

ATTESTATION ENGAGEMENT

Berks County
Pennsylvania
06-000

Liquid Fuels Tax Fund
Act 44 Tax Fund
Act 89 Tax Fund

County Fee for Local Use Fund
For the Period
January 1, 2017 to December 31, 2020

June 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

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 Berks County for the period January 1, 2017 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.

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)

In our opinion, 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 Berks County for the period January 1, 2017 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.

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.

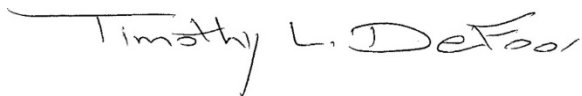
As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of Berks County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Expenditures In Excess Of The 10 Percent Limit On Indirect/Administrative Costs.

Independent Auditor's Report (Continued)

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

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

Timothy L. DeFoor
Auditor General
May 12, 2023

CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2017 Form MS-991 With Adjustments	11
2018 Form MS-991 With Adjustments	13
2019 Form MS-991 With Adjustments	15
2020 Form MS-991 With Adjustments	17
2017 Report Of Act 44 Tax Fund With Adjustments.....	19
2018 Report Of Act 44 Tax Fund With Adjustments.....	20
2019 Report Of Act 44 Tax Fund With Adjustments.....	21
2020 Report Of Act 44 Tax Fund With Adjustments.....	22
2017 Report Of Act 89 Tax Fund With Adjustments.....	23
2018 Report Of Act 89 Tax Fund With Adjustments.....	24
2019 Report Of Act 89 Tax Fund With Adjustments.....	25
2020 Report Of Act 89 Tax Fund With Adjustments.....	26
2017 Report Of County Fee For Local Use Funds With Adjustments.....	27
2018 Report Of County Fee For Local Use Funds With Adjustments.....	28
2019 Report Of County Fee For Local Use Funds With Adjustments.....	29
2020 Report Of County Fee For Local Use Funds With Adjustments.....	30
Auditor Description Of Select Transactions.....	31
Finding And Recommendations:	
Finding - Expenditures In Excess Of The 10 Percent Limit On Indirect/Administrative Costs.....	35
Summary Of Prior Examination Recommendations.....	37
Summary Of Exit Conference.....	38
Report Distribution	39

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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;

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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 to provide 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 sound 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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).

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Background (Continued)

Basis Of Accounting

The accompanying Forms MS-991 With Adjustments, Reports of Act 44 Tax Fund With Adjustments, Reports of Act 89 Tax Fund With Adjustments, and Reports 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.

BERKS COUNTY
LIQUID FUELS TAX FUND
2017 FORM MS-991 WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2017	\$ 3,273,559.71	\$ -	\$ 3,273,559.71
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	993,002.46	-	993,002.46
Interest	39,176.77	-	39,176.77
Reimbursable agreements	4,805,327.94	-	4,805,327.94
Miscellaneous	545,359.36	-	545,359.36
Total receipts	<u>6,382,866.53</u>	<u>-</u>	<u>6,382,866.53</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>9,656,426.24</u>	<u>-</u>	<u>9,656,426.24</u>
<u>Expenditures:</u>			
Administrative	28,669.32	49,032.68	77,702.00
Minor equipment purchases	581.84	-	581.84
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	10,521.94	-	10,521.94
Traffic control devices	1,285.34	-	1,285.34
Street lighting	76,092.53	-	76,092.53
Storm sewers and drains	-	-	-
Repairs of tools and machinery	4,173.76	-	4,173.76
Maintenance and repairs - roads and bridges	306,751.24	36,972.44	343,723.68
Highway construction and rebuilding projects	2,765,534.86	-	2,765,534.86
Miscellaneous	108,575.89	(97,205.12)	11,370.77
Total expenditures	<u>3,302,186.72</u>	<u>(11,200.00)</u>	<u>3,290,986.72</u>
Remaining funds available as of December 31, 2017	<u>\$ 6,354,239.52</u>	<u>\$ 11,200.00</u>	<u>\$ 6,365,439.52</u>

BERKS COUNTY
LIQUID FUELS TAX FUND
2017 FORM MS-991 WITH ADJUSTMENTS

2017 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	642,973.02	(29,353.05)	613,619.97
Unpaid county aid grants	1,135,569.55	-	1,135,569.55
Total approved future year receipts and expenditures	1,778,542.57	(29,353.05)	1,749,189.52
Year end balance available for future years as of December 31, 2017	\$ 4,575,696.95	\$ 40,553.05	\$ 4,616,250.00

