

# ATTESTATION ENGAGEMENT

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Allegheny County

Pennsylvania

02-000

Liquid Fuels Tax Fund

Act 44 Tax Fund

Act 89 Tax Fund

County Fee For Local Use Fund

For the Period

January 1, 2021 to December 31, 2021

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September 2023



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • 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 examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Reports of County Fee for Local Use Funds With Adjustments of Allegheny County for the period January 1, 2021 to December 31, 2021 (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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant 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 are made by the Department of the Auditor General.

## Independent Auditor's Report (Continued)

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

- The county transferred \$614,063.33 during 2021 from its County Fee for Local Use Fund to its General Fund for expenditures incurred during 2020, which are retroactive expenditures (Finding No. 1).
- The county transferred \$752,145.24 from its County Fee for Local Use Fund to its General Fund on May 28, 2021. However, the county had only expended \$749,741.09 for eligible expenditures as of that date. Therefore, the amount transferred from the County Fee for Local Use Fund to the General Fund exceeded eligible expenditures by \$2,404.15 (Finding No. 2).
- During our prior examination, the county made a duplicate transfer of \$185,876.00 from its County Fee Local Use Fund to its General Fund. We noted that the county reimbursed this amount to its County Fee for Local Use Account on January 26, 2022, which was subsequent to our examination period (Summary of 2020 Examination Recommendations).

In our opinion, except for the bulleted matters discussed above, 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, 2021 to December 31, 2021, 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)

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Forms will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

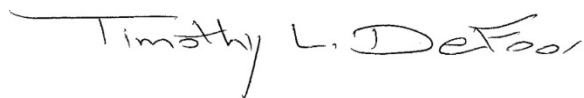
Our consideration of internal control over reporting on the Forms was for the limited purpose of expressing an opinion on whether the Forms are presented in accordance with the criteria described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*:

- Retroactive Expenditures.
- Amount Transferred From The Liquid Fuels Tax Fund To The General Fund Exceeded Eligible Expenditures.

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  
August 14, 2023

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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, 2021 TO DECEMBER 31, 2021

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, 2021 TO DECEMBER 31, 2021

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, 2021 TO DECEMBER 31, 2021

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.
  - 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, 2021 TO DECEMBER 31, 2021

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 Act 44 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, 2021 TO DECEMBER 31, 2021

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 Act 89 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, 2021 TO DECEMBER 31, 2021

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, 2021 TO DECEMBER 31, 2021

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.
- 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, 2021 TO DECEMBER 31, 2021

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, 2021 TO DECEMBER 31, 2021

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, 2021 TO DECEMBER 31, 2021

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  
2021 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2021	\$ 47,457.90	\$ -	\$ 47,457.90
 <u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	3,311,075.52	217,000.00	3,528,075.52
Interest	73.34	-	73.34
Reimbursable agreements	-	-	-
Miscellaneous	2,832,552.58	10,104.54	2,842,657.12
 Total receipts	 6,143,701.44	 227,104.54	 6,370,805.98
 Total Liquid Fuels Tax Funds available for expenditures and encumbrances	 6,191,159.34	 227,104.54	 6,418,263.88
 <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	3,615,807.63	10,104.54	3,625,912.17
Highway construction and rebuilding projects	-	-	-
Miscellaneous	2,400,000.00	217,000.00	2,617,000.00
 Total expenditures	 6,015,807.63	 227,104.54	 6,242,912.17



ALLEGHENY COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-991 WITH ADJUSTMENTS

Remaining funds available as of December 31, 2021	175,351.71	-	175,351.71
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
 Total approved future year receipts and expenditures	 -	 -	 -
 Year end balance available for future years as of December 31, 2021	 \$ 175,351.71	 \$ -	 \$ 175,351.71

ALLEGHENY COUNTY  
2021 REPORT OF ACT 44 TAX FUND  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 1,629,925.03	\$ -	\$ 1,629,925.03
<u>Receipts:</u>			
Act 44 Funds	1,131,301.27	-	1,131,301.27
Interest	1,497.87	110.07	1,607.94
Reimbursable agreements	-	-	-
Miscellaneous	38,982.55	(38,982.55)	-
Total receipts	<u>1,171,781.69</u>	<u>(38,872.48)</u>	<u>1,132,909.21</u>
Total funds available	<u>2,801,706.72</u>	<u>(38,872.48)</u>	<u>2,762,834.24</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	609,541.03	63,480.50	673,021.53
Highway Construction and			
Rebuilding Projects	-	705,568.95	705,568.95
Miscellaneous	39,376.05	(39,376.05)	-
Total expenditures	<u>648,917.08</u>	<u>729,673.40</u>	<u>1,378,590.48</u>
Balance, December 31, 2021	<u>\$ 2,152,789.64</u>	<u>\$ (768,545.88)</u>	<u>\$ 1,384,243.76</u>

