

# ATTESTATION ENGAGEMENT

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Allegheny County  
Pennsylvania  
02-000

Liquid Fuels, Act 44, and Act 89  
Tax Funds and County Fee  
for Local Use Fund  
For the Period  
January 1, 2020 to December 31, 2020

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May 2022



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 Yassmin Gramian, P.E.  
Secretary  
Department of Transportation  
Harrisburg, PA 17120

We examined the accompanying Form MS-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Report of County Fee for Local Use Funds With Adjustments of Allegheny County for the period January 1, 2020 to December 31, 2020 (Forms). The county's management is responsible for presenting the Forms 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 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 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms. 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 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.

As described in the Auditor Description Of Select Transactions section of this report, the adjustments included on the Forms are made by the Department of the Auditor General.

## Independent Auditor's Report (Continued)

As discussed in the Findings And Recommendations and Summary Of Prior Examinations' Recommendations sections of this report:

- The county transferred \$185,876.00 from its County Fee for Local Use Account to its General Fund on both October 7, 2020, and December 23, 2020, for the reimbursement of payroll expenditures (see Finding No. 1).
- The county improperly transferred \$432,522.58 on December 30, 2020, from its County Fee for Local Use Account to its General Fund to partially reimburse payroll expenditures. This amount should have been transferred to the Liquid Fuels Tax Fund. We noted that the county reimbursed this amount to its County Fee for Local Use Account on March 3, 2021, which was subsequent to our examination (see Finding No. 2).
- During a prior examination period, the county expended \$191,392.70 from its County Fee for Local Use Account for retroactive expenditures. We noted that the county reimbursed this amount to its County Fee for Local Use Account on May 26, 2021, which was subsequent to our examination (see Summary Of Prior Examinations' Recommendations).

In our opinion, except for the matters discussed in the preceding paragraph, the Forms present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund, the Act 44 Tax Fund, the Act 89 Tax Fund, and the County Fee for Local Use Fund of Allegheny County for the period January 1, 2020 to December 31, 2020, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms. 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 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms or on compliance and other matters; accordingly, we express no such opinions.

## Independent Auditor's Report (Continued)

Our consideration of internal control was for the limited purpose of expressing an opinion on whether the Forms are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Forms will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency below to be a material weakness:

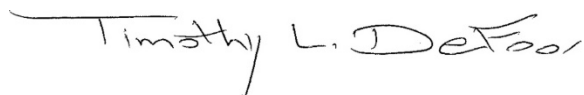
- Duplicate Transfers.

As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of Allegheny County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts on the Forms. However, providing an opinion on compliance with those provisions was not an objective of our engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- County Fee For Local Use Money Improperly Transferred To General Fund.

The purpose of this report is to determine whether the county's Liquid Fuels Tax Fund, Act 44 Tax Fund, Act 89 Tax Fund, and County Fee for Local Use Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by Allegheny 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  
March 24, 2022

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ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background

*The Vehicle Code* makes provisions and provides funding for the County Liquid Fuels, Act 44, Act 89, and County Fee for Local Use Programs. The Pennsylvania Department of Transportation has regulatory administration and oversight of the funds supporting these county programs. Counties are required to comply with those provisions and to report annually.

*The Vehicle Code* imposes a state tax on liquid fuels and fuels used or sold and delivered by distributors within the Commonwealth (75 Pa. C.S. § 9004(a)). One-half cent of the tax collected on each gallon of liquid fuels is deposited in the Commonwealth's Liquid Fuels Tax Fund. *The Vehicle Code* further provides for the disposition and use of this tax, including the allocations to counties in June and December of each year to fund construction, reconstruction, maintenance and repair of county roads, streets and bridges. The allocation to the respective counties is made in the ratio that the average amount returned to each county during the three preceding years bears to the average amount returned to all counties during the three preceding years (75 Pa C.S. § 9010).