BERKS COUNTY
LIQUID FUELS TAX FUND
2018 FORM MS-991 WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2018	\$ 6,354,239.52	\$ 11,200.00	\$ 6,365,439.52
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	898,657.62	-	898,657.62
Interest	65,708.04	-	65,708.04
Reimbursable agreements	2,792,680.37	-	2,792,680.37
Miscellaneous	641,454.50	(11,200.00)	630,254.50
Total receipts	<u>4,398,500.53</u>	<u>(11,200.00)</u>	<u>4,387,300.53</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>10,752,740.05</u>	<u>-</u>	<u>10,752,740.05</u>
<u>Expenditures:</u>			
Administrative	6,110.22	84,493.78	90,604.00
Minor equipment purchases	3,848.74	-	3,848.74
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	37,151.06	-	37,151.06
Traffic control devices	5,567.00	-	5,567.00
Street lighting	68,156.66	-	68,156.66
Storm sewers and drains	-	-	-
Repairs of tools and machinery	1,458.55	-	1,458.55
Maintenance and repairs - roads and bridges	406,083.32	6,110.22	412,193.54
Highway construction and rebuilding projects	3,535,778.63	24,600.00	3,560,378.63
Miscellaneous	120,983.06	(115,204.00)	5,779.06
Total expenditures	<u>4,185,137.24</u>	<u>-</u>	<u>4,185,137.24</u>
Remaining funds available as of December 31, 2018	<u>\$ 6,567,602.81</u>	<u>\$ -</u>	<u>\$ 6,567,602.81</u>

BERKS COUNTY
LIQUID FUELS TAX FUND
2018 FORM MS-991 WITH ADJUSTMENTS

2018 Form MS-991 With Adjustments (Continued)

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	919,708.82	(3,820.05)	915,888.77
Unpaid county aid grants	1,513,041.78	-	1,513,041.78
Total approved future year receipts and expenditures	<u>2,432,750.60</u>	<u>(3,820.05)</u>	<u>2,428,930.55</u>
Year end balance available for future years as of December 31, 2018	<u>\$ 4,134,852.21</u>	<u>\$ 3,820.05</u>	<u>\$ 4,138,672.26</u>

BERKS COUNTY
LIQUID FUELS TAX FUND
2019 FORM MS-991 WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2019	\$ 6,567,602.81	\$ -	\$ 6,567,602.81
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	893,246.49	-	893,246.49
Interest	67,226.29	-	67,226.29
Reimbursable agreements	2,719,717.13	-	2,719,717.13
Miscellaneous	26,169.65	-	26,169.65
Total receipts	<u>3,706,359.56</u>	<u>-</u>	<u>3,706,359.56</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>10,273,962.37</u>	<u>-</u>	<u>10,273,962.37</u>
<u>Expenditures:</u>			
Administrative	17,632.66	57,768.34	75,401.00
Minor equipment purchases	2,021.74	257.57	2,279.31
County aid payments	456,093.54	-	456,093.54
Major equipment expenditures	5,151.00	-	5,151.00
Street cleaning and gutters	-	-	-
Winter maintenance services	16,199.53	-	16,199.53
Traffic control devices	11,904.35	-	11,904.35
Street lighting	76,800.57	-	76,800.57
Storm sewers and drains	-	-	-
Repairs of tools and machinery	884.58	130.00	1,014.58
Maintenance and repairs - roads and bridges	437,615.37	17,632.66	455,248.03
Highway construction and rebuilding projects	4,700,680.24	6,527.74	4,707,207.98
Miscellaneous	3,440,124.84	(82,316.31)	3,357,808.53
Total expenditures	<u>9,165,108.42</u>	<u>-</u>	<u>9,165,108.42</u>
Remaining funds available as of December 31, 2019	<u>\$ 1,108,853.95</u>	<u>\$ -</u>	<u>\$ 1,108,853.95</u>

BERKS COUNTY
LIQUID FUELS TAX FUND
2019 FORM MS-991 WITH ADJUSTMENTS

2019 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ 853,311.43	\$ -	\$ 853,311.43
Accounts payable	-	-	-
Unpaid encumbrances	683,461.21	-	683,461.21
Unpaid county aid grants	1,056,948.24	-	1,056,948.24
Total approved future year receipts and expenditures	887,098.02	-	887,098.02
Year end balance available for future years as of December 31, 2019	\$ 221,755.93	\$ -	\$ 221,755.93

