ATTESTATION ENGAGEMENT

Township of Mount Pleasant

Washington County, Pennsylvania

62-217

Liquid Fuels Tax Fund

For the Period

January 1, 2023 to December 31, 2024

October 2025

TIMOTHY L. DeFOOR • AUDITOR GENERAL •

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 Pleasant, Washington County, for the period January 1, 2023 to December 31, 2024. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with ethical requirements relating to the engagement.

As discussed in the Finding and Recommendation and Summary of Prior Examination Recommendations section of this report:

- The township expended $21,300.00 during 2023 from the Liquid Fuels Tax Fund for the purchase of labor, milling, and keyways on project No. 23-62217-001 without maintaining documentation for price quotations.

- During our prior examination the township expended $20,000.00 for paving services in 2021 without maintaining sufficient documentation to determine whether approval for a project was required. This amount was reimbursed to the township's Liquid Fuels Tax Fund on April 2, 2025, which was subsequent to our examination period.

In our opinion, except for the effects of the deviation from the criteria discussed in the preceding paragraph, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Mount Pleasant, Washington County, for the period January 1, 2023 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 For Price Quotations Was Not Available For Examination.

We appreciate the courtesy extended by the Township of Mount Pleasant, Washington 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

Timothy L. DeFoor
Auditor General
September 26, 2025

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BACKGROUND
FOR THE PERIOD
JANUARY 1, 2023 TO DECEMBER 31, 2024

Background

The Liquid Fuels Tax Municipal Allocation Law[1] 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.

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:

2021	2022	2023	2024
$11,500.00	$11,800.00	$12,200.00	$12,600.00

- 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:

2021	2022	2023	2024
$11,500.00	$11,800.00	$12,200.00	$12,600.00

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

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.

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 PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ -	$ -	$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	66,305.50	-	66,305.50
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	23,280.45	-	23,280.45
Maintenance and repair of roads and bridges	94,130.05	-	94,130.05
Highway construction and rebuilding projects	96,371.61	-	96,371.61
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 280,087.61	$ -	$ 280,087.61

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2023	$ 567,950.31	$ -	$ 567,950.31
Receipts:			
2. State allocation	199,524.30	-	199,524.30
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,214.55	-	1,214.55
2c. Miscellaneous	2,137.65	-	2,137.65
3. Total receipts	202,876.50	-	202,876.50
4. Total funds available	770,826.81	-	770,826.81
5. Expenditures (Section 1)	280,087.61	-	280,087.61
6. Balance, December 31, 2023	$ 490,739.20	$ -	$ 490,739.20

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 219,376.30	$ -	$ 219,376.30
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	39,904.86	-	39,904.86
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	259,281.16	-	259,281.16
5. Less: Major equipment expenditures	-	-	-
6. Remainder	259,281.16	-	259,281.16
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 259,281.16	$ -	$ 259,281.16

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

Expenditure Summary	Reported	Adjustments	Adjusted Amount
Minor equipment purchases	$ -	$ -	$ -
Computer/Computer related training	-	-	-
Major equipment purchases	38,000.00	-	38,000.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	50,721.19	-	50,721.19
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	19,579.90	-	19,579.90
Maintenance and repair of roads and bridges	46,241.49	-	46,241.49
Highway construction and rebuilding projects	182,423.20	-	182,423.20
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	$ 336,965.78	$ -	$ 336,965.78

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

Fund Balance	Reported	Adjustments	Adjusted Amount
1. Balance, January 1, 2024	$ 490,739.20	$ -	$ 490,739.20
Receipts:			
2. State allocation	198,137.67	-	198,137.67
2a. Turnback allocation	-	-	-
2b. Interest on investments	983.98	-	983.98
2c. Miscellaneous	-	-	-
3. Total receipts	199,121.65	-	199,121.65
4. Total funds available	689,860.85	-	689,860.85
5. Expenditures (Section 1)	336,965.78	-	336,965.78
6. Balance, December 31, 2024	$ 352,895.07	$ -	$ 352,895.07

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

Equipment Balance	Reported	Adjustments	Adjusted Amount
1. Prior year equipment balance	$ 259,281.16	$ -	$ 259,281.16
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	39,627.53	-	39,627.53
3. PENNDOT approved adjustments	-	-	-
4. Total funds available for equipment acquisition	298,908.69	-	298,908.69
5. Less: Major equipment expenditures	38,000.00	-	38,000.00
6. Remainder	260,908.69	-	260,908.69
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	$ 260,908.69	$ -	$ 260,908.69

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2023 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.