ALLEGHENY COUNTY  
2021 REPORT OF ACT 89 TAX FUND  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 2,053,082.63	\$ -	\$ 2,053,082.63
<u>Receipts:</u>			
Act 89 Funds	2,216,144.92	-	2,216,144.92
Interest	2,098.88	-	2,098.88
Reimbursable agreements	-	-	-
Miscellaneous	265,933.37	(265,933.37)	-
Total receipts	<u>2,484,177.17</u>	<u>(265,933.37)</u>	<u>2,218,243.80</u>
Total funds available	<u>4,537,259.80</u>	<u>(265,933.37)</u>	<u>4,271,326.43</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	1,592,269.02	(1,023,743.50)	568,525.52
Highway Construction and			
Rebuilding Projects	-	921,192.00	921,192.00
Miscellaneous	7,600.00	(7,600.00)	-
Total expenditures	<u>1,599,869.02</u>	<u>(110,151.50)</u>	<u>1,489,717.52</u>
Balance, December 31, 2021	<u><u>\$ 2,937,390.78</u></u>	<u><u>\$ (155,781.87)</u></u>	<u><u>\$ 2,781,608.91</u></u>

ALLEGHENY COUNTY  
2021 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 2,182,482.05	\$ -	\$ 2,182,482.05
<u>Receipts:</u>			
Local Use Funds	4,978,865.00	-	4,978,865.00
Interest	3,140.27	-	3,140.27
Reimbursable agreements	2,500,000.00	(2,500,000.00)	-
Miscellaneous	296,224.52	2,500,000.00	2,796,224.52
Total receipts	<u>7,778,229.79</u>	<u>-</u>	<u>7,778,229.79</u>
Total funds available	<u>9,960,711.84</u>	<u>-</u>	<u>9,960,711.84</u>
<u>Expenditures:</u>			
County-Owned road maintenance	8,845,293.75	(4,876,717.24)	3,968,576.51
County-Owned road construction	-	2,281,563.11	2,281,563.11
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	2,595,154.13	2,595,154.13
Grants to political subdivisions	-	-	-
Total expenditures	<u>8,845,293.75</u>	<u>-</u>	<u>8,845,293.75</u>
Balance, December 31, 2021	<u>\$ 1,115,418.09</u>	<u>\$ -</u>	<u>\$ 1,115,418.09</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, 2021 TO DECEMBER 31, 2021

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

Adjustments

2021 Form MS-991

An adjustment of \$217,000.00 was made to “State allocations” because the Liquid Fuels Tax Fund allocations were understated.

An adjustment of \$10,104.54 was made to “Miscellaneous” because a reimbursement from the General Fund was not reported.

An adjustment of \$10,104.54 was made to “Maintenance and repairs of roads and bridges” because these expenditures were understated.

An adjustment of \$217,000.00 was made to “Miscellaneous” because a transfer to the General Fund for the repayment of a temporary loan was not reported.

2021 Report of Act 44 Tax Fund

An adjustment of \$110.07 was made to “Interest” because interest earned was understated.

An adjustment of \$(38,982.55) was made to “Miscellaneous” because transfers between two Act 44 Tax Fund accounts were incorrectly reported as receipts.

An adjustment of \$63,480.50 was made to “Maintenance and repair of roads and bridges” because transfers to the General Fund of \$63,087.00 were not reported and expenditures of \$393.50 were misclassified as miscellaneous.

An adjustment of \$705,568.95 was made to “Highway construction and rebuilding projects” because transfers to the General Fund of \$705,568.95 were not reported.

An adjustment of \$(39,376.05) was made to “Miscellaneous” because transfers of \$38,982.55 between Act 44 Tax Fund accounts were incorrectly reported as expenditures and expenditures of \$393.50 for maintenance and repair of roads and bridges 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  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2021

Adjustments (Continued)

2021 Report of Act 89 Tax Fund

An adjustment of \$(265,933.37) was made to “Miscellaneous” because transfers between two Act 89 Tax Fund accounts were incorrectly reported as receipts.

An adjustment of \$(1,023,743.50) was made to “Maintenance and repairs of roads and bridges” because transfers of \$110,151.50 between two Act 89 Tax Fund accounts were incorrectly reported as expenditures, highway construction and rebuilding expenditures of \$921,192.00 were misclassified, and \$7,600.00 of these expenditures were misclassified as miscellaneous.

An adjustment of \$921,192.00 was made to “Highway construction and rebuilding projects” because these expenditures were misclassified as maintenance and repairs of roads and bridges.

An adjustment of \$(7,600.00) was made to “Miscellaneous” because expenditures for maintenance and repairs of roads and bridges were misclassified.

2021 Report of County Fee For Local Use Funds

Adjustments were made to “Reimbursable Agreements” and “Miscellaneous” because a receipt of \$2,500,000.00 was misclassified.