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2020	\$ 1,108,853.95	\$ -	\$ 1,108,853.95
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	771,504.43	-	771,504.43
Interest	4,629.89	-	4,629.89
Reimbursable agreements	2,888,326.05	-	2,888,326.05
Miscellaneous	2,051,030.50	-	2,051,030.50
Total receipts	<u>5,715,490.87</u>	<u>-</u>	<u>5,715,490.87</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>6,824,344.82</u>	<u>-</u>	<u>6,824,344.82</u>
<u>Expenditures:</u>			
Administrative	3,129.03	79,728.96	82,857.99
Minor equipment purchases	14,369.63	-	14,369.63
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	4,170.10	-	4,170.10
Street lighting	62,454.84	-	62,454.84
Storm sewers and drains	-	-	-
Repairs of tools and machinery	2,541.09	-	2,541.09
Maintenance and repairs - roads and bridges	433,659.19	29,670.38	463,329.57
Highway construction and rebuilding projects	4,191,843.53	16,997.20	4,208,840.73
Miscellaneous	126,396.54	(126,396.54)	-
Total expenditures	<u>4,838,563.95</u>	<u>-</u>	<u>4,838,563.95</u>
Remaining funds available as of December 31, 2020	<u>\$ 1,985,780.87</u>	<u>\$ -</u>	<u>\$ 1,985,780.87</u>

BERKS 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	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	442,872.63	-	442,872.63
Unpaid county aid grants	1,056,948.24	-	1,056,948.24
Total approved future year receipts and expenditures	1,499,820.87	-	1,499,820.87
Year end balance available for future years as of December 31, 2020	\$ 485,960.00	\$ -	\$ 485,960.00

BERKS COUNTY
2017 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 1,318,480.89	\$ -	\$ 1,318,480.89
<u>Receipts:</u>			
Act 44 Funds	127,754.88	-	127,754.88
Interest	6,705.71	-	6,705.71
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>134,460.59</u>	<u>-</u>	<u>134,460.59</u>
Total funds available	<u>1,452,941.48</u>	<u>-</u>	<u>1,452,941.48</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 1,452,941.48</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,452,941.48</u></u>

BERKS COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 1,452,941.48	\$ -	\$ 1,452,941.48
<u>Receipts:</u>			
Act 44 Funds	122,167.31	-	122,167.31
Interest	9,991.51	-	9,991.51
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>132,158.82</u>	<u>-</u>	<u>132,158.82</u>
Total funds available	<u>1,585,100.30</u>	<u>-</u>	<u>1,585,100.30</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 1,585,100.30</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,585,100.30</u></u>

BERKS COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 1,585,100.30	\$ -	\$ 1,585,100.30
<u>Receipts:</u>			
Act 44 Funds	122,167.31	-	122,167.31
Interest	18,339.25	-	18,339.25
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>140,506.56</u>	<u>-</u>	<u>140,506.56</u>
Total funds available	<u>1,725,606.86</u>	<u>-</u>	<u>1,725,606.86</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 1,725,606.86</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,725,606.86</u></u>

BERKS COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 1,725,606.86	\$ -	\$ 1,725,606.86
<u>Receipts:</u>			
Act 44 Funds	123,679.56	-	123,679.56
Interest	4,318.51	-	4,318.51
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>127,998.07</u>	<u>-</u>	<u>127,998.07</u>
Total funds available	<u>1,853,604.93</u>	<u>-</u>	<u>1,853,604.93</u>
<u>Expenditures:</u>			
Construction	-	1,138,524.47	1,138,524.47
Maintenance and repair	-	-	-
Miscellaneous	<u>1,138,524.47</u>	<u>(1,138,524.47)</u>	<u>-</u>
Total expenditures	<u>1,138,524.47</u>	<u>-</u>	<u>1,138,524.47</u>
Balance, December 31, 2020	<u><u>\$ 715,080.46</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 715,080.46</u></u>

BERKS COUNTY
2017 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 523,368.05	\$ -	\$ 523,368.05
<u>Receipts:</u>			
Act 89 Funds	241,762.50	-	241,762.50
Interest	3,025.61	-	3,025.61
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>244,788.11</u>	<u>-</u>	<u>244,788.11</u>
Total funds available	<u>768,156.16</u>	<u>-</u>	<u>768,156.16</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 768,156.16</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 768,156.16</u></u>

