

# ATTESTATION ENGAGEMENT

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## Borough of Belle Vernon

Fayette County, Pennsylvania

26-401

Liquid Fuels Tax Fund

For the Period

January 1, 2022 to December 31, 2023

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## December 2024



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

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

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Belle Vernon, Fayette County, for the period January 1, 2022 to December 31, 2023. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-965 is 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:

- The municipality did not maintain documentation to support expenditures of \$2,647.56 during 2023 (see Finding No.1).
- The municipality expended \$458.40 from the Liquid Fuels Tax Fund for non-state approved shelly concrete sand, which is a nonpermissible expenditure (see Finding No. 2).

In our opinion, except for the bulleted matters discussed above, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Borough of Belle Vernon, Fayette County, for the period January 1, 2022 to December 31, 2023, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms MS-965, 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 MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

*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 FormsMS-965 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 MS-965 are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the finding listed below, that we consider to be a material weakness in internal control:

- Documentation Supporting Expenditures Was Not Available For Examination.

As part of obtaining reasonable assurance about whether the Forms MS-965 is free from material misstatement, we performed tests of the Borough of Belle Vernon, Fayette County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts on the Forms MS-965. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that is required to be reported under *Government Auditing Standards*:

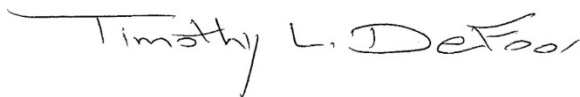
- Nonpermissible Expenditure.

We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation.

The purpose of this report is to determine whether the municipality's Liquid Fuels Tax Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

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



Timothy L. DeFoor  
Auditor General  
October 21, 2024

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BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, see also 72 P.S. § 2615.5, et sec., provides municipalities other than counties (i.e., townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based upon: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state; and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

Title 75 Pa.C.S. § 9511 of the Pennsylvania Vehicle Code provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In such a case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 BACKGROUND  
 FOR THE PERIOD  
 JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development’s (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
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:

2020	2021	2022	2023
\$11,300.00	\$11,500.00	\$11,800.00	\$12,200.00

- 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:

2020	2021	2022	2023
\$11,300.00	\$11,500.00	\$11,800.00	\$12,200.00

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

BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

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

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

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

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

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

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



BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Background (Continued)

*Basis of Presentation*

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

*Basis Of Accounting*

The accompanying Forms MS-965 With Adjustments is prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

*General Fixed Assets*

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

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2022 FORM MS-965 – SECTION 1  
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	6,242.35	-	6,242.35
Traffic control devices	-	-	-
Street lighting	12,279.58	-	12,279.58
Storm sewers and drains	1,457.63	-	1,457.63
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	-	-	-
Miscellaneous	2,000.00	-	2,000.00
 Total (To Section 2, Line 5)	 <u>\$ 21,979.56</u>	 <u>\$ -</u>	 <u>\$ 21,979.56</u>

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2022 FORM MS-965 – SECTION 2  
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2022	\$ 4,548.34	\$ -	\$ 4,548.34
Receipts:			
2. State allocation	29,575.56	-	29,575.56
2a. Turnback allocation	-	-	-
2b. Interest on investments	352.92	-	352.92
2c. Miscellaneous	7,661.60	-	7,661.60
3. Total receipts	<u>37,590.08</u>	<u>-</u>	<u>37,590.08</u>
4. Total funds available	<u>42,138.42</u>	<u>-</u>	<u>42,138.42</u>
5. Expenditures (Section 1)	<u>21,979.56</u>	<u>-</u>	<u>21,979.56</u>
6. Balance, December 31, 2022	<u><u>\$ 20,158.86</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,158.86</u></u>

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2022 FORM MS-965 – SECTION 3  
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 4,548.34	\$ -	\$ 4,548.34
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	5,915.11	-	5,915.11
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	10,463.45	-	10,463.45
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>10,463.45</u>	<u>-</u>	<u>10,463.45</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 10,463.45</u>	<u>\$ -</u>	<u>\$ 10,463.45</u>