*The Vehicle Code*, as amended by Act 44 of 2007 (July 18, 2007, P.L.169) and Act 89 of 2013 (November 25, 2013, P.L. 169), provides the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund (75 Pa. C.S. § 8915.6(b)(2) and as of July 1, 2014 § 9301(b)). The annual distribution to counties is determined based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

*The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89) provides for semi-annual allocations to all counties that own public bridges (75 Pa. C.S. § 9502(a)(2)(iv)). These allocations are made on the first business day of June and December each year. The Commonwealth allocates the funds available through Act 89 to counties based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

*The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89), permits counties to impose a \$5 fee for local use on nonexempt vehicles registered to an address located in the county (75 Pa. C.S. § 1935 (b)). This fee is collected by the Department of Transportation and is distributed to counties that impose the fee on the first business day of June and December each year.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

*Criteria*

A. *The Vehicle Code* prescribes criteria for liquid fuels program funds (75 Pa C.S. § 9010). The Pennsylvania Department of Transportation's *Publication 9* provides more specific policies and procedures to counties for the administration and reporting of the liquid fuels program funds. In the event of any discrepancies between the two, the legislation governs.

(1) Funds received by the counties must be deposited in a special fund designated as the County Liquid Fuels Tax Fund and no other money may be deposited and commingled. Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance and repair of roads, highways, bridges and curb ramps from a road or highway to provide for access by individuals with disabilities consistent with Federal and State law;
- Property damages and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges;
- Construction, reconstruction, operation and maintenance of publicly owned ferryboat operations;
- Interest and principal payments on road, bridge, or publicly owned ferryboat operation bonds or sinking fund charges;
- Acquisition, maintenance, repair and operation of traffic signs and signals;
- Erection and maintenance of stop and go signal lights, blinkers and other like traffic control devices;

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

- Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county; and
  - Individual vehicle liability insurance for equipment purchased under the fund, not to exceed 10 percent of the yearly allocation to the county.
- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation. And, counties may not allocate money from the special fund to political subdivisions within the county until the application and the contracts or plans for the proposed expenditures have been made on a form prescribed by the Pennsylvania Department of Transportation.
- (4) Counties may encumber current funds for future road and bridge construction, reconstruction, and maintenance projects including viable municipal projects. Counties must redistribute any unencumbered balance in the special fund to political subdivisions if the unencumbered balance is more than the county's receipts during the preceding twelve month period.
- (5) Counties must submit a report to the Pennsylvania Department of Transportation by January 31 for the period ending December 31 on prescribed Form MS-991, The Report of County Liquid Fuels Tax Fund, showing the receipts and expenditures of the money received by the county from the Commonwealth. Upon failure to file the report or instances of any non-compliant payments, allocations, or expenditures, the Pennsylvania Department of Transportation may withhold further funding until the delinquent report is filed, the money is allocated, or the expenditures for the prior 12 months are approved.
- B. *The Vehicle Code*, as amended by Act 44 of 2007 (July 18, 2007, P.L. 169) and Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund. The County's Act 44 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.



ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

(1) Funds received by the counties must be deposited in a special fund designated as the County Act 44 Fund and no other money may be deposited and commingled. (Note: Act 44 and Act 89 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
- Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.
- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
- Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
- Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 44 Fund.
- Inspection costs associated with bridges.
- Purchase of right-of-way for bridge construction, reconstruction, or maintenance.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
  - (4) In order to receive Act 44 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- C. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 89 funds distributed to the counties from the Department of Transportation. The County's Act 89 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund designated as the County Act 89 Fund and no other money may be deposited and commingled. (Note: Act 89 and Act 44 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.
    - For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.
  - (2) Payments from the special fund may be used for:
    - Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
    - Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
  - Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
  - Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 89 Fund.
  - Inspection costs associated with bridges.
  - Purchase of right-of-way for bridge construction, reconstruction, or maintenance.
- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
- (4) In order to receive Act 89 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- D. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the County Fee for Local Use funds distributed to the counties from the Department of Transportation. The County Fee for Local Use Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund. No other money may be deposited and commingled in this fund. Money should be invested to earn interest until expended.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance, and repair of public roads/streets, or bridges for which the county is legally responsible including a roadway open to the use of the public for vehicular traffic on the grounds of a college or university, public or private school, or public or historical park.
- Curb ramps from to provide for access by individuals with disabilities in accordance with the Americans with Disabilities Act (ADA) and Department of Transportation Standards;
- Property damages and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges;
- Ferry boat operations, where applicable.
- Acquisition, maintenance, repair and operation of traffic signs and signals;
- Erection and maintenance of stop and go signal lights, blinkers and other like traffic control devices;
- Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county; and
- Transportation related safety studies or safety projects on public highways.
- The construction of sounds walls if included in a highway project as a mitigation measure for environmental purposes and all warrants are met.
- Other expenditures determined, on a case-by-case basis, to be consistent with the requirements and restrictions of Article 8, Section 11 of the Pennsylvania Constitution.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation.
- (4) Each county that has adopted a fee for local use ordinance must submit a set of annual reports showing the receipts and expenditures of all fee for local use funds received from the Commonwealth on forms supplied by the Center for Program Development and Management.