Adjustments were made to “County-Owned road maintenance,” “County-Owned road construction” and “Miscellaneous” because expenditures of \$4,876,717.24 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  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2021

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>Amount</u>
General Fund	Temporary loan	\$2,400,000.00
General Fund	Reimbursement (Summary of 2020 Examination Recommendations)	432,552.58
General Fund	Reimbursement of medical expenses	<u>10,104.54</u>
Total		<u><u>\$2,842,657.12</u></u>

The following miscellaneous receipts were deposited into the County Fee for Local Use Fund during the examination period:

<u>Source</u>	<u>Description</u>	<u>Amount</u>
General Fund	Temporary loan	\$2,500,000.00
General Fund	Reimbursement (Summary of 2017-2018 Examination Recommendation)	191,392.70
General Fund	Reimbursement of medical expenses	6,140.05
General Fund	Deposit in error	93,654.35
General Fund	Refund for duplicate transfer	1,499.78
General Fund	Vendor refund for poor quality of asphalt	<u>3,537.64</u>
Total		<u><u>\$2,796,224.52</u></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, 2021 TO DECEMBER 31, 2021

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>Amount</u>
General Fund	Temporary loan repayment	\$2,400,000.00
General Fund	2019 temporary loan repayment	217,000.00
Total		<u>\$2,617,000.00</u>

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

<u>Payee</u>	<u>Description</u>	<u>Amount</u>
General Fund	Temporary loan repayment	\$2,500,000.00
General Fund	Refund of deposit in error	93,654.35
General Fund	Duplicate transfer	1,499.78
Total		<u>\$2,595,154.13</u>

Temporary Loans

On May 1, 2019, the county loaned \$2,900,000.00 from its General Fund to its Liquid Fuels Tax Fund. On December 10, 2019, the county transferred \$2,683,000.00 from its Liquid Fuels Tax Fund to its General Fund. The remaining balance of \$217,000.00 was repaid to the General Fund on June 1, 2021.

On March 3, 2021, the county loaned \$2,400,000.00 from its General Fund to its Liquid Fuels Tax Fund. On December 14, 2021, the county transferred \$2,400,000.00 from its Liquid Fuels Tax Fund to its General Fund to repay the temporary loan.

On November 3, 2021, the county loaned \$2,500,000.00 from its General Fund to its County Fee Local Use Fund. On December 14, 2021, the county transferred \$2,500,000.00 from its County Fee Local Use Fund to its General Fund to repay the temporary loan.



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, 2021 TO DECEMBER 31, 2021

Deposit In Error

On December 15, 2021, the county deposited \$93,645.35 into its County Fee Local Use Fund in error. On December 15, 2021, the county transferred this amount from its County Fee Local Use Fund to its General Fund to correct the deposit in error.

Duplicate Transfer

On August 3, 2021 and September 3, 2021, the county transferred \$1,499.78 from County Fee Local Use Fund to the General Fund. On November 3, 2021, the county transferred \$1,499.78 from its General Fund to its County Fee Local Use Fund to correct the duplicate transfer.

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, 2021 TO DECEMBER 31, 2021

**Finding No. 1 - Retroactive Expenditures**

Our examination disclosed that the county transferred \$614,063.33 from its County Fee for Local Use Fund to its General Fund on various dates in 2021. The transfers were made to reimburse the General Fund for road and bridge invoices of \$436,393.95 and payroll expenditures of \$177,669.38 that were paid by the General Fund during 2020, which makes these retroactive expenditures.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Five, Section 5.8.2, states, in relevant part:

Examples of Unacceptable Expenditures

10. Retroactive expenditures.

Because these expenditures were paid from the General Fund during 2020 and were not reimbursed with County Fee for Local Use money until 2021, the expenditures incurred were not reimbursed in a reasonable period of time. Therefore, the county did not comply with the Department of Transportation's *Publication 9*.

This condition occurred due to different record keeping procedures than what is required by the Department of Transportation's *Publication 9*.

The failure to follow the Department of Transportation's *Publication 9* could result in the county having to reimburse \$614,063.33 to its County Fee for Local Use Fund.

Recommendations

We recommend that the county reimburse \$614,063.33 to its County Fee for Local Use Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the county complies with the Department of Transportation's *Publication 9* as noted above.

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, 2021 TO DECEMBER 31, 2021

**Finding No. 1 - Retroactive Expenditures(Continued)**

Management's Response

The Deputy Director, Budget and Finance, Deputy Controller, Accounting Manager stated:

These expenses were incurred in 2020 and payments were issued from the County's General Fund to vendors and employees for these expenditures. Actual cash was transferred from the County Fee for Local Use bank account to the General Fund in 2021. We disagree with the auditor's conclusion that these were retroactive expenditures as the payments were properly coded as expenditures of the County Fee for Local Use fund in 2020 and third parties received payment in 2020. If the County Fee for Local Use fund is examined on a Cash Basis of Accounting, then these expenditures should be considered an expenditure of this fund in 2021, when repayment to the General Fund occurred.