Miscellaneous Receipts

On January 18, 2023, the municipality transferred $2,137.65 from its General Fund to its Liquid Fuels Tax Fund for the reimbursement of stone.

Finding - Documentation For Price Quotations Was Not Available For Examination

We tested one expenditure totaling $21,300.00 that required the township to maintain documentation for price quotations and found that the township expended $21,300.00 during 2023 from the Liquid Fuels Tax Fund for the purchase of labor, milling and keyways on project No. 23-62217-001 without maintaining documentation for price quotations. The expenditure was as follows:

	Invoice Number	Invoice Date	Check Number	Check Date	Amount
	None	09/17/23	304	09/25/23	$6,500.00
	None	09/17/23	304	09/25/23	14,800.00
Total					$21,300.00

The above expenditure was not made in compliance with the contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(b), (also found at § 3102(b) of *The Second Class Township Code* as published by the Local Government Commission), which states, in part:

> Written or telephonic price quotations from at least three qualified and responsible contractors shall be requested for all contracts [during 2012] that exceed ten thousand dollars ($10,000.00) but are less than the amount [in excess of $18,500.00] requiring advertisement and competitive bidding or, in lieu of price quotations, a memorandum shall be kept on file showing that fewer than three qualified contractors exist in the market area within which it is practicable to obtain quotations. A written record of telephonic price quotations shall be made and shall contain at least the date of the quotation, the name of the contractor and the contractor's representative, the construction, reconstruction, repair, maintenance or work which was the subject of the quotation and the price. Written price quotations, written records of telephonic price quotations and memoranda shall be retained for a period of three years.

The thresholds for obtaining price quotations increased to purchases between $12,200.00 and $22,500.00 for 2023, $12,600.00 and $23,200.00 for 2024, and $12,900.00 and $23,800.00 for 2025.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse $21,300.00 to its Liquid Fuels Tax Fund.

This condition occurred because the public works director was unaware of the threshold amounts for telephonic price quotations.

Finding - Documentation For Price Quotations Was Not Available For Examination (Continued)

Recommendations

We recommend that the township reimburse $21,300.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

Management's Response

The Public Works Director stated:

> I lacked the knowledge of the proper protocol. I operated under the assumption that expenditures under $20,000.00 were exempt from bidding requirements. Moving forward I will comply with the required guidelines.

Auditor's Conclusion

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

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2023 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 $20,000.00 to its Liquid Fuels Tax Fund for paving services without maintaining sufficient documentation to determine whether approval for a project was required.

During our current examination we reviewed a letter dated March 24, 2025, from the Department of Transportation directing the municipality to reimburse $20,000.00 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on April 2, 2025, which was subsequent to our examination period.

In our prior report we also recommended:

- Before the municipality expends money on a project, it obtains and maintains documentation necessary to determine whether approval of the project is required and, when necessary, obtains the required approvals.

- The municipality ensure good internal control over expenditures by maintaining adequate documentation to support expenditures.

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

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2023 TO DECEMBER 31, 2024

An onsite closeout meeting was held July 29, 2025. Those participating were:

TOWNSHIP OF MOUNT PLEASANT

Ms. Stacey Andronas, Manager/Chief Administrator/Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Michele. Simpson, Auditor

TOWNSHIP OF MOUNT PLEASANT
WASHINGTON COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2023 TO DECEMBER 31, 2024

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Township of Mount Pleasant
Washington County
31 McCarrel Road
Hickory, PA 15340

The Honorable Shane Maga
Chairman of the Board of Supervisors

The Honorable Gary Farner
Supervisor

Ms. Stacey Andronas
Township Manager/Chief Administrator/Treasurer

This report is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: news@PaAuditor.gov.