*Basis Of Presentation*

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Form MS-991 With Adjustments, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Report of County Fee For Local Use Funds do not constitute complete financial presentations of the county's assets, liabilities, expenses, and fund balance but include the receipts, expenditures, and fund balances of the County Liquid Fuels Tax Fund, the County Act 44 Tax Fund, the County Act 89 Tax Fund, and the County Fee For Local Use Fund, respectively.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Form MS-991, *Report of County Liquid Fuels Tax Fund*:

- A. The balance in the County Liquid Fuels Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Liquid Fuels Tax Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Accounts receivable (to be realized within 60 days of the year end).
- D. Total Liquid Fuels Tax funds available for expenditure and encumbrances.
- E. Expenditures for county-owned roads, highways, and bridges.
- F. Accounts payable (accrued wages, accrued payroll taxes, and accounts payable vendors to be realized within 60 days of the year end).

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

- G. The balance in the fund at the close of the report calendar year.
- H. Encumbered and unencumbered balances on hand at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports Of Act 44 Tax Fund and Act 89 Tax Fund:

- A. The balance in the County Act 44 and Act 89 Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Act 44 and Act 89 allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total Act 44 and Act 89 funds available for expenditure.
- D. Expenditures for county-owned bridges.
- E. The balance in the fund at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports of County Fee for Local Use Funds:

- A. The balance in the County Fee for Local Use Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Fee for Local Use Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total County Fee for Local Use funds available for expenditure.
- D. Expenditures.
- E. The balance in the fund at the close of the report calendar year.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Background (Continued)

*Basis Of Accounting*

The accompanying Form MS-991 With Adjustments, Report of Act 44 Tax Fund With Adjustments, Report of Act 89 Tax Fund With Adjustments, and Report of County Fee For Local Use Funds With Adjustments are 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.

ALLEGHENY COUNTY  
LIQUID FUELS TAX FUND  
2020 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2020	\$ 1,920.38	\$ -	\$ 1,920.38
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	3,508,750.39	-	3,508,750.39
Interest	1,135.89	(924.70)	211.19
Reimbursable agreements	-	-	-
Miscellaneous	432,522.58	2,184,283.18	2,616,805.76
Total receipts	3,942,408.86	2,183,358.48	6,125,767.34
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	3,944,329.24	2,183,358.48	6,127,687.72
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,943,169.35	(262,939.53)	3,680,229.82
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	2,400,000.00	2,400,000.00
Total expenditures	3,943,169.35	2,137,060.47	6,080,229.82
Remaining funds available as of December 31, 2020	\$ 1,159.89	\$ 46,298.01	\$ 47,457.90



ALLEGHENY COUNTY  
LIQUID FUELS TAX FUND  
2020 FORM MS-991 WITH ADJUSTMENTS

2020 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ 40.55	\$ -	\$ 40.55
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	(40.55)	-	(40.55)
 Year end balance available for future years as of December 31, 2020	 \$ 1,200.44	 \$ 46,298.01	 \$ 47,498.45

