totaling \$293,7293.68 and found that the municipality made two expenditures totaling \$2,310.36 during 2023 from the Liquid Fuels Tax Fund for the purchase of heating oil for the municipal building, which is a non-permissible expenditure.

The Liquid Fuels Tax Municipal Allocation Law, 72 P.S. § 2615.4, 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 purchase of heating oil, are outside the scope of permissible expenditures.

The municipality reimbursed \$2,310.36 to the Liquid Fuels Tax Fund on January 16, 2025, which was subsequent to our examination period.

This condition occurred due to an error by the township secretary/treasurer, who did not notice the charges for non-permissible heating oil on invoices that included bulk diesel fuel purchases.

Recommendation

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

Management's Response

The township secretary/treasurer stated:

All of the findings in this report make sense and will help me in the future.

Auditor's Conclusion

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

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 4 - Liquid Fuels Allocation And Turnback Allocation Deposited Into General Fund

Our examination disclosed that state funds of \$75,047.70 for the municipality's 2023 Liquid Fuels Tax Fund allocation and \$21,760.00 for its 2023 Turnback allocation were deposited in the municipality's General Fund on March 1, 2023, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law. The allocations were not transferred into the Liquid Fuels Tax Fund until August 18, 2023.

The practice of depositing liquid fuels money into any account other than the Liquid Fuels Tax Fund account is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . . each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

The risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

Because the municipality failed to deposit the allocations into its Liquid Fuels Tax Fund timely, the municipality's Liquid Fuels Tax Fund did not have use of the 2023 allocations for more than five months. Furthermore, had the allocations been deposited timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

We could not determine why this condition occurred.

Recommendations

We recommend that the municipality deposit all liquid fuels tax fund money promptly into the Liquid Fuels Tax Fund.

In addition, the municipality should consider updating its banking information for the electronic transfer of funds with the Department of Treasury.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 4 - Liquid Fuels Allocation And Turnback Allocation Deposited Into General Fund (Continued)

Management's Response

The township secretary/treasurer stated:

All of the findings in this report make sense and will help me in the future.

Auditor's Conclusion

During our next examination, we will determine if the municipality complied with our recommendations.

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

An onsite closeout meeting was held June 17, 2025. Those participating were:

TOWNSHIP OF ALLEGHENY

Ms. Kellie Langdon, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Penelope Fjellanger, Auditor

TOWNSHIP OF ALLEGHENY
BUTLER COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Township of Allegheny
Butler County
375 Foxburg Road
Parker, PA 16049

The Honorable Charles O. Stowe
Chairman of the Board of Supervisors

Ms. Kellie Langdon
Secretary/Treasurer

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.