

# ATTESTATION ENGAGEMENT

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Borough of Coalport  
Clearfield County, Pennsylvania  
17-405

Liquid Fuels Tax Fund  
For the Period  
January 1, 2020 to December 31, 2023

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June 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania  
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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

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

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Coalport, Clearfield County, for the period January 1, 2020 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 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 Finding No. 1, the municipality did not maintain documentation for expenditures of \$69.10 during 2020 and \$1,250.98 during 2022. Additionally, as discussed in the Summary Of 2015-2017 Examination Recommendation, the municipality made nonpermissible expenditures of \$2,653.75 from the Liquid Fuels Tax Fund. As of the date of the onsite closeout memorandum of January 30, 2025, this amount had not been reimbursed to the municipality's Liquid Fuels Tax Fund.

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 Coalport, Clearfield County, for the period January 1, 2020 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 internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

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. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

### Independent Auditor's Report (Continued)

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 a 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. We consider the deficiencies below to be material weaknesses:

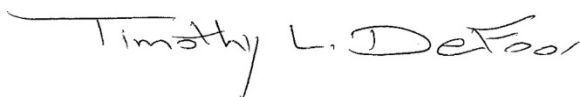
- Documentation Supporting Expenditures Was Not Available For Examination - Recurring.
- One Signature On Liquid Fuels Tax Fund Checks - Recurring.

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the Borough of Coalport, Clearfield 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note 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 Allocations - Recurring.

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 Coalport, Clearfield 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  
June 2, 2025

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BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 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 COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 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:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

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

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 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 COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 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 COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2020 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	596.75	-	596.75
Winter maintenance services	1,409.32	-	1,409.32
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	181.00	25.98	206.98
Repairs of tools and machinery	345.08	-	345.08
Maintenance and repair of roads and bridges	1,063.42	-	1,063.42
Highway construction and rebuilding projects	-	-	-
Miscellaneous	126.92	2,627.77	2,754.69
Total (To Section 2, Line 5)	<u>\$ 3,722.49</u>	<u>\$ 2,653.75</u>	<u>\$ 6,376.24</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2020 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, 2020	\$ 21,666.92	\$ -	\$ 21,666.92
Receipts:			
2. State allocation	-	-	-
2a. Turnback allocation	-	-	-
2b. Interest on investments	101.29	-	101.29
2c. Miscellaneous	385.60	2,653.75	3,039.35
3. Total receipts	486.89	2,653.75	3,140.64
4. Total funds available	22,153.81	2,653.75	24,807.56
5. Expenditures (Section 1)	3,722.49	2,653.75	6,376.24
6. Balance, December 31, 2020	<u>\$ 18,431.32</u>	<u>\$ -</u>	<u>\$ 18,431.32</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2020 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	\$ 21,666.92	\$ -	\$ 21,666.92
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	-	-	-
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	21,666.92	-	21,666.92
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>21,666.92</u>	<u>-</u>	<u>21,666.92</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 18,431.32</u>	<u>\$ -</u>	<u>\$ 18,431.32</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2021 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	1,150.34	-	1,150.34
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	507.56	-	507.56
Maintenance and repair of roads and bridges	9,281.92	-	9,281.92
Highway construction and rebuilding projects	75,845.34	-	75,845.34
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 86,785.16</u>	<u>\$ -</u>	<u>\$ 86,785.16</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2021 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, 2021	\$ 18,431.32	\$ -	\$ 18,431.32
Receipts:			
2. State allocation	77,306.75	-	77,306.75
2a. Turnback allocation	-	-	-
2b. Interest on investments	7.93	-	7.93
2c. Miscellaneous	25,018.42	-	25,018.42
3. Total receipts	102,333.10	-	102,333.10
4. Total funds available	120,764.42	-	120,764.42
5. Expenditures (Section 1)	86,785.16	-	86,785.16
6. Balance, December 31, 2021	<u>\$ 33,979.26</u>	<u>\$ -</u>	<u>\$ 33,979.26</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
2021 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	\$ 18,431.32	\$ -	\$ 18,431.32
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	15,461.35	-	15,461.35
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	33,892.67	-	33,892.67
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>33,892.67</u>	<u>-</u>	<u>33,892.67</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 33,892.67</u>	<u>\$ -</u>	<u>\$ 33,892.67</u>

BOROUGH OF COALPORT  
CLEARFIELD 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	\$ 1,250.98	\$ -	\$ 1,250.98
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	1,200.00	-	1,200.00
Winter maintenance services	1,303.56	-	1,303.56
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	600.00	600.00
Repairs of tools and machinery	289.49	-	289.49
Maintenance and repair of roads and bridges	1,002.50	(600.00)	402.50
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 5,046.53</u>	<u>\$ -</u>	<u>\$ 5,046.53</u>