ALLEGHENY COUNTY  
2020 REPORT OF ACT 44 TAX FUND  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 1,420,640.80	\$ (67,921.93)	\$ 1,352,718.87
<u>Receipts:</u>			
Act 44 Funds	1,155,468.08	(4,048.60)	1,151,419.48
Interest	6,309.50	-	6,309.50
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,161,777.58</u>	<u>(4,048.60)</u>	<u>1,157,728.98</u>
Total funds available	<u>2,582,418.38</u>	<u>(71,970.53)</u>	<u>2,510,447.85</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	880,522.82	-	880,522.82
Highway Construction and			
Rebuilding Projects	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>880,522.82</u>	<u>-</u>	<u>880,522.82</u>
Balance, December 31, 2020	<u><u>\$ 1,701,895.56</u></u>	<u><u>\$ (71,970.53)</u></u>	<u><u>\$ 1,629,925.03</u></u>

ALLEGHENY COUNTY  
2020 REPORT OF ACT 89 TAX FUNDS  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 2,548,224.65	\$ (34,495.70)	\$ 2,513,728.95
<u>Receipts:</u>			
Act 89 Funds	2,043,241.16	-	2,043,241.16
Interest	15,086.64	(3,462.30)	11,624.34
Reimbursable agreements	-	-	-
Miscellaneous	-	500,000.00	500,000.00
Total receipts	<u>2,058,327.80</u>	<u>496,537.70</u>	<u>2,554,865.50</u>
Total funds available	<u>4,606,552.45</u>	<u>462,042.00</u>	<u>5,068,594.45</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	3,015,511.82	(1,437,994.08)	1,577,517.74
Highway Construction and			
Rebuilding Projects	-	1,437,994.08	1,437,994.08
Miscellaneous	-	-	-
Total expenditures	<u>3,015,511.82</u>	<u>-</u>	<u>3,015,511.82</u>
Balance, December 31, 2020	<u>\$ 1,591,040.63</u>	<u>\$ 462,042.00</u>	<u>\$ 2,053,082.63</u>

ALLEGHENY COUNTY  
2020 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS WITH ADJUSTMENTS  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 2,618,195.41	\$ 216,805.76	\$ 2,835,001.17
<u>Receipts:</u>			
Local Use Funds	4,835,595.00	-	4,835,595.00
Interest	18,946.40	-	18,946.40
Reimbursable agreements	-	-	-
Miscellaneous	-	216,805.76	216,805.76
Total receipts	<u>4,854,541.40</u>	<u>216,805.76</u>	<u>5,071,347.16</u>
Total funds available	<u>7,472,736.81</u>	<u>433,611.52</u>	<u>7,906,348.33</u>
<u>Expenditures:</u>			
County-Owned road maintenance	2,499,183.92	431,354.57	2,930,538.49
County-Owned road construction	3,218,258.17	(858,541.90)	2,359,716.27
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	433,611.52	433,611.52
Grants to political subdivisions	-	-	-
Total expenditures	<u>5,717,442.09</u>	<u>6,424.19</u>	<u>5,723,866.28</u>
Balance, December 31, 2020	<u>\$ 1,755,294.72</u>	<u>\$ 427,187.33</u>	<u>\$ 2,182,482.05</u>

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

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

Adjustments

2020 Form MS-991

An adjustment of \$(924.70) was made to “Interest” because interest earned was over stated.

An adjustment of \$2,184,283.18 was made to “Miscellaneous” receipts because a miscellaneous receipt of \$432,522.58 was reported but was not deposited, and receipts of \$2,616,805.76 were not reported.

An adjustment of \$(262,939.53) was made to “Maintenance and repairs - roads and bridges” because these expenditures were overstated.

An adjustment of \$2,400,000.00 was made to “Miscellaneous” because a transfer for the repayment of a temporary loan was not reported.

