

# ATTESTATION ENGAGEMENT

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## Borough of Brownsville

Fayette County, Pennsylvania

26-402

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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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-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Brownsville, 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 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 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 Finding No. 1, the municipality made a duplicate payment of \$3,380.14 during 2022 from its Liquid Fuels Tax Fund and deposited the refund into its General Fund. Additionally, as discussed in Finding No. 2, the municipality expended \$9,007.25 during 2023 from its Liquid Fuels Tax Fund for a lawn tractor, which is a nonpermissible expenditure.

In our opinion, except for the matters 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 Borough of Brownsville, 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, 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 are 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 Forms MS-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.

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 findings listed below, that we consider to be a material weakness in internal control:

- Duplicate Payment Of Invoice And Liquid Fuels Money Deposited Into The General Fund.

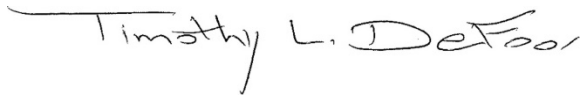
Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Borough of Brownsville, 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Nonpermissible Expenditure.

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 Brownsville, 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 30, 2024

# CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2022 Form MS-965 With Adjustments .....	5
2023 Form MS-965 With Adjustments .....	8
Auditor Description Of Select Transactions.....	11
Findings And Recommendations:	
Finding No. 1 - Duplicate Payment Of Invoice And Liquid Fuels Money Deposited Into The General Fund .....	13
Finding No. 2 - Nonpermissible Expenditure.....	15
Summary Of 2020 Examination Recommendations.....	17
Summary Of Onsite Closeout Meeting.....	18
Report Distribution .....	19

BOROUGH OF BROWNSVILLE  
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 BROWNSVILLE  
 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 BROWNSVILLE  
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 BROWNSVILLE  
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 BROWNSVILLE  
 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	\$ 223.37	\$ -	\$ 223.37
Computer/Computer related training	-	-	-
Major equipment purchases	14,720.79	-	14,720.79
Agility projects	-	-	-
Cleaning streets and gutters	10,001.33	-	10,001.33
Winter maintenance services	14,077.81	-	14,077.81
Traffic control devices	7,082.10	-	7,082.10
Street lighting	-	-	-
Storm sewers and drains	3,656.80	-	3,656.80
Repairs of tools and machinery	24,482.22	(3,380.14)	21,102.08
Maintenance and repair of roads and bridges	12,418.12	-	12,418.12
Highway construction and rebuilding projects	-	-	-
Miscellaneous	141.26	3,380.14	3,521.40
	<u>141.26</u>	<u>3,380.14</u>	<u>3,521.40</u>
Total (To Section 2, Line 5)	<u>\$ 86,803.80</u>	<u>\$ -</u>	<u>\$ 86,803.80</u>

BOROUGH OF BROWNSVILLE  
 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	\$ 18,652.56	\$ -	\$ 18,652.56
Receipts:			
2. State allocation	90,391.76	-	90,391.76
2a. Turnback allocation	5,520.00	-	5,520.00
2b. Interest on investments	821.59	-	821.59
2c. Miscellaneous	19,592.00	-	19,592.00
3. Total receipts	116,325.35	-	116,325.35
4. Total funds available	134,977.91	-	134,977.91
5. Expenditures (Section 1)	86,803.80	-	86,803.80
6. Balance, December 31, 2022	\$ 48,174.11	\$ -	\$ 48,174.11

BOROUGH OF BROWNSVILLE  
 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	\$ 18,652.56	\$ -	\$ 18,652.56
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	19,182.35	-	19,182.35
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	37,834.91	-	37,834.91
5. Less: Major equipment expenditures	<u>14,720.79</u>	<u>-</u>	<u>14,720.79</u>
6. Remainder	<u>23,114.12</u>	<u>-</u>	<u>23,114.12</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 23,114.12</u>	<u>\$ -</u>	<u>\$ 23,114.12</u>

BOROUGH OF BROWNSVILLE  
 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	\$ 10,547.56	\$ -	\$ 10,547.56
Computer/Computer related training	-	-	-
Major equipment purchases	14,720.79	-	14,720.79
Agility projects	-	-	-
Cleaning streets and gutters	1,496.60	-	1,496.60
Winter maintenance services	12,980.87	-	12,980.87
Traffic control devices	7,474.68	-	7,474.68
Street lighting	-	-	-
Storm sewers and drains	4,918.40	-	4,918.40
Repairs of tools and machinery	9,265.11	-	9,265.11
Maintenance and repair of roads and bridges	51,470.90	-	51,470.90
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 112,874.91</u>	<u>\$ -</u>	<u>\$ 112,874.91</u>

BOROUGH OF BROWNSVILLE  
 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	\$ 48,174.11	\$ -	\$ 48,174.11
Receipts:			
2. State allocation	91,494.43	-	91,494.43
2a. Turnback allocation	5,520.00	-	5,520.00
2b. Interest on investments	3,905.00	-	3,905.00
2c. Miscellaneous	-	-	-
3. Total receipts	<u>100,919.43</u>	<u>-</u>	<u>100,919.43</u>
4. Total funds available	<u>149,093.54</u>	<u>-</u>	<u>149,093.54</u>
5. Expenditures (Section 1)	<u>112,874.91</u>	<u>-</u>	<u>112,874.91</u>
6. Balance, December 31, 2023	<u><u>\$ 36,218.63</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,218.63</u></u>

BOROUGH OF BROWNSVILLE  
 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	\$ 23,114.12	\$ -	\$ 23,114.12
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	19,402.89	-	19,402.89
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	42,517.01	-	42,517.01
5. Less: Major equipment expenditures	14,720.79	-	14,720.79
6. Remainder	<u>27,796.22</u>	<u>-</u>	<u>27,796.22</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 27,796.22</u>	<u>\$ -</u>	<u>\$ 27,796.22</u>

BOROUGH OF BROWNSVILLE  
 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

2022 - Section 1

Adjustments were made to “Repairs of tools and machinery” and “Miscellaneous” because expenditures of \$3,380.14 were misclassified.

