

ATTESTATION ENGAGEMENT

Township of Mount Carmel
Northumberland County, Pennsylvania
49-210

Liquid Fuels Tax Fund
For the Period
January 1, 2020 to December 31, 2024

October 2025



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 have examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Mount Carmel, Northumberland County, for the period January 1, 2020 to December 31, 2024. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

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

In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Mount Carmel, Northumberland County, for the period January 1, 2020 to December 31, 2024, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

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

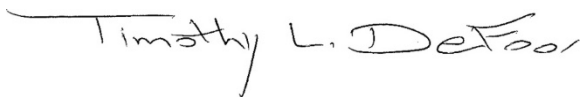
- Documentation Supporting Expenditures Was Not Available For Examination.

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

We appreciate the courtesy extended by the Township of Mount Carmel, Northumberland 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
September 16, 2025

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TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Background

The Liquid Fuels Tax Municipal Allocation Law¹ provides municipalities other than counties (i.e., townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based upon: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage maintained by all political subdivisions making application in the county; and (2) 50 percent on the proportion of a municipality's population to the total population of all municipalities making application in the state.²

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

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

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

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

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).

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

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

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Background (Continued)

2. Make deposits and payments or expenditures in compliance with Act 655, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts that can be placed into the Liquid Fuels Tax Fund.
3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31st and the Survey of Financial Condition By March 15th.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

Criteria

The criteria for the Form MS-965 With Adjustment are described below.

Section 1 of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

- Major equipment purchases are purchases of road machinery and road equipment with varying yearly costs in excess of the amounts indicated below:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>	<u>\$12,600.00</u>

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>\$11,00.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>	<u>\$12,600.00</u>

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Background (Continued)

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

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

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

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

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

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Background (Continued)