BOROUGH OF COALPORT  
CLEARFIELD 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	\$ 33,979.26	\$ -	\$ 33,979.26
Receipts:			
2. State allocation	22,502.97	-	22,502.97
2a. Turnback allocation	-	-	-
2b. Interest on investments	708.28	-	708.28
2c. Miscellaneous	-	-	-
3. Total receipts	<u>23,211.25</u>	<u>-</u>	<u>23,211.25</u>
4. Total funds available	<u>57,190.51</u>	<u>-</u>	<u>57,190.51</u>
5. Expenditures (Section 1)	<u>5,046.53</u>	<u>-</u>	<u>5,046.53</u>
6. Balance, December 31, 2022	<u><u>\$ 52,143.98</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,143.98</u></u>

BOROUGH OF COALPORT  
CLEARFIELD 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	\$ 33,892.67	\$ -	\$ 33,892.67
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	4,500.59	-	4,500.59
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	38,393.26	-	38,393.26
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>38,393.26</u>	<u>-</u>	<u>38,393.26</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 38,393.26</u>	<u>\$ -</u>	<u>\$ 38,393.26</u>

BOROUGH OF COALPORT  
CLEARFIELD 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	1,531.58	-	1,531.58
Traffic control devices	-	-	-
Street lighting	12,892.35	-	12,892.35
Storm sewers and drains	-	-	-
Repairs of tools and machinery	8,282.68	-	8,282.68
Maintenance and repair of roads and bridges	24,127.77	(22,370.75)	1,757.02
Highway construction and rebuilding projects	-	22,370.75	22,370.75
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 46,834.38</u>	<u>\$ -</u>	<u>\$ 46,834.38</u>

BOROUGH OF COALPORT  
CLEARFIELD 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	\$ 52,143.98	\$ -	\$ 52,143.98
Receipts:			
2. State allocation	23,194.21	-	23,194.21
2a. Turnback allocation	-	-	-
2b. Interest on investments	3,078.01	-	3,078.01
2c. Miscellaneous	307.76	-	307.76
3. Total receipts	26,579.98	-	26,579.98
4. Total funds available	78,723.96	-	78,723.96
5. Expenditures (Section 1)	46,834.38	-	46,834.38
6. Balance, December 31, 2023	<u>\$ 31,889.58</u>	<u>\$ -</u>	<u>\$ 31,889.58</u>

BOROUGH OF COALPORT  
CLEARFIELD 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	\$ 38,393.26	\$ -	\$ 38,393.26
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	4,638.84	-	4,638.84
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	43,032.10	-	43,032.10
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>43,032.10</u>	<u>-</u>	<u>43,032.10</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 31,889.58</u>	<u>\$ -</u>	<u>\$ 31,889.58</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 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

2020 - Section 1

An adjustment of \$25.98 was made to “Storm sewers and drains” because these expenditures were misclassified as miscellaneous.

An adjustment of \$2,627.77 was made to “Miscellaneous” because expenditures of \$25.98 for storm sewers and drains were misclassified and expenditures of \$2,653.75 were not reported.

2020 - Section 2

An adjustment of \$2,653.75 was made to “Miscellaneous” because a reimbursement from the General Fund was not reported.

2022 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Storm sewers and drains” because expenditures of \$600.00 were misclassified.

2023 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$22,370.75 were misclassified.

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

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>2020</u>	<u>2021</u>	<u>2023</u>
Commonwealth of Pennsylvania	Deposits in error	\$ 385.60	\$ 337.39	\$307.76
General Fund	Reimbursement (Summary Of 2015- 2017 Examination Recommendation)	2,653.75	-	-
General Fund	Reimbursement (Summary Of 2018- 2019 Examination Recommendations)	-	24,681.03	-
Totals		<u>\$3,039.35</u>	<u>\$25,018.42</u>	<u>\$307.76</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>2020</u>
General Fund	Deposit error (Summary Of 2015-2017 Examination Recommendation)	\$2,653.75
Financial institution	Purchase of checks	66.24
Vendor	Roof sealant	34.70
Total		<u>\$2,754.69</u>

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

Deposits In Error

On June 1, 2020, December 1, 2020, June 1, 2021, December 1, 2021, June 1, 2023, and December 1, 2023, \$192.93, \$192.67, \$156.17, \$181.22, \$139.57, and \$168.19, respectively, of state funds were electronically deposited into the municipality's Liquid Fuels Tax Fund in error. The municipality decided to leave the funds in the Liquid Fuels Tax Fund.



BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

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

Our examination disclosed that the municipality did not maintain invoices to support check Nos. 1361 for \$37.10 dated May 21, 2020, 1366 for \$32.00 dated July 14, 2020, and 1418 for \$1,250.98 dated December 6, 2022.

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.

We were unable to determine the cause of this condition.

The failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$1,320.08 to its Liquid Fuels Tax Fund.

A similar finding was also written in our prior report. However, we did not note any missing documentation during 2023.