BERKS COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 768,156.16	\$ -	\$ 768,156.16
<u>Receipts:</u>			
Act 89 Funds	252,297.54	-	252,297.54
Interest	5,824.53	-	5,824.53
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>258,122.07</u>	<u>-</u>	<u>258,122.07</u>
Total funds available	<u>1,026,278.23</u>	<u>-</u>	<u>1,026,278.23</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 1,026,278.23</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,026,278.23</u></u>

BERKS COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 1,026,278.23	\$ -	\$ 1,026,278.23
<u>Receipts:</u>			
Act 89 Funds	241,981.20	-	241,981.20
Interest	12,825.65	-	12,825.65
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>254,806.85</u>	<u>-</u>	<u>254,806.85</u>
Total funds available	<u>1,281,085.08</u>	<u>-</u>	<u>1,281,085.08</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 1,281,085.08</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,281,085.08</u></u>

BERKS COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 1,281,085.08	\$ -	\$ 1,281,085.08
<u>Receipts:</u>			
Act 89 Funds	221,140.82	-	221,140.82
Interest	4,250.89	-	4,250.89
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>225,391.71</u>	<u>-</u>	<u>225,391.71</u>
Total funds available	<u>1,506,476.79</u>	<u>-</u>	<u>1,506,476.79</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u><u>\$ 1,506,476.79</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,506,476.79</u></u>

BERKS COUNTY
2017 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Local Use Funds	1,296,845.00	-	1,296,845.00
Interest	1,127.12	-	1,127.12
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,297,972.12</u>	<u>-</u>	<u>1,297,972.12</u>
Total funds available	<u>1,297,972.12</u>	<u>-</u>	<u>1,297,972.12</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 1,297,972.12</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,297,972.12</u></u>

BERKS COUNTY
2018 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 1,297,972.12	\$ -	\$ 1,297,972.12
<u>Receipts:</u>			
Local Use Funds	1,822,805.00	-	1,822,805.00
Interest	11,736.39	-	11,736.39
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,834,541.39</u>	<u>-</u>	<u>1,834,541.39</u>
Total funds available	<u>3,132,513.51</u>	<u>-</u>	<u>3,132,513.51</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 3,132,513.51</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,132,513.51</u></u>

BERKS COUNTY
2019 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 3,132,513.51	\$ -	\$ 3,132,513.51
<u>Receipts:</u>			
Local Use Funds	2,032,415.00	-	2,032,415.00
Interest	38,356.33	-	38,356.33
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>2,070,771.33</u>	<u>-</u>	<u>2,070,771.33</u>
Total funds available	<u>5,203,284.84</u>	<u>-</u>	<u>5,203,284.84</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 5,203,284.84</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,203,284.84</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 5,203,284.84	\$ -	\$ 5,203,284.84
<u>Receipts:</u>			
Local Use Funds	2,044,440.00	-	2,044,440.00
Interest	15,618.53	-	15,618.53
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>2,060,058.53</u>	<u>-</u>	<u>2,060,058.53</u>
Total funds available	<u>7,263,343.37</u>	<u>-</u>	<u>7,263,343.37</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	419,292.05	419,292.05
Administrative expenditures	-	-	-
Miscellaneous	419,292.05	(419,292.05)	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>419,292.05</u>	<u>-</u>	<u>419,292.05</u>
Balance, December 31, 2020	<u><u>\$ 6,844,051.32</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,844,051.32</u></u>

BERKS 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, 2017 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

2017 Form MS-991

An adjustment of \$49,032.68 was made to “Administrative” because expenditures of \$28,669.32 for maintenance and repairs - roads and bridges were misclassified and \$77,702.00 of these expenditures were misclassified as miscellaneous.

An adjustment of \$36,972.44 was made to “Maintenance and repairs - roads and bridges” because \$28,669.32 of these expenditures were misclassified as administrative and \$8,303.12 of these expenditures were misclassified as miscellaneous.

An adjustment of \$(97,205.12) was made to “Miscellaneous” because expenditures of \$77,702.00 for administrative and \$8,303.12 for maintenance and repairs - roads and bridges were misclassified. Additionally, these expenditures were overstated by \$11,200.00.

An adjustment of \$(29,353.05) was made to “Unpaid encumbrances” because the balance of the following encumbrance was reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustment</u>
07-06000-001	<u>\$0.00</u>	<u>\$29,353.05</u>	<u>\$(29,353.05)</u>

2018 Form MS-991

An adjustment of \$11,200.00 was made to “Actual balance in county Liquid Fuels Tax Fund on January 1, 2018” to reflect the adjustment made to the fund balance in 2017.