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2023 FORM MS-965 – SECTION 1  
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ 2,427.14	\$ (2,337.58)	\$ 89.56
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	7,533.99	(105.00)	7,428.99
Traffic control devices	-	-	-
Street lighting	14,732.69	-	14,732.69
Storm sewers and drains	-	-	-
Repairs of tools and machinery	1,066.22	-	1,066.22
Maintenance and repair of roads and bridges	-	-	-
Highway construction and rebuilding projects	473.00	-	473.00
Miscellaneous	-	2,647.56	2,647.56
 Total (To Section 2, Line 5)	 <u>\$ 26,233.04</u>	 <u>\$ 204.98</u>	 <u>\$ 26,438.02</u>

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2023 FORM MS-965 – SECTION 2  
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2023	\$ 20,158.86	\$ -	\$ 20,158.86
Receipts:			
2. State allocation	30,492.44	-	30,492.44
2a. Turnback allocation	-	-	-
2b. Interest on investments	-	1,867.12	1,867.12
2c. Miscellaneous	-	-	-
3. Total receipts	<u>30,492.44</u>	<u>1,867.12</u>	<u>32,359.56</u>
4. Total funds available	<u>50,651.30</u>	<u>1,867.12</u>	<u>52,518.42</u>
5. Expenditures (Section 1)	<u>26,233.04</u>	<u>204.98</u>	<u>26,438.02</u>
6. Balance, December 31, 2023	<u><u>\$ 24,418.26</u></u>	<u><u>\$ 1,662.14</u></u>	<u><u>\$ 26,080.40</u></u>

BOROUGH OF BELLE VERNON  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 2023 FORM MS-965 – SECTION 3  
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 10,463.45	\$ -	\$ 10,463.45
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	6,098.49	-	6,098.49
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	16,561.94	-	16,561.94
5. Less: Major equipment expenditures	-	-	-
6. Remainder	<u>16,561.94</u>	<u>-</u>	<u>16,561.94</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 16,561.94</u>	<u>\$ -</u>	<u>\$ 16,561.94</u>

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

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

Adjustments

2023 - Section 1

An adjustment of \$(2,337.58) was made to “Minor equipment purchases” because these expenditures should have been classified as miscellaneous.

An adjustment of \$(105.00) was made to “Winter maintenance services” because these expenditures should have been classified as miscellaneous.

An adjustment of \$2,647.56 was made to “Miscellaneous” because \$2,337.58 was misclassified as minor equipment purchases, \$105.00 was misclassified as winter maintenance services, and a transfer of \$204.98 to the General Fund was not reported.

2023 - Section 2

An adjustment of \$1,867.12 was made to “Interest on investments” because interest earnings were not reported.

Miscellaneous Receipts

The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during 2022:

Source	Description	2022
Sewage Fund	Reimbursement (Summary Of Prior Examination Recommendation)	\$5,661.60
General Fund	Temporary loan	2,000.00
Totals		<u>\$7,661.60</u>



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

Miscellaneous Expenditures

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

<u>Payee</u>	<u>Description</u>	<u>2022</u>	<u>2023</u>
General Fund	Repayment of temporary loan	\$2,000.00	\$ -
Vendors	Undocumented expenditure (Finding)	-	2,442.58
General Fund	Undocumented expenditure (Finding)	-	204.98
	Totals	<u>\$2,000.00</u>	<u>\$2,647.56</u>

Temporary Loan

On May 5, 2022, the municipality loaned \$2,000.00 from its General Fund to its Liquid Fuels Tax Fund. On October 18, 2022, the municipality transferred \$2,000.00 from its Liquid Fuels Tax Fund to its General Fund to repay the temporary loan.

Bank Loan

On May 26, 2020, the municipality purchased a 2020 LS tractor with loader for \$24,670.00. The municipality made a down payment of \$10,000.00 from the Liquid Fuels Tax Fund. The municipality borrowed the remaining \$14,670.00, plus UCC & preparation charges of \$184.00 from First National Bank. The term of the loan was for three years at an interest rate of 2.92 percent. Principal and interest payments of \$5,111.35 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$4,823.70 and \$287.65, respectively. Additionally, the municipality paid principal of \$5,067.98 and interest of \$43.37 from the General Fund.

During the current examination period, the municipality paid principal of \$4,962.32 and interest of \$143.39 from the General Fund. The loan was paid-in-full on June 29, 2022.