Basis of Presentation

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

Basis Of Accounting

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

General Fixed Assets

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 219.10	\$ -	\$ 219.10
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	10,559.65	-	10,559.65
Traffic control devices	12,670.35	-	12,670.35
Street lighting	-	-	-
Storm sewers and drains	-	6,855.00	6,855.00
Repairs of tools and machinery	1,161.00	-	1,161.00
Maintenance and repair of roads and bridges	23,073.83	(6,855.00)	16,218.83
Highway construction and rebuilding projects	171,767.68	-	171,767.68
Miscellaneous	48.04	-	48.04
	<u> </u>	<u> </u>	<u> </u>
Total (To Section 2, Line 5)	<u>\$ 219,499.65</u>	<u>\$ -</u>	<u>\$ 219,499.65</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 94,447.60	\$ -	\$ 94,447.60
Receipts:			
2. State allocation	104,681.90	-	104,681.90
2a. Turnback allocation	3,080.00	-	3,080.00
2b. Interest on investments	141.30	-	141.30
2c. Miscellaneous	32,725.67	-	32,725.67
3. Total receipts	140,628.87	-	140,628.87
4. Total funds available	235,076.47	-	235,076.47
5. Expenditures (Section 1)	219,499.65	-	219,499.65
6. Balance, December 31, 2020	<u>\$ 15,576.82</u>	<u>\$ -</u>	<u>\$ 15,576.82</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 85,530.88	\$ -	\$ 85,530.88
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	21,552.38	-	21,552.38
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	107,083.26	-	107,083.26
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>107,083.26</u>	<u>-</u>	<u>107,083.26</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 15,576.82</u>	<u>\$ -</u>	<u>\$ 15,576.82</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	7,134.90	10,589.88	17,724.78
Traffic control devices	4,142.39	-	4,142.39
Street lighting	-	-	-
Storm sewers and drains	950.00	-	950.00
Repairs of tools and machinery	5,891.38	-	5,891.38
Maintenance and repair of roads and bridges	19,155.96	(10,589.88)	8,566.08
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 37,274.63</u>	<u>\$ -</u>	<u>\$ 37,274.63</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 15,576.82	\$ -	\$ 15,576.82
Receipts:			
2. State allocation	97,183.92	-	97,183.92
2a. Turnback allocation	3,080.00	-	3,080.00
2b. Interest on investments	35.57	-	35.57
2c. Miscellaneous	82.74	-	82.74
3. Total receipts	<u>100,382.23</u>	<u>-</u>	<u>100,382.23</u>
4. Total funds available	<u>115,959.05</u>	<u>-</u>	<u>115,959.05</u>
5. Expenditures (Section 1)	<u>37,274.63</u>	<u>-</u>	<u>37,274.63</u>
6. Balance, December 31, 2021	<u><u>\$ 78,684.42</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,684.42</u></u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 15,576.82	\$ -	\$ 15,576.82
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	20,052.78	-	20,052.78
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	35,629.60	-	35,629.60
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>35,629.60</u>	<u>-</u>	<u>35,629.60</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 35,629.60</u>	<u>\$ -</u>	<u>\$ 35,629.60</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	8,795.07	6,568.82	15,363.89
Traffic control devices	6,722.30	-	6,722.30
Street lighting	-	-	-
Storm sewers and drains	945.00	-	945.00
Repairs of tools and machinery	7,216.14	-	7,216.14
Maintenance and repair of roads and bridges	36,446.54	(6,568.82)	29,877.72
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 60,125.05</u>	<u>\$ -</u>	<u>\$ 60,125.05</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 78,684.42	\$ -	\$ 78,684.42
Receipts:			
2. State allocation	85,337.43	-	85,337.43
2a. Turnback allocation	3,080.00	-	3,080.00
2b. Interest on investments	85.30	-	85.30
2c. Miscellaneous	10,460.52	-	10,460.52
3. Total receipts	98,963.25	-	98,963.25
4. Total funds available	177,647.67	-	177,647.67
5. Expenditures (Section 1)	60,125.05	-	60,125.05
6. Balance, December 31, 2022	<u>\$ 117,522.62</u>	<u>\$ -</u>	<u>\$ 117,522.62</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 35,629.60	\$ -	\$ 35,629.60
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	17,683.49	-	17,683.49
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	53,313.09	-	53,313.09
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>53,313.09</u>	<u>-</u>	<u>53,313.09</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 53,313.09</u>	<u>\$ -</u>	<u>\$ 53,313.09</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	378.65	-	378.65
Winter maintenance services	5,205.00	11,728.55	16,933.55
Traffic control devices	3,604.10	-	3,604.10
Street lighting	-	-	-
Storm sewers and drains	1,729.68	-	1,729.68
Repairs of tools and machinery	12,468.28	(2,250.93)	10,217.35
Maintenance and repair of roads and bridges	72,482.63	(11,728.55)	60,754.08
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>239,194.01</u>	<u>-</u>	<u>239,194.01</u>
Total (To Section 2, Line 5)	<u>\$ 335,062.35</u>	<u>\$ (2,250.93)</u>	<u>\$ 332,811.42</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 117,522.62	\$ -	\$ 117,522.62
Receipts:			
2. State allocation	87,974.81	-	87,974.81
2a. Turnback allocation	3,080.00	-	3,080.00
2b. Interest on investments	120.84	-	120.84
2c. Miscellaneous	<u>250,290.82</u>	<u>-</u>	<u>250,290.82</u>
3. Total receipts	<u>341,466.47</u>	<u>-</u>	<u>341,466.47</u>
4. Total funds available	<u>458,989.09</u>	<u>-</u>	<u>458,989.09</u>
5. Expenditures (Section 1)	<u>335,062.35</u>	<u>(2,250.93)</u>	<u>332,811.42</u>
6. Balance, December 31, 2023	<u><u>\$ 123,926.74</u></u>	<u><u>\$ 2,250.93</u></u>	<u><u>\$ 126,177.67</u></u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND 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	\$ 53,313.09	\$ -	\$ 53,313.09
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	18,210.96	-	18,210.96
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	71,524.05	-	71,524.05
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>71,524.05</u>	<u>-</u>	<u>71,524.05</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 71,524.05</u>	<u>\$ -</u>	<u>\$ 71,524.05</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	2,737.00	-	2,737.00
Agility projects	-	-	-
Cleaning streets and gutters	5,924.54	-	5,924.54
Winter maintenance services	19,172.94	-	19,172.94
Traffic control devices	3,820.45	-	3,820.45
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	20,875.63	-	20,875.63
Maintenance and repair of roads and bridges	35,318.52	6,500.00	41,818.52
Highway construction and rebuilding projects	-	-	-
Miscellaneous	<u>123,631.37</u>	<u>(6,500.00)</u>	<u>117,131.37</u>
Total (To Section 2, Line 5)	<u>\$ 211,480.45</u>	<u>\$ -</u>	<u>\$ 211,480.45</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2024	\$ 123,926.74	\$ 2,250.93	\$ 126,177.67
Receipts:			
2. State allocation	87,379.64	-	87,379.64
2a. Turnback allocation	3,080.00	-	3,080.00
2b. Interest on investments	142.92	-	142.92
2c. Miscellaneous	<u>124,536.47</u>	<u>(2,250.93)</u>	<u>122,285.54</u>
3. Total receipts	<u>215,139.03</u>	<u>(2,250.93)</u>	<u>212,888.10</u>
4. Total funds available	<u>339,065.77</u>	<u>-</u>	<u>339,065.77</u>
5. Expenditures (Section 1)	<u>211,480.45</u>	<u>-</u>	<u>211,480.45</u>
6. Balance, December 31, 2024	<u><u>\$ 127,585.32</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127,585.32</u></u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
2024 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 71,524.05	\$ -	\$ 71,524.05
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	18,091.93	-	18,091.93
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	89,615.98	-	89,615.98
5. Less: Major equipment expenditures	<u>2,737.00</u>	<u>-</u>	<u>2,737.00</u>
6. Remainder	<u>86,878.98</u>	<u>-</u>	<u>86,878.98</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 86,878.98</u>	<u>\$ -</u>	<u>\$ 86,878.98</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