**Recommendations**

We recommend that the municipality reimburse \$1,320.08 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality continue to maintain adequate documentation to support all expenditures.

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

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

Management's Response

The secretary/treasurer stated:

I know now that this is my first audit that I need to keep the liquid fuels separate from the General Fund accounts/papers. I took the secretary/treasurer position in April 2021. I was just learning, didn't know much, stuff was late, mislaid, etc.

Auditor's Conclusion

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

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

**Finding No. 2 - One Signature On Liquid Fuels Tax Fund Checks - Recurring**

Our examination disclosed that during 2020 only one signature was required to authorize checks drawn on the Liquid Fuels Tax Fund.

An adequate system of internal controls includes procedures requiring at least two authorized signatures to authorize checks drawn on the Liquid Fuels Tax Fund.

When only one signature is required, there is a significant risk of unauthorized disbursements, errors, or misappropriations occurring and remaining undetected.

The current secretary/treasurer stated that this condition occurred before she was hired in 2021.

A similar finding was also written in our prior report. However, starting in 2021, the municipality required two signatures on all Liquid Fuels Tax Fund checks.

**Recommendation**

We recommend that the municipality continue to ensure that at least two signatures are used to authorize checks from the Liquid Fuels Tax Fund account.

**Management's Response**

The municipality offered no formal response at this time.

**Auditor's Conclusion**

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

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

**Finding No. 3 - Late Receipt Of Allocations - Recurring**

Our examination disclosed that the 2020, 2021, and 2022 Liquid Fuels Tax Fund allocations of \$26,153.65, \$24,276.96, and \$22,502.97, respectively, which should have been distributed from the Department of Transportation to the municipality during the first week of March of each year, were not received until May 5, 2021, May 5, 2021, and August 8, 2022, respectively, 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 2020 allocation for 14 months, the 2021 allocation for two months, and the 2022 allocation for more than five months. Furthermore, had the allocations 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.

A similar finding was also written in our prior report. However, we noted that the municipality received its 2023 Liquid Fuels Tax Fund allocation on time.

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

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

Recommendation

We recommend that the municipality continue to 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:

I know now that this is my first audit that I need to keep the liquid fuels separate from the General Fund accounts/papers. I took the secretary/treasurer position in April 2021. I was just learning, didn't know much, stuff was late, mislaid, etc.

Auditor's Conclusion

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

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

Summary Of 2015-2017 Examination Recommendation

In our 2015-2017 report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$2,653.75 to its Liquid Fuels Tax Fund for nonpermissible expenditures.

During our 2018-2019 examination, we reviewed a letter dated April 11, 2019, from the Department of Transportation directing the municipality to reimburse \$2,653.75 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on January 30, 2020. However, on February 3, 2020, the municipality's financial institution transferred this amount from its Liquid Fuels Tax Fund to its General Fund due to the deposit missing a deposit slip. As of the date of the onsite closeout memorandum of January 30, 2025, this amount had not been reimbursed to the municipality's Liquid Fuels Tax Fund.

Summary Of 2018-2019 Examination Recommendations

In our 2018-2019 report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$24,681.03 to its Liquid Fuels Tax Fund. This amount consists of \$21,019.28 for failing to maintain documentation supporting expenditures and \$3,661.75 for nonpermissible expenditures.

During our current examination, we reviewed a letter dated June 11, 2021, from the Department of Transportation directing the municipality to reimburse \$24,681.03 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on July 2, 2021.

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

- Ensure good internal control over expenditures by maintaining adequate documentation to support all expenditures.
- Improve internal control procedures over disbursements by requiring at least two signatures from unrelated municipal officials on all disbursements from the Liquid Fuels Tax Fund account.
- Maintain adequate documentation to support all receipts.
- Comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in March.
- Comply with the Liquid Fuels Tax Municipal Allocation Law regarding permissible expenditures.

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

Summary Of 2018-2019 Examination Recommendations (Continued)

During our current examination, we noted that the municipality complied with our third and fifth bulleted recommendations. However, we noted that the municipality did not maintain adequate documentation to support expenditures until 2023, did not require two signatures from unrelated individuals on all Liquid Fuel Tax Fund checks until 2021, and did not comply with fourth bulleted recommendation until 2023 (see Finding Nos. 1, 2, and 3).

BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

An onsite closeout meeting was held January 30, 2025. Those participating were:

BOROUGH OF COALPORT

The Honorable Ricardo Nardelli, President of Council

Ms. Mary Sue Hoey, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Veronica McNutt, Auditor



BOROUGH OF COALPORT  
CLEARFIELD COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2023

This report was initially distributed to:

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

**Borough of Coalport**  
Clearfield County  
961 Forest Street  
Coalport, PA 16627

**The Honorable Ricardo Nardelli**  
President of Council

**Ms. Mary Sue Hoey**  
Secretary/Treasurer

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