An adjustment of \$(11,200.00) was made to “Miscellaneous” receipts because these receipts were overstated.

Adjustments were made to “Administrative,” “Maintenance and repairs - roads and bridges,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$115,204.00 were misclassified.

BERKS 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, 2017 TO DECEMBER 31, 2020

Adjustments (Continued)

2018 Form MS-991 (Continued)

An adjustment of \$(3,820.05) was made to “Unpaid encumbrances” because the balance of the following encumbrance was reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustment</u>
07-06000-001	<u>\$0.00</u>	<u>\$3,820.05</u>	<u>\$(3,820.05)</u>

2019 Form MS-991

Adjustments were made to “Administrative,” “Minor equipment purchases,” “Repairs of tools and machinery,” “Maintenance and repairs - roads and bridges,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$82,316.31 were misclassified.

2020 Form MS-991

Adjustments were made to “Administrative,” “Maintenance and repairs - roads and bridges,” “Highway construction and rebuilding projects,” and “Miscellaneous” because expenditures of \$126,396.54 were misclassified.

2020 Act 44 Tax Fund

Adjustments were made to “Construction” and “Miscellaneous” because expenditures of \$1,138,524.47 were misclassified.

2020 County Fee For Local Use Fund

Adjustments were made to “County-Owned bridge construction” and “Miscellaneous” because expenditures of \$419,292.05 were misclassified.

BERKS 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, 2017 TO DECEMBER 31, 2020

Reimbursable Agreements

During our examination, we noted that the county entered into reimbursable agreements with the Department of Transportation for bridge construction. During our current examination period, the county received \$4,805,327.94 for 2017, \$2,792,680.37 for 2018, \$2,719,717.13 for 2019, and \$2,888,326.05 for 2020 as a result of these agreements and deposited this money into its Liquid Fuels Tax Fund. As of December 31, 2020, \$57,118.23 was due the Liquid Fuels Tax Fund.

Miscellaneous Receipts

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

Source	Description	2017	2018	2019	2020
Commonwealth of Pennsylvania	Act 13 distributions (Deposit in error)	\$497,497.21	\$619,571.85	\$ -	\$ -
Insurance Company	Reimbursement for damages	\$9,463.35	2,693.00	10,140.55	15,407.00
General Fund	Reimbursement (Summary of Prior Examination Recommendations)	13,585.00	-	1,229.10	-
Berks County Redevelopment Authority	Normal Avenue Bridge	1,952.80	-	-	-
Vendor	Lease of Buttonwood Street Utilities	14,800.00	7,400.00	14,800.00	3,700.00
Commonwealth of Pennsylvania	Tropical Storm Jonas damage reimbursement	1,176.00	-	-	-
General Fund	Reimbursement for parts	6,885.00	-	-	287.76
Washington Township	Reimbursement for bridge work	-	589.65	-	-
Act 44 Tax Fund	Reimbursement for Act 44 Tax Fund expenses paid	-	-	-	715,235.21
Act 13 Tax Fund	Reimbursement for Act 13 Tax Fund expenses paid	-	-	-	473,819.22
County Fee For Local Use Tax Fund	Reimbursement for County Fee For Local Use Fund expenses paid	-	-	-	842,581.31
Totals		<u>\$545,359.36</u>	<u>\$630,254.50</u>	<u>\$26,169.65</u>	<u>\$2,051,030.50</u>

BERKS 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, 2017 TO DECEMBER 31, 2020

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>2017</u>	<u>2018</u>	<u>2019</u>
Financial Institution	Bank service charges	\$5,787.61	\$5,779.06	\$ -
Financial Institution	Realized loss on investments	5,583.16	-	3,814.77
Act 13 Tax Fund	Correction of deposit in error	-	-	3,353,993.76
Totals		<u>\$11,370.77</u>	<u>\$5,779.06</u>	<u>\$3,357,808.53</u>

Deposits In Error

During prior examination periods, the county deposited Act 13 Fund money totaling \$2,313,282.24 into the Liquid Fuels Tax Fund in error. During our current examination period, the county deposited an additional \$1,117,069.06 into its Liquid Fuels Tax Fund in error. On September 1, 2019 and September 23, 2019, the municipality transferred \$2,463,412.93 and \$890,580.83, respectively, from its Liquid Fuels Tax Fund to its Act 13 Tax Fund to correct the deposits in error. As of the date of the exit conference of March 22, 2023, \$76,357.54 was still due to the Act 13 Fund.