2020 Report of Act 44 Tax Fund

An adjustment of \$(67,921.93) was made to “Balance, January 1, 2020” because of prior report adjustments that were not carried forward in the fund balance.

An adjustment of \$(4,048.60) was made to “Act 44 Funds” because the Act 44 Tax Fund allocation that was received in December was reported incorrectly.

2020 Report of Act 89 Tax Fund

An adjustment of \$(34,495.70) was made to “Balance, January 1, 2020” because an incorrect balance was carried forward.

An adjustment of \$(3,462.30) was made to “Interest” because interest earned was over stated.

An adjustment of \$500,000.00 was made to “Miscellaneous” because reimbursement from the General Fund for a prior examination finding was not reported.

Adjustments were made to “Maintenance and repairs - roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$1,437,994.08 were misclassified.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
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JANUARY 1, 2020 TO DECEMBER 31, 2020

Adjustments (Continued)

2020 Report of County Fee For Local Use Funds

An adjustment of \$(216,805.76) was made to “Balance, January 1, 2020” because of prior report adjustments that were not carried forward in the fund balance.

An adjustment of \$216,805.76 was made to “Miscellaneous” because a reimbursement for a transfer in error was not reported.

An adjustment of \$431,354.47 was made to “County-owned road maintenance” because payroll expenditures of \$9,206.62 were understated and County-owned road construction expenditures of \$422,147.95 were misclassified.

An adjustment of \$(858,541.90) was made to “County-owned road construction” because construction expenditures of \$436,393.95 were reported, but were not expended, and \$422,147.95 of maintenance and repair expenditures were misclassified as construction.

An adjustment of \$433,611.52 was made to “Miscellaneous” because these expenditures were not reported.

Miscellaneous Receipts

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

Source	Description	Amount
General Fund	Temporary loan	\$2,400,000.00
County Fee For Local Use	Reimbursement for payroll	216,805.76
Total		\$2,616,805.76

On August 21, 2020, the county deposited \$500,000.00 into its Act 89 Tax Fund that was received from the General Fund for a reimbursement of the prior examination finding (see Summary Of Prior Examinations’ Recommendation).

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Miscellaneous Expenditures

The following miscellaneous expenditures were paid from the County Fee For Local Use Fund during the examination period:

<u>Payee</u>	<u>Description</u>	<u>Amount</u>
General Fund	Transfer in error	\$216,805.76
Liquid Fuels Tax Fund	Reimbursement for payroll	216,805.76
Total		<u>\$433,611.52</u>

Temporary Loan

On July 20, 2020, the county loaned \$2,400,000.00 from its General Fund to its Liquid Fuels Tax Fund. On December 21, 2020, the county transferred \$2,400,000.00 from its Liquid Fuels Tax Fund to its General Fund to repay the temporary loan.

Transfer In Error

On January 23, 2020, the county transferred \$216,805.76 from its County Fee for Local Use Account to its General Fund in error. On January 30, 2020, the county transferred this amount from its General Fund to its County Fee for Local Use Account to correct the transfer in error.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

**Finding No. 1 - Duplicate Transfer**

Our examination disclosed that the county transferred \$185,876.00 from its County Fee for Local Use Fund to its General Fund on both October 7, 2020, and December 23, 2020, for the reimbursement of payroll expenditures for pay period ending August 28, 2020.

Although this money should be reimbursed to the County Fee for Local Use Account, the primary concern is the inadequate internal controls which enabled the duplicate transfers of \$185,876.00 to remain undetected.

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

The duplicate transfers occurred due to an oversight.

**Recommendations**

We recommend that the county reimburse \$185,876.00 to its County Fee for Local Use Account upon official notification of the Department of Transportation.

We recommend that the county establish and implement internal controls to ensure transfers are reviewed timely to avoid duplicate transfers.

**Management's Response**

The Manager of Budgeting and Accounting, Treasurer's Office stated:

The Treasurer's Office will wire the \$185,876.00 to the Registration Fee account tomorrow, January 26, 2022. I will follow up with the copies of the bank statements showing the transfer in early February. Also, I will email copies of the various bank reports showing the transfer tomorrow afternoon after the wire has been sent.