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

Adjustments

2020 - Section 1

Adjustments were made to “Storm sewers and drains” and “Maintenance and repair of roads and bridges” because expenditures of \$6,855.00 were misclassified.

2021 - Section 1

Adjustments were made to “Winter maintenance services” and “Maintenance and repair of roads and bridges” because expenditures of \$10,589.88 were misclassified.

2022 - Section 1

Adjustments were made to “Winter maintenance services” and “Maintenance and repair of roads and bridges” because expenditures of \$6,568.82 were misclassified.

2023 - Section 1

Adjustments were made to “Winter maintenance services” and “Maintenance and repair of roads and bridges” because expenditures of \$11,728.55 were misclassified.

An adjustment of \$(2,250.93) was made to “Repairs of tools and machinery” because expenditures were overstated by \$443.66 and expenditures of \$1,807.27, which were issued in 2024, were incorrectly reported as expenditures in 2023.

2024 - Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Miscellaneous” because expenditures of \$6,500.00 were misclassified.

2024 - Section 2

An adjustment of \$2,250.93 was made to “Balance, January 1, 2024” to reflect the adjustment made to the fund balance in 2023 - Section 2.

An adjustment of \$(2,250.93) was made to “Miscellaneous” because these receipts were overstated.

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Miscellaneous Receipts

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

Source	Description	2020	2021	2022	2023	2024
General Fund	Reimbursement for engineering fees	\$ 160.00	\$80.00	\$ -	\$ -	\$ -
General Fund	Reimbursement for project expenses	32,565.67	-	-	-	-
General Fund	Reimbursement for materials	-	2.74	-	219.80	-
General Fund	Reimbursement for prior finding	-	-	9,897.94	4,948.97	4,948.97
General Fund	Portion of vehicle repairs	-	-	562.58	-	-
Commonwealth of Pennsylvania	Deposit in error	-	-	-	245,122.05	114,700.07
Mount Carmel School District	Sale of road salt	-	-	-	-	270.00
Kulpmont Borough	Reimbursement of services	-	-	-	-	2,366.50
Totals		<u>\$32,725.67</u>	<u>\$82.74</u>	<u>\$10,460.52</u>	<u>\$250,290.82</u>	<u>\$122,285.54</u>