Further, it is the County's intent to request removal of the requirement to maintain a separate, physical bank account. The Controller's Office maintains a separate Fund for the County Fee for Local Use activity. Transactions under this Fund are subject to an internal control environment that ensures multiple County employees review entries and the accompanying, supporting documentation before transactions are recorded.

Auditor's Conclusion

The county did not repay General Fund for expenditures incurred on behalf of the County Fee for Local Use Fund until the next calendar year. As stated above, retroactive expenditures are considered unacceptable according to the Department of Transportation's *Publication 9*. The Department of Transportation will determine if the municipality is required to reimburse \$614,063.33 to its Liquid Fuels Tax Fund. During our next examination, we will determine whether the county 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, 2021 TO DECEMBER 31, 2021

**Finding No. 2 - Amount Transferred From The Liquid Fuels Tax Fund To The General Fund Exceeded Eligible Expenditures**

Our examination disclosed that the county transferred \$752,145.24 from its County Fee for Local Use Fund to its General Fund on May 28, 2021. However, the county had only expended \$749,741.09 in related expenditures from the General Fund, which consisted of payroll expenditures of \$345,005.86 for pay periods ending May 7, 2021, and May 21, 2021, and road and bridge invoices totaling \$404,735.23. Therefore, the amount transferred from the County Fee for Local Use Fund to the General Fund exceeded eligible expenditures by \$2,404.15.

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.

This condition occurred due to an accounting error.

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. Additionally, the failure to follow the Department of Transportation's *Publication 9* could result in the county having to reimburse \$2,404.15 to its County Fee for Local Use Fund.

**Recommendations**

We recommend that the county reimburse \$2,404.15 to its County Fee for Local Use Fund upon official notification by the Department of Transportation.

We recommend that, in the future, the municipality discontinue the practice of transferring County Fee for Local Use 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  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2021

**Finding No. 2 - Amount Transferred From The Liquid Fuels Tax Fund To The General Fund Exceeded Eligible Expenditures (Continued)**

Management's Response

The Deputy Director, Budget and Finance, Deputy Controller, Accounting Manager stated:

The Treasurer's Office transferred the incorrect amount of money between bank accounts. The error was in the amount of \$2,404.15. The Treasurer's Office will be tracking activity, confirming amounts, and moving cash between bank accounts in a timelier manner.

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  
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2021

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 2019 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 Fund. During our current examination, we noted that the county reimbursed this amount to its County Fee for Local Use Fund on May 26, 2021.

Summary Of 2020 Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$185,876.00 to its County Fee for Local Use Fund for a duplicate transfer.

During our current examination, we reviewed a letter dated June 8, 2022, from the Department of Transportation directing the county to reimburse \$185,876.00 to its County Fee for Local Use Fund. We noted that the county reimbursed this amount to its County Fee for Local Use Fund on January 26, 2022, which was subsequent to our examination period.

Also, in our 2020 report, we disclosed that the county improperly transferred \$432,522.58 from its County Fee for Local Use Fund to its General Fund. We noted that the county reimbursed \$432,522.58 to its County Fee for Local Use Fund on March 3, 2021.

In our 2020 report, we also recommended that the county:

- Establish and implement internal controls to ensure transfers are reviewed timely to avoid duplicate transfers.
- Discontinue the practice of transferring County Fee For Local Use funds to other funds or accounts.

During our current examination, we did not note any duplicate transfers or transfers to other funds other than for reimbursements for expenditures or loan repayments.

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, 2021 TO DECEMBER 31, 2021

An exit conference was held March 27, 2023. Those participating were:

ALLEGHENY COUNTY

Ms. Theresa A. Jacob, Manager of Accounting

Mr. Austin Ramsey, Accountant, Controller's Office

Ms. Amy Weise Clements, Deputy Controller

Mr. Joseph Penucci, Fiscal Manager

Ms. Mary Heintz, Treasurer's Office, Assistant Disbursement Manager

Mr. Joey O'Toole, Control Cage Supervisor

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

Mr. Stephen Shanley, Director, Department of Public Works

Mr. Adam Lentz, Deputy Director, Budget and Finance

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Susan Pitts CPA, Audit Manager

Mr. Brian Delaney, Audit Supervisor

Mr. Joe Farah, Auditor II

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, 2021 TO DECEMBER 31, 2021

This report was initially distributed to:

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

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

**The Honorable Rich Fitzgerald**  
County Executive

**The Honorable Corey O'Connor**  
Controller

**The Honorable John K. Weinstein**  
Treasurer

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

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).