Encumbrances

As of December 31, 2020, \$1,499,820.87 was encumbered. This amount consists of \$442,872.63 for county projects and \$1,056,948.24 for grants to political subdivisions.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding - Expenditures In Excess Of The 10 Percent Limit On Indirect/Administrative Costs

Our examination disclosed that the county expended \$90,604.00 in 2018 and \$82,857.99 in 2020 from the Liquid Fuels Tax Fund for indirect/administrative costs, which were \$738.24 and \$5,707.55 greater than 10 percent of the yearly Liquid Fuels Tax Fund allocation to the county in each of the years examined.

The indirect/administrative costs charged to the Liquid Fuels Tax Fund by the county during 2018 and 2020 were as follows:

<u>Description</u>	<u>2018</u>	<u>2020</u>
Administrative costs	\$90,604.00	\$82,857.99
Less 10% permissible amount	<u>89,865.76</u>	<u>77,150.44</u>
Excess expenditures for administrative costs	<u>738.24</u>	<u>5,707.55</u>

The Liquid Fuels and Fuels Tax Act of 75 Pa. C.S.A. § 9010(b)(2)(i)(G) permits the use of county liquid fuels tax funds for “Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects. . .” However, the use of liquid fuels tax funds for indirect costs “. . . may not exceed 10% of the yearly allocation to the county.” By way of correspondence to county liquid fuels tax fund administrators dated October 28, 1994, and other correspondence, the Department of Transportation explained the use of county Liquid Fuels Tax Fund money for documented, permissible indirect costs.

The failure to comply with the Liquid Fuels and Fuels Tax Act could result in the county having to reimburse \$6,445.79 to its Liquid Fuels Tax Fund.

This condition occurred because the county waits until they receive the December Liquid Fuels allocation before they reimburse the prior year’s indirect costs. The transfer ends up occurring in January of each year.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
FINDING AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

**Finding - Expenditures In Excess Of The 10 Percent Limit On Indirect/Administrative Costs
(Continued)**

Recommendations

We recommend that the county reimburse \$6,445.79 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the county limit all indirect/administrative costs charged to the Liquid Fuels Tax Fund to the 10 percent maximum permitted by the Liquid Fuels and Fuels Tax Act.

Management's Response

The county officials stated:

The county of Berks is not in agreement with this finding. Expenditures in excess of the 10 percent limit on indirect/administrative costs. [*sic*] Indirect costs are recognized on our general ledger monthly and reimbursed in January of the following year. Per *Publication 9*, Chapter One, Section 1.6.6.3, Acceptable and Unacceptable Expenditures, "Payables for year-end county expenses (should be satisfied within 60 days of year-end)." The County is reimbursing its general fund within 60 days for indirect costs expensed during the prior year. The audit tested 2017's indirect cost reimbursement against 2018's allocated 10 percent permissible amount and 2019's indirect cost reimbursement against 2020's allocated 10 percent permissible amount since the report is completed on a cash basis. If the indirect costs were tested against the same year's allocated 10 percent permissible amount, ex. 2017 vs 2017, there would not have been excess expenditures for administrative costs except for the \$8.99 expense that was recategorized to administrative costs. The county feels finding No. 1 should be reduced from \$6,445.79 to \$8.99.

Auditor's Conclusion

The county did not report any accounts payable on its 2018 or 2020 Forms MS-991. The Department of Transportation will determine if \$6,445.79 should be reimbursed to its Liquid Fuels Tax Fund. During our next examination, we will determine if the county complied with our recommendations.

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$46,021.03 to its Liquid Fuels Tax Fund for failure to obtain project approvals.

During our current examination, we reviewed a letter dated July 1, 2019 from the Department of Transportation directing the county to reimburse \$46,021.03 to its Liquid Fuels Tax Fund. We noted that the county had already reimbursed \$31,206.93 on January 12, 2016 and \$13,585.00 on January 13, 2017, and reimbursed the remaining \$1,229.10 on August 15, 2019, to its Liquid Fuels Tax Fund.

In our prior report, we also recommended that before the county expends money on a project, it applies for and obtains prior approval of the project, and when the project is completed, it obtains approval for the completed work.

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

BERKS 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, 2017