

# ATTESTATION ENGAGEMENT

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City of New Kensington  
Westmoreland County, Pennsylvania  
64-305  
Liquid Fuels Tax Fund  
For the Period  
January 1, 2018 to December 31, 2019

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August 2020



Commonwealth of Pennsylvania  
Department of the Auditor General  
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

### Independent Auditor's Report

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

We examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the City of New Kensington, Westmoreland County, for the period January 1, 2018 to December 31, 2019. The municipality's management is responsible for presenting the Forms MS-965 in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms MS-965 With Adjustments based on our examination.

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

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each municipality's Liquid Fuels Tax Fund to ensure that funds received are expended in accordance with applicable laws and regulations. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 403 of *The Fiscal Code*.

As described in Note 4, the adjustments included on the Forms MS-965 With Adjustments are made by the Department of the Auditor General.

## Independent Auditor's Report (Continued)

In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the City of New Kensington, Westmoreland County, for the period January 1, 2018 to December 31, 2019, 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 MS-965; 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 MS-965. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms MS-965 or on compliance and other matters; accordingly, we express no such opinions.

*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 MS-965 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 MS-965 was for the limited purpose of expressing an opinion on whether the Forms MS-965 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.

Independent Auditor's Report (Continued)

As part of obtaining reasonable assurance about whether the Forms MS-965 are free from material misstatement, we performed tests of the City of New Kensington, Westmoreland 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 MS-965. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Transfers To The General Fund For Anticipated Liquid Fuels Tax Fund Expenditures.
  
- Liquid Fuels Money Deposited Into The General Fund.

The purpose of this report is to determine whether the municipality's Liquid Fuels Tax 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 the City of New Kensington, Westmoreland 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.



Eugene A. DePasquale  
Auditor General

August 18, 2020

# CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2018 Form MS-965 With Adjustments .....	3
2019 Form MS-965 With Adjustments .....	6
Notes To Forms MS-965 With Adjustments.....	9
Findings And Recommendations:	
Finding No. 1 - Transfers To The General Fund For Anticipated Liquid Fuels Tax Fund Expenditures .....	13
Finding No. 2 - Liquid Fuels Money Deposited Into The General Fund .....	15
Summary Of Exit Conference.....	16
Report Distribution .....	17

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

Background

The Liquid Fuels Tax Municipal Allocation Law, Act 655 of 1956, as amended, (72 P.S. § 2615.5 et seq.), provides municipalities other than counties (townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state, and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

*The Vehicle Code*, Title 75 P.S. § 9511, provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

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

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

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

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
2. Make deposits and payments or expenditures in compliance with Act 655 of 1956, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts into the Liquid Fuels Tax Fund.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

Background (Continued)

3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	251,831.69	-	251,831.69
Traffic control devices	-	-	-
Street lighting	152,297.23	-	152,297.23
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	42,271.08	-	42,271.08
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 446,400.00</u>	<u>\$ -</u>	<u>\$ 446,400.00</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.



CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2018	\$ 172.81	\$ -	\$ 172.81
Receipts:			
2. State allocation	445,795.92	-	445,795.92
2a. Turnback allocation	-	-	-
2b. Interest on investments	496.83	-	496.83
2c. Miscellaneous	-	-	-
3. Total receipts	<u>446,292.75</u>	<u>-</u>	<u>446,292.75</u>
4. Total funds available	<u>446,465.56</u>	<u>-</u>	<u>446,465.56</u>
5. Expenditures (Section 1)	<u>446,400.00</u>	<u>-</u>	<u>446,400.00</u>
6. Balance, December 31, 2018	<u>\$ 65.56</u>	<u>\$ -</u>	<u>\$ 65.56</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
2018 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 172.81	\$ -	\$ 172.81
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	89,159.18	-	89,159.18
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	89,331.99	-	89,331.99
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>89,331.99</u>	<u>-</u>	<u>89,331.99</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 65.56</u>	<u>\$ -</u>	<u>\$ 65.56</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
2019 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	155,942.86	-	155,942.86
Traffic control devices	13,530.09	-	13,530.09
Street lighting	166,195.97	-	166,195.97
Storm sewers and drains	13,583.72	-	13,583.72
Repairs of tools and machinery	7,232.60	-	7,232.60
Maintenance and repair of roads and bridges	42,068.48	.30	42,068.78
Highway construction and rebuilding projects	61,030.94	-	61,030.94
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total (To Section 2, Line 5)	<u>\$ 459,584.66</u>	<u>\$ .30</u>	<u>\$ 459,584.96</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