Miscellaneous Expenditures

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

Payee	Description	2020	2023	2024
Vendor	Purchase of checks	\$48.04	\$ -	\$ -
Financial Institution	Bank service charge	-	35.00	-
General Fund	Corrections of deposits in error	-	239,159.01	116,950.07
Vendor	Advertising fees for annual bids	-	-	101.30
General Fund	Engineering fees	-	-	80.00
Totals		<u>\$48.04</u>	<u>\$239,194.01</u>	<u>\$117,131.37</u>

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Deposits In Error

During 2023 and 2024, a total of \$359,822.12 of state funds were electronically deposited into the Liquid Fuels Tax Fund in error. The municipality transferred \$356,109.08 of this amount from its Liquid Fuels Tax Fund to its General Fund during 2023 and 2024 to correct the deposits in error. The deposits in error were as follows:

<u>Date Received</u>	<u>Amount</u>	<u>Date Transferred</u>	<u>Amount</u>
07/10/23	\$ 49,212.15	07/11/23	\$ 49,212.15
08/23/23	187,453.93	08/31/23	44,010.89
		09/07/23	137,480.00
		01/12/24	2,250.00
11/09/23	8,455.97	11/14/23	8,455.97
02/02/24	2,250.00	02/02/24	2,250.00
04/15/24	105,330.35	04/17/24	105,330.35
08/19/24	<u>7,119.72</u>	08/23/24	<u>7,119.72</u>
Totals	<u>\$359,822.12</u>		<u>\$356,109.08</u>

As of the date of the onsite closeout memorandum of this examination, June 17, 2025, \$3,713.04 of the deposits in error remained in the municipality's Liquid Fuels Tax Fund.

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

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

For the year 2024, we tested 18 expenditures totaling \$186,048.39 and found that the municipality did not maintain documentation to support four expenditures totaling \$2,737.00. The invoices and loan documents supporting the loan payments were not made available during the examination.

An adequate system of internal controls includes procedures to provide assurance that documentation to support all expenditures is maintained.

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.

The municipality did not have sufficient internal controls to ensure that documentation is maintained to support all Liquid Fuels Tax Fund 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 failure to maintain documentation to support expenditures could result in the municipality having to reimburse \$2,737.00 to its Liquid Fuels Tax Fund.

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

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

Recommendations

We recommend that the municipality reimburse \$2,737.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Finding No. 2 - Late Receipt Of Allocation

Our examination disclosed that the 2022 Liquid Fuels Tax Fund allocation of \$85,337.43, 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 7, 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 31st and the Survey of Financial Condition by March 15th.
- 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 did not submit their Survey of Financial Condition in a timely manner, the municipality did not have use of the 2022 allocation for three 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.

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Finding No. 2 - 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 municipal officials offered no formal response at this time.

Auditor's Conclusion

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$24,744.84 to its Liquid Fuels Tax Fund for noncompliance with advertising and bidding requirements.

During our current examination, we reviewed a letter dated December 22, 2021, from the Department of Transportation directing the municipality to reimburse \$24,744.84 to its Liquid Fuels Tax Fund. The municipality requested a payment plan and was approved. Payments are to be made in accordance with the following plan:

<u>Date Due</u>	<u>Amount</u>
December 31, 2021	\$4,948.97-Paid
December 31, 2022	\$4,948.97-Paid
December 31, 2023	\$4,948.97-Paid
December 31, 2024	\$4,948.97-Paid
December 31, 2025	\$4,948.96-Unpaid

In our prior report, we also recommended that the municipality comply with *The Second Class Township Code* as noted in the finding.

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

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

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

TOWNSHIP OF MOUNT CARMEL

Ms. Lisa Fiamoncini, Secretary/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Ian Johnson, Auditor

TOWNSHIP OF MOUNT CARMEL
NORTHUMBERLAND COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2020 TO DECEMBER 31, 2024

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Township of Mount Carmel
Northumberland County
300 Laurel Street
Mount Carmel, PA 17881

The Honorable Aaron Domanski
Chairman of the Board of Supervisors

Ms. Lisa Fiamoncini
Secretary/Treasurer

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