Miscellaneous Receipts

On both August 19, 2022 and September 13, 2022, the municipality deposited \$9,796.00 into its Liquid Fuels Tax Fund for the reimbursement of a 2020 examination finding (see Summary Of 2020 Examination Recommendations).

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>
Vendor	Street ordinance advertisement	\$ 141.26
Vendor	Duplicate payment (see Finding No. 1)	<u>3,380.14</u>
Total		<u><u>\$3,521.40</u></u>



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

Lease-Purchase Agreement

On August 28, 2018, the municipality entered into a lease-purchase agreement with Laurel Mountain Leasing to purchase a 2019 Ford F-550 for \$63,749.00. The agreement was for a term of five years at an interest rate of 5.40 percent. Principal and interest payments of \$14,720.79 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$36,683.43 and \$7,478.94, respectively.

During the current examination period, the municipality paid principal of \$27,065.57 and interest of \$2,376.01 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2022 and 2023 Forms MS-965 - Section 1. The lease-purchase agreement was paid-in-full as of March 20, 2023.

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

**Finding No. 1 - Duplicate Payment Of Invoice And Liquid Fuels Money Deposited Into The General Fund**

Our examination disclosed that the municipality paid the following invoice 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>
04260	1131	11/21/22	1141	12/28/22	<u>\$3,380.14</u>

Good internal controls ensure that all invoices are reviewed timely to avoid duplicate payments. The failure to follow this procedure increases the possibility that duplicate payments can be made on vendor invoices and go undetected for long periods of time.

The primary concern is the inadequate internal controls which enabled the duplicate payment of \$3,380.14 to remain undetected for two months.

Additionally, our examination disclosed that the municipality received a refund for the duplicate payment on February 28, 2023, but deposited the \$3,380.14 into the General Fund. Because this refund was related to expenditures made from its Liquid Fuels Tax Fund, the refund should have been deposited into its Liquid Fuels Tax Fund.

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.

This condition occurred because an invoice was given at time of purchase, and a second invoice was mailed. The municipal officials mistakenly paid both and deposited the refund into its General Fund in error.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law as noted above could result in the municipality having to reimburse \$3,380.14 to its Liquid Fuels Tax Fund.

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

**Finding No. 1 - Duplicate Payment Of Invoice And Liquid Fuels Money Deposited Into The General Fund (Continued)**

Recommendations

We recommend that the municipality reimburse \$3,380.14 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We also recommend that the municipality establish and implement internal controls to ensure vendor invoices are reviewed timely to avoid duplicate payments.

We further recommend that the municipality promptly deposit all refunds for Liquid Fuels expenditures into the Liquid Fuels Tax Fund account.

Management's Response

The secretary/ treasurer stated:

The vendor submitted an invoice at the time of purchase and also sent the same invoice in the mail; both were paid. When the error was discovered, a refund was requested but deposited into the General Fund in error.

Auditor's Conclusion

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

BOROUGH OF BROWNSVILLE  
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 \$9,007.25 during 2023 from the Liquid Fuels Tax Fund for a lawn tractor, 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 lawn tractors, are outside the scope of permissible expenditures.

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 \$9,007.25 to its Liquid Fuels Tax Fund

This condition occurred because the lawn tractor was purchased from the Liquid Fuels Tax Fund in error.

**Recommendations**

We recommend that the municipality reimburse \$9,007.25 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 BROWNSVILLE  
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:

A tractor was purchased using the Liquid Fuels Tax Fund, as it was for the Public Works Department. However, it is a standard mower, not being used on the streets.

Auditor's Conclusion

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

BOROUGH OF BROWNSVILLE  
 FAYETTE COUNTY  
 LIQUID FUELS TAX FUND  
 SUMMARY OF 2020 EXAMINATION RECOMMENDATIONS  
 FOR THE PERIOD  
 JANUARY 1, 2022 TO DECEMBER 31, 2023

Summary Of 2020 Examination Recommendations

In our 2020 report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$34,267.00 to its Liquid Fuels Tax Fund. There were two findings in the prior report. The first potential recommended reimbursement of \$34,267.00 was for noncompliance with advertising and bidding requirements. The second recommended potential reimbursement of \$19,592.00 was for failure to obtain project approval from the Department of Transportation. However, these expenditures were included in the expenditures for the first finding and therefore, reimbursement was not recommended if reimbursement was required for the first finding.

During our current examination, we reviewed a letter dated January 4, 2023, from the Department of Transportation, directing the municipality to reimburse \$34,267.00 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund in three installments on the following dates:

<u>Date Of Reimbursement</u>	<u>Amount</u>
01/08/21	\$14,675.00
08/19/22	9,796.00
09/13/22	<u>9,796.00</u>
Total	<u><u>\$34,267.00</u></u>

BOROUGH OF BROWNSVILLE  
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 23, 2024. Those participating were:

BOROUGH OF BROWNSVILLE

Ms. Melissa S. O'Brien, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Michele. Simpson, Auditor

BOROUGH OF BROWNSVILLE  
FAYETTE COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
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This report was initially distributed to:

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Department of Transportation

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200 Second Street  
Brownsville, PA 15417

**The Honorable James S. Lawver**  
President of Council

**The Honorable Shane Ronzio**  
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