CITY OF NEW KENSINGTON  
 WESTMORELAND COUNTY  
 LIQUID FUELS TAX FUND  
 2019 FORM MS-965 – SECTION 2  
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2019	\$ 65.56	\$ -	\$ 65.56
Receipts:			
2. State allocation	458,432.77	-	458,432.77
2a. Turnback allocation	-	-	-
2b. Interest on investments	1,104.26	-	1,104.26
2c. Miscellaneous	-	-	-
3. Total receipts	<u>459,537.03</u>	<u>-</u>	<u>459,537.03</u>
4. Total funds available	<u>459,602.59</u>	<u>-</u>	<u>459,602.59</u>
5. Expenditures (Section 1)	<u>459,584.66</u>	<u>.30</u>	<u>459,584.96</u>
6. Balance, December 31, 2019	<u>\$ 17.93</u>	<u>\$ (.30)</u>	<u>\$ 17.63</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
2019 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 65.56	\$ -	\$ 65.56
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	91,686.55	-	91,686.55
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	91,752.11	-	91,752.11
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>91,752.11</u>	<u>-</u>	<u>91,752.11</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 17.93</u>	<u>\$ (.30)</u>	<u>\$ 17.63</u>

Notes to Forms MS-965 With Adjustments are an integral part of this report.

CITY OF NEW KENSINGTON  
 WESTMORELAND COUNTY  
 LIQUID FUELS TAX FUND  
 NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
 FOR THE PERIOD  
 JANUARY 1, 2018 TO DECEMBER 31, 2019

1. Criteria

Section 1

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

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

2015/2016	2017	2018	2019
\$10,500.00	\$10,700.00	\$10,900.00	\$11,100.00

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

2015/2016	2017	2018	2019
\$10,500.00	\$10,700.00	\$10,900.00	\$11,100.00

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

Section 2

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

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

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

1. Criteria (Continued)

Section 3

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

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

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

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

Basis Of Presentation

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Forms MS-965 have been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Forms MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

Basis Of Accounting

The accompanying Forms MS-965 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.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

1. Criteria (Continued)

General Fixed Assets

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

2. Deposits

*The Third Class City Code*, Title 53 P.S. § 36804.1, authorizes the city to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts, of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in a financial institution. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

There were no deposits exposed to custodial credit risk as of December 31, 2019. Custodial credit risk, as defined by GASB No. 40, as amended, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

Fund Balance

The fund balance as of December 31, 2019, consists of the following:

Cash	\$17.63
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CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-965 WITH ADJUSTMENTS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

3. Interest On Investments

Our examination disclosed that the municipality deposited idle liquid fuels tax money in an interest-bearing account which earned \$496.83 during 2018 and \$1,104.26 during 2019, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2019 - Section 1

An adjustment of \$.30 was made to “Maintenance and repair of roads and bridges” because check No. 109714 was reported as \$2,173.34, but was issued for \$2,173.64.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

**Finding No. 1 - Transfers To The General Fund For Anticipated Liquid Fuels Tax Fund Expenditures**

Our examination disclosed that from January 1, 2018 to September 20, 2018, and January 1, 2019 to September 19, 2019, the municipality transferred \$446,400.00 and \$358,998.12, respectively, from the Liquid Fuels Tax Fund to the General Fund. As of September 20, 2018 and September 19, 2019, the General Fund had only incurred \$344,507.00 and \$308,777.87, respectively, of Liquid Fuels Tax Fund related expenditures. Therefore, the amount transferred from the Liquid Fuels Tax Fund to the General Fund exceeded the expenditures incurred by \$101,893.00 in 2018 and \$50,220.25 in 2019. The municipality issued additional General Fund checks totaling \$101,893.00 from September 21, 2018 to December 31, 2018, and \$150,807.09 from September 20, 2019 to December 31, 2019, for various allowable liquid fuels expenditures.