**Auditor's Conclusion**

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



ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

**Finding No. 2 - County Fee For Local Use Money Improperly Transferred To General Fund**

Our examination disclosed that the county transferred \$631,325.93 on December 30, 2020, from its County Fee for Local Use Fund to its General Fund. Of this amount, \$432,522.58 represented partially reimbursed payroll expenditures for pay periods ending June 5, 2020, and June 19, 2020, that were paid from the Liquid Fuels Tax Fund. The remaining \$198,803.35 of the transfer was for allowable County Fee for Local Use Funds expenditures.

The practice of transferring county fee for local use money into any account other than the County Fee for Local Use account is contrary to *Publication 9*, Section 5.8, Allowable Uses of Fee For Local Use Funds, which states:

. . . Consequently, fee for local use funds can only be used by counties or others if distributed by a county under Section 9010(c) or by application, for construction, reconstruction, maintenance and repair of and safety on public highways and bridges and costs and expenses incident thereto.

The risk that county fee for local use money may be used for unauthorized purposes increases when county fee for local use money is commingled with other funds.

The county stated the batch was created in the Controller's Office, sent to the Treasurer's Office, and unfortunately, there may have been an account number typo when the cash was moved, and the error went unnoticed.

On March 3, 2021, the county reimbursed \$432,522.58 to its County Fee for Local Use Account, which was subsequent to our examination period.

**Recommendation**

We recommend that, in the future, the municipality discontinue the practice of transferring liquid fuels money to other funds or accounts.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
FINDINGS AND RECOMMENDATIONS  
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**Finding No. 2 - County Fee For Local Use Money Improperly Transferred To General Fund  
(Continued)**

Management's Response

The Manager of Budgeting and Accounting, Treasurer's Office stated:

On March 3, 2021, \$432,552.58 was wired from the General Fund to the Liquid Fuels Account.

Auditor's Conclusion

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

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

Summary Of 2017-2018 Examination Recommendations

In our 2017-2018 report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$191,392.70 to its County Fee for Local Use Account for retroactive expenditures.

During our prior examination, we reviewed a letter dated December 7, 2020, from the Department of Transportation directing the county to reimburse \$191,392.70 to its County Fee for Local Use Account. We noted that the county reimbursed its County Fee for Local Use Account on May 26, 2021, which was subsequent to our examination period.

Summary Of 2019 Examination Recommendations

In our prior report, we disclosed the county expended \$500,000.00 from its County Fee for Local Account for nonpermissible expenditures. We noted that the county reimbursed this amount to its Liquid Fuels Tax Fund on August 21, 2020.

In our prior report, we also recommended that the county comply with the Department of Transportation regulations regarding permissible expenditures.

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

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

An exit conference was held January 18, 2022. Those participating were:

ALLEGHENY COUNTY

Ms. Theresa Jacob, Manager of Accounting

Mr. James Marsh, Manager of Budgeting and Accounting, Treasurer's Office

Mr. Adam Lentz, Deputy Director, Budget and Finance

Mr. Stephen Shanley, Director, Department of Public Works

Ms. Brook Bankes, Financial Manager, Department of Public Works

Mr. Austin Ramsey, Accountant, Controller's Office

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Brian Delaney, CFE, Audit Supervisor

The results of the examination were presented and discussed in their entirety.

ALLEGHENY COUNTY  
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS  
AND COUNTY FEE FOR LOCAL USE FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2020 TO DECEMBER 31, 2020

This report was initially distributed to:

**The Honorable Yassmin Gramian, P.E.**  
Secretary  
Department of Transportation

**Allegheny County**  
211 Courthouse  
436 Grant Street  
Pittsburgh, PA 15219

**The Honorable Rich Fitzgerald**  
County Executive

**The Honorable John K. Weinstein**  
Treasurer

**Ms. Theresa A. Jacob**  
Manager of Accounting

**Ms. Tracy Royston**  
Acting Controller

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