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

Bank Loan

On May 26, 2020, the municipality purchased a LS Cab for \$9,578.00. The municipality made a down payment of \$1,000.00 from the General Fund. The municipality borrowed the remaining \$8,578.00, plus UCC & preparation charges of \$184.00 from First National Bank. The term of the loan was for three years at an interest rate of 2.92 percent. Principal and interest payments of \$3,015.06 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$2,845.38 and \$169.68, respectively. Additionally, the municipality paid principal of \$2,989.48 and interest of \$25.58 from the General Fund.

During the current examination period, the municipality paid principal of \$2,927.14 and interest of \$84.58 from the General Fund. The loan was paid-in-full on June 29, 2022.

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

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

Our examination disclosed that the municipality did not maintain invoices containing details of the purchases to support expenditures of \$2,647.56 during 2023. The municipality was able to provide us with statements, but they did not provide details that documented the items purchased.

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

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 expenditures made without supporting documentation, are outside the scope of permissible expenditures.

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

The secretary/treasurer stated this condition occurred because the borough paid expenditures based on statements with no descriptions of items purchased instead of invoices with descriptions of the purchase for the expenditures.

**Recommendations**

We recommend that the borough reimburse \$2,647.56 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

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

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

Management's Response

The secretary/treasurer stated:

Moving forward we will be sure to provide and pay only invoices, not statements.

Auditor's Conclusion

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

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

**Finding No. 2 - Nonpermissible Expenditure**

Our examination disclosed that the municipality expended \$458.40 on October 23, 2023, from its Liquid Fuels Tax Fund for non-state approved shelly concrete sand, which is a nonpermissible 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 non-state approved shelly concrete sand, are outside the scope of permissible expenditures.

We were unable to determine the cause of this condition because the current secretary/treasurer was not employed by the municipality at the time of the purchase.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$458.40 to its Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the municipality reimburse \$458.40 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

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

**Finding No. 2 - Nonpermissible Expenditure (Continued)**

Management's Response

The secretary/treasurer stated:

For any future expenses we will make sure the vendor states the materials are state approved.

Auditor's Conclusion

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

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

**Finding No. 3 - Late Receipt Of Allocation**

Our examination disclosed that the 2022 Liquid Fuels Tax Fund allocation of \$29,575.56, which should have been distributed from the Department of Transportation to the municipality during the first week of March of that year was not received until June 29, 2022, because the municipality failed to comply with the Department of Transportation's *Publication 9*, Chapter Two, Section 2.4, which states:

To qualify for the annual liquid fuels tax allocation, a municipality shall:

- Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
- Make deposits and payments or expenditures in compliance with the Act 655. Failure to do so may result in not receiving allocations from PENNDOT until all discrepancies are resolved.
- Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition by March 15<sup>th</sup>.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
- 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.

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2022 allocation for almost 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.

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

**Finding No. 3 - Late Receipt Of Allocation (Continued)**

Recommendation

We recommend that the municipality comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in March as outlined above.

Management's Response

The secretary/treasurer stated:

Our Liquid Fuels funds were deposited late because of prior secretary issues that were corrected late. We will continue to do our best to complete everything required by due dates to prevent it from happening again.

Auditor's Conclusion

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



BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

Summary Of Prior Examination Recommendations

In our prior report, our examination disclosed that the municipality transferred \$2,830.80 of Liquid Fuels Tax Fund money into its General Fund, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law. We noted that the municipality reimbursed \$5,661.60 to its Liquid Fuels Tax Fund on January 26, 2022. The additional \$2,830.80 remained in the Liquid Fuels Tax Fund account as a grant.

In our prior report, we recommended that the municipality deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.

During our current examination, we noted that the municipality complied with our recommendations.

BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

An onsite closeout meeting was held October 11, 2024. Those participating were:

BOROUGH OF BELLE VERNON

Ms. Alison R. Figueroa, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Michele Simpson, Auditor

BOROUGH OF BELLE VERNON  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2022 TO DECEMBER 31, 2023

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Borough of Belle Vernon**  
Fayette County  
10 Main Street  
Belle Vernon, PA 15012-1118

**The Honorable Joseph Minniti**  
President of Council

**The Honorable Clifford Gorski**  
Vice-President of Council

**Ms. Alison R. Figueroa**  
Secretary/Treasurer

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