The practice of depositing liquid fuels money into any account other than the Liquid Fuels Tax Fund account in anticipation of future expenditures is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . . each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

Good internal accounting controls ensure that disbursements are made from the Liquid Fuels Tax Fund for only expenditures incurred. When Liquid Fuels Tax Fund money is commingled with the General Fund, or other funds, the potential for Liquid Fuels Tax Fund money to be used for unauthorized purposes increases significantly.

Recommendation

We recommend that the municipality only disburse funds from the Liquid Fuels Tax Fund for expenditures incurred.

Management's Response

The city clerk stated:

We had a large project that we used the funds for. However, we never did large road projects with these funds and were unaware of the PennDot approval process. When we became aware and did not have approval the invoices were changed. This was a mistake; however all projects will go through proper procedures.

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

**Finding No. 1 - Transfers To The General Fund For Anticipated Liquid Fuels Tax Fund Expenditures (Continued)**

Auditor's Conclusion

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

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
FINDINGS AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

**Finding No. 2 - Liquid Fuels Money Deposited Into The General Fund**

Our examination disclosed that the municipality deposited \$445,795.92 of Liquid Fuels Tax Fund money into the General Fund on March 9, 2018, and \$458,432.77 on March 22, 2019, which is in noncompliance with the Liquid Fuels Tax Municipal Allocation Law.

The practice of depositing liquid fuels money into any account other than the Liquid Fuels Tax Fund account is contrary to the Act of June 1, 1956, P.L. (1955) 1944, 72 P.S. § 2615.5, known as the Liquid Fuels Tax Municipal Allocation Law, which states:

. . . each city, borough, town and township, shall . . . Establish and maintain a special fund into which the moneys [liquid fuels tax funds] . . . shall be deposited and into which no other moneys may be deposited or commingled . . .

The risk that Liquid Fuels Tax Fund money may be used for unauthorized purposes increases when liquid fuels money is commingled with other funds.

On March 9, 2018 and March 22, 2019, the municipality reimbursed \$445,795.92 and \$458,432.77, respectively, to its Liquid Fuels Tax Fund.

**Recommendation**

We recommend that, in the future, the municipality deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.

**Management's Response**

The city clerk stated:

Due to a high number of deposits from the Commonwealth and a multitude of bank accounts, we only deposit into the General Fund. When in the past, we attempted to provide multiple accounts for various deposits, things did not go to the correct accounts. Therefore, we deposit everything to the General Fund, but same day as the deposit, we transfer to the Liquid Fuels Tax Fund.

**Auditor's Conclusion**

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

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF EXIT CONFERENCE  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

An exit conference was held May 27, 2020. Those participating were:

CITY OF NEW KENSINGTON

Dennis F. Scarpiniti Esq., CMC, City Clerk

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Oldriska Hoch, Auditor

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

CITY OF NEW KENSINGTON  
WESTMORELAND COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2018 TO DECEMBER 31, 2019

This report was initially distributed to:

**Yassmin Gramian, P.E.**  
Acting Secretary  
Department of Transportation

**City of New Kensington**  
Westmoreland County  
301 Eleventh Street  
New Kensington, PA 15068

**The Honorable Thomas D. Guzzo**  
Mayor

**Dennis F. Scarpiniti Esq., CMC**  
City Clerk

**Mr. Jordan J. Elias**  
Treasurer

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).