

ATTESTATION ENGAGEMENT

City of Uniontown
Fayette County, Pennsylvania
26-302
Liquid Fuels Tax Fund
For the Period
January 1, 2022 to December 31, 2024

November 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 City of Uniontown, Fayette County, for the period January 1, 2022 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 described in the Auditor Description Of Select Transactions section of this report, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings And Recommendations section of this report, our examination disclosed:

- The city expended \$111,664.36 from the Liquid Fuels Tax Fund for project No. 23-26302-001 but failed to timely submit a final completion report (see Finding No. 1).
- The city expended \$18,775.00 from the Liquid Fuels Tax Fund for a new guide rail project without obtaining project approval (see Finding No. 2).
- The city expended \$6,140.12 from the Liquid Fuels Tax Fund for retroactive expenditures (see Finding No. 3).

In our opinion, except for the effects of the deviations from the criteria discussed in the bulleted matters discussed above, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the City of Uniontown, Fayette County, for the period January 1, 2022 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 findings that are required to be reported under *Government Auditing Standards*:

- Failure To Timely Submit Final Completion Report.
- Failure To Obtain Project Approval.
- Retroactive Expenditures - Recurring.

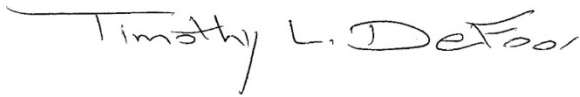
We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation.

Independent Auditor's Report (Continued)

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 City of Uniontown, Fayette County, to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a horizontal line extending from the left side of the first name.

Timothy L. DeFoor
Auditor General
October 24, 2025

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CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2022 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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	100,350.00	-	100,350.00
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	25,653.89	-	25,653.89
Traffic control devices	15,307.50	-	15,307.50
Street lighting	135,170.24	-	135,170.24
Storm sewers and drains	-	-	-
Repairs of tools and machinery	13,684.41	-	13,684.41
Maintenance and repair of roads and bridges	4,796.60	-	4,796.60
Highway construction and rebuilding projects	137,593.62	-	137,593.62
Miscellaneous	54.09	14,602.72	14,656.81
Total (To Section 2, Line 5)	<u>\$ 432,610.35</u>	<u>\$ 14,602.72</u>	<u>\$ 447,213.07</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2022	\$ 450,173.93	\$ -	\$ 450,173.93
Receipts:			
2. State allocation	286,275.97	-	286,275.97
2a. Turnback allocation	4,880.00	-	4,880.00
2b. Interest on investments	6,700.55	-	6,700.55
2c. Miscellaneous	-	14,602.72	14,602.72
3. Total receipts	<u>297,856.52</u>	<u>14,602.72</u>	<u>312,459.24</u>
4. Total funds available	<u>748,030.45</u>	<u>14,602.72</u>	<u>762,633.17</u>
5. Expenditures (Section 1)	<u>432,610.35</u>	<u>14,602.72</u>	<u>447,213.07</u>
6. Balance, December 31, 2022	<u>\$ 315,420.10</u>	<u>\$ -</u>	<u>\$ 315,420.10</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 330,616.94	\$ (19,079.20)	\$ 311,537.74
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	58,231.19	-	58,231.19
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	388,848.13	(19,079.20)	369,768.93
5. Less: Major equipment expenditures	<u>100,350.00</u>	<u>-</u>	<u>100,350.00</u>
6. Remainder	<u>288,498.13</u>	<u>(19,079.20)</u>	<u>269,418.93</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 288,498.13</u>	<u>\$ (19,079.20)</u>	<u>\$ 269,418.93</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	32,244.32	32,244.32
Agility projects	-	-	-
Cleaning streets and gutters	32,244.32	(32,244.32)	-
Winter maintenance services	34,224.32	-	34,224.32
Traffic control devices	4,827.97	247.83	5,075.80
Street lighting	163,532.82	(5,075.80)	158,457.02
Storm sewers and drains	-	-	-
Repairs of tools and machinery	9,706.30	(63.07)	9,643.23
Maintenance and repair of roads and bridges	21,265.20	4,827.97	26,093.17
Highway construction and rebuilding projects	111,664.36	-	111,664.36
Miscellaneous	-	1,887.11	1,887.11
Total (To Section 2, Line 5)	<u>\$ 377,465.29</u>	<u>\$ 1,824.04</u>	<u>\$ 379,289.33</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2023	\$ 315,420.10	\$ -	\$ 315,420.10
Receipts:			
2. State allocation	292,047.28	-	292,047.28
2a. Turnback allocation	4,880.00	-	4,880.00
2b. Interest on investments	14,566.21	-	14,566.21
2c. Miscellaneous	-	1,887.11	1,887.11
3. Total receipts	<u>311,493.49</u>	<u>1,887.11</u>	<u>313,380.60</u>
4. Total funds available	<u>626,913.59</u>	<u>1,887.11</u>	<u>628,800.70</u>
5. Expenditures (Section 1)	<u>377,465.29</u>	<u>1,824.04</u>	<u>379,289.33</u>
6. Balance, December 31, 2023	<u><u>\$ 249,448.30</u></u>	<u><u>\$ 63.07</u></u>	<u><u>\$ 249,511.37</u></u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
2023 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 288,498.13	\$ (19,079.20)	\$ 269,418.93
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	59,385.46	-	59,385.46
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	347,883.59	(19,079.20)	328,804.39
5. Less: Major equipment expenditures	<u>-</u>	<u>32,244.32</u>	<u>32,244.32</u>
6. Remainder	<u>347,883.59</u>	<u>(51,323.52)</u>	<u>296,560.07</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 249,448.30</u>	<u>\$ 63.07</u>	<u>\$ 249,511.37</u>

CITY OF UNIONTOWN
FAYETTE 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	-	64,488.64	64,488.64
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	46,675.26	-	46,675.26
Traffic control devices	-	10,658.58	10,658.58
Street lighting	157,154.48	2,731.80	159,886.28
Storm sewers and drains	-	-	-
Repairs of tools and machinery	7,626.10	-	7,626.10
Maintenance and repair of roads and bridges	30,391.15	4,853.00	35,244.15
Highway construction and rebuilding projects	-	18,775.00	18,775.00
Miscellaneous	88,485.41	(88,116.64)	368.77
	<u>88,485.41</u>	<u>(88,116.64)</u>	<u>368.77</u>
Total (To Section 2, Line 5)	<u>\$ 330,332.40</u>	<u>\$ 13,390.38</u>	<u>\$ 343,722.78</u>

CITY OF UNIONTOWN
FAYETTE 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	\$ 249,448.30	\$ 63.07	\$ 249,511.37
Receipts:			
2. State allocation	291,699.40	-	291,699.40
2a. Turnback allocation	4,880.00	-	4,880.00
2b. Interest on investments	8,872.38	-	8,872.38
2c. Miscellaneous	34,034.08	-	34,034.08
3. Total receipts	339,485.86	-	339,485.86
4. Total funds available	588,934.16	63.07	588,997.23
5. Expenditures (Section 1)	330,332.40	13,390.38	343,722.78
6. Balance, December 31, 2024	<u>\$ 258,601.76</u>	<u>\$ (13,327.31)</u>	<u>\$ 245,274.45</u>

CITY OF UNIONTOWN
FAYETTE 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	\$ 249,448.30	\$ 63.07	\$ 249,511.37
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	59,315.88	-	59,315.88
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	308,764.18	63.07	308,827.25
5. Less: Major equipment expenditures	<u>-</u>	<u>64,488.64</u>	<u>64,488.64</u>
6. Remainder	<u>308,764.18</u>	<u>(64,425.57)</u>	<u>244,338.61</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 258,601.76</u>	<u>\$ (14,263.15)</u>	<u>\$ 244,338.61</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 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

2022 - Section 1

An adjustment of \$14,602.72 was made to “Miscellaneous” because the correction of a deposit error was not reported.

2022 - Section 2

An adjustment of \$14,602.72 was made to “Miscellaneous” because a deposit in error was not reported.

2022 - Section 3

An adjustment of \$(19,079.20) was made to “Prior year equipment balance” because of prior report adjustments that were not carried forward in the equipment balance.

2023 - Section 1

Adjustments were made to “Major equipment purchases” and “Cleaning streets and gutters” because expenditures of \$32,244.32 were misclassified.

Adjustments were made to “Traffic control devices,” “Street lighting,” and “Maintenance and repair or roads and bridges” because expenditures of \$5,075.80 were misclassified.

An adjustment of \$(63.07) was made to “Repairs of tools and machinery” because check Nos. 1585, 1592, and 1597 were voided but were included as expenditures.

An adjustment of \$1,887.11 was made to “Miscellaneous” because a payment in error was not reported.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Adjustments (Continued)

2023 - Section 2

An adjustment of \$1,887.11 was made to “Miscellaneous” because a correction of a payment in error was not reported.

2023 - Section 3

An adjustment of \$(19,079.20) was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2022 - Section 3.

An adjustment of \$32,244.32 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2023 - Section 1.

2024 - Section 1

Adjustments were made to “Major equipment purchases,” “Maintenance and repair of roads and bridges,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$88,116.64 were misclassified.

An adjustment of \$10,658.58 was made to “Traffic control devices” because these expenditures were misclassified as street lighting.

An adjustment of \$2,731.80 was made to “Street lighting” because check No. 1666 for \$13,390.38 was not reported and traffic control devices expenditures of \$10,658.58 were misclassified as street lighting.

2024 - Section 2

An adjustment of \$63.07 was made to “Balance, January 1, 2024” to reflect the adjustment made to the fund balance in 2023 - Section 2.

2024 - Section 3

An adjustment of \$63.07 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2023 - Section 3.

An adjustment of \$64,488.64 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2024 - Section 1.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

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>2022</u>	<u>2023</u>	<u>2024</u>
General Fund	Deposit in error	\$14,602.72	\$ -	\$ -
General Fund	Correction of payment in error	-	1,887.11	-
General Fund	Reimbursement (Summary Of Prior Examination Recommendations)	-	-	34,034.08
Totals		<u>\$14,602.72</u>	<u>\$1,887.11</u>	<u>\$34,034.08</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>2022</u>	<u>2023</u>	<u>2024</u>
General Fund	Correction of deposit in error	\$14,602.72	\$ -	\$ -
Vendor	Postage for loan documents	54.09	-	-
Individual	Payment in error	-	1,887.11	-
Financial institution	Purchase of checks	-	-	368.77
Totals		<u>\$14,656.81</u>	<u>\$1,887.11</u>	<u>\$368.77</u>

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Deposit In Error

On February 18, 2022, the municipality deposited \$14,602.72 into its Liquid Fuels Tax Fund in error. On March 9, 2022, the municipality transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

Payment In Error

On July 6, 2023, the municipality expended \$1,887.11 from its Liquid Fuels Tax Fund for payroll for an individual in error. On September 11, 2023, the municipality transferred \$1,887.11 from its General Fund to its Liquid Fuels Tax Fund to correct the payment in error.

Government Obligation Contract

On October 4, 2022, the municipality purchased a 2023 EL Pelican Street Sweeper for \$241,152.78. The municipality made a down payment of \$100,000.00 and paid documentation fees of \$350.00 from the Liquid Fuels Tax Fund. The municipality entered into a government obligation contract for the remaining \$141,152.78 from Laurel Mountain Leasing and Financial Services, Inc. The term of the contract was for five years at an interest rate of 4.67 percent. Principal and interest payments of \$32,244.32 are due annually and will be paid back through KS State Bank.

During the current examination period, the municipality paid principal of \$82,035.85 and interest of \$14,697.11 from the Liquid Fuels Tax Fund. These amounts, the down payment, and documentation fees are reflected in major equipment purchases on the 2022, 2023, and 2024 Forms MS-965 - Section 1. The outstanding balance of the contract as of December 31, 2024, was \$59,116.93, plus interest.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 1 - Failure To Timely Submit Final Completion Report

We tested expenditures totaling \$111,664.36 for construction project No. 23-26302-001 and found that the municipality failed to submit a timely completion report for the project. Final payment was made on this project on December 13, 2023, but a Final Completion Report Form MS-999 was not filed with the Department of Transportation as of the date of the onsite closeout meeting of this examination of September 25, 2025.

The Department of Transportation's *Publication 9* outlines the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.8, states, in relevant part:

9. Upon completion of the project, local officials shall complete Form MS-999, Project Completion Report, and submit this form to the Municipal Services Representatives...The MS-999 must reflect actual quantities used and the total cost of the project. It shall also indicate the distribution of costs to the approved funding sources for the project.

We were unable to determine the cause of this condition.

Because the municipality failed to file a Final Completion Report, we were unable to determine if the project was completed to the satisfaction of the Department of Transportation. Additionally, we were unable to determine if the municipality expended the approved amount of Liquid Fuels Tax Fund money on the project.

Recommendations

We recommend that the municipality reimburse \$111,664.36 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

Additionally, we recommend that the municipality submit a completed Form MS-999 to the Department of Transportation for the project and ensure completed Forms MS-999 are submitted to the Department of Transportation in the future as required.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
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Finding No. 1 - Failure To Timely Submit Final Completion Report (Continued)

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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 2 - Failure To Obtain Project Approval

We tested three expenditures totaling \$268,032.98 that required project approval and found that the municipality failed to obtain project approval for one expenditure for \$18,775.00. The municipality expended \$18,775.00 for the new installation of guide rail along City Bridge No. 3. Before installation of new guide rail, they must obtain the approval of the Department of Transportation. The municipality did not file an application with the Department of Transportation for the project and also failed to submit specifications for approval.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states that nonpermissible expenditures include "Construction and reconstruction projects without prior PENNDOT approval."

Additionally, *Publication 9*, Chapter Two, Section 2.8, states, in part:

The following criteria is used to determine when a project is required for work on local roads utilizing Liquid Fuels Tax Funds, when construction, reconstruction and/or resurfacing work exceeds one inch or more in depth as well as other activities.

Guide Rail

New installation location or replacement with upgrade or better technology.

The condition occurred because the city was unaware that they needed to obtain project approval for new installation for guide rail.

The failure to comply with the Department of Transportation's *Publication 9* could result in the municipality having to reimburse \$18,775.00 to its Liquid Fuels Tax Fund.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 2 - Failure To Obtain Project Approval (Continued)

Recommendations

We recommend that the municipality reimburse \$18,775.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that before the municipality expends money on a project, it applies for and obtains prior approval for the project, and when the project is completed, it obtains approval of the completed work.

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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 3 - Retroactive Expenditures - Recurring

We cited the municipality for retroactive expenditures in our prior examination for the period January 1, 2020 to December 31, 2021. During our current examination, we tested 145 expenditures totaling \$1,170,225.18 and found one expenditure with two invoices dated December 15, 2022, totaling \$6,140.12 that the city did not pay until July 7, 2023, which is a retroactive expenditure.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states, in relevant part:

Examples of what Liquid Fuels Tax Fund monies may not be expended for are:

16. Retroactive expenditures or repayment of other funds for prior period expenditures.

Because these expenditures were incurred on December 15, 2022, and were not paid until July 7, 2023, the expenditures incurred were not paid in a reasonable period of time. Therefore, the municipality did not comply with the Department of Transportation's *Publication 9*.

We were unable to determine the cause of this condition.

The failure to follow the Department of Transportation's *Publication 9* as noted above could result in the municipality having to reimburse \$6,140.12 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$6,140.12 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the municipality comply with the Department of Transportation's *Publication 9* as noted above.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 3 - Retroactive Expenditures - Recurring (Continued)

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend the municipality comply with our recommendations. During our next examination, we will determine if the municipality complied with our recommendations.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 4 - Late Receipt Of Allocation

Our examination disclosed that the 2024 Liquid Fuels Tax Fund allocation of \$291,699.40 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 July 22, 2024, 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.

The condition of the finding occurred due to the city not reimbursing the Liquid Fuels Tax Fund for prior audit findings until May 31, 2024. Also, the city did not submit their Report of Elected and Appointed Officials until March 1, 2024 and the Survey of Financial Conditions until May 29, 2024. We further noted that the former City Clerk who did most of these filings and reports left the city officially on March 10, 2024.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Finding No. 4 - Late Receipt Of Allocation (Continued)

Because of the late receipt of allocation, the municipality did not have use of the 2024 allocation for more than four months. Furthermore, had the allocation been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

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.

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$34,034.08 to its Liquid Fuels Tax Fund. This amount consists of \$26,075.44 for the purchase of road salt without advertising for bids and \$7,958.64 for retroactive expenditures.

During our current examination, we reviewed a letter dated March 31, 2023, from the Department of Transportation directing the municipality to reimburse \$34,034.08 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on May 31, 2024.

In our prior report we also recommended that the city:

- Comply with *The Third Class City Code* by advertising for bids for all purchases over \$21,300.00 for 2021. The threshold for advertising for bids increased to purchases over \$21,900.00 for 2022, \$22,500.00 for 2023, \$23,200.00 for 2024, and \$23,800.00 for 2025.
- Comply with the Department of Transportation's *Publication 9* regarding retroactive expenditures.

During our current examination, we noted that the municipality complied with our first bulleted recommendation but did not comply with our second bulleted recommendation (see Finding No. 3).

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

An onsite closeout meeting was held September 25, 2025. Those participating were:

CITY OF UNIONTOWN

Ms. Desiree Walkos, Accounts Payable Specialist/Administrative Assistant

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Penelope Fjellanger, Auditor

CITY OF UNIONTOWN
FAYETTE COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2022 TO DECEMBER 31, 2024

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

City of Uniontown
Fayette County
20 North Gallatin Avenue
Uniontown, PA 15401

The Honorable Thomas W. Gerke
Mayor

Ms. Shannon Wood
City Clerk

Ms. Desiree Walkos
Accounts Payable Specialist/Administrative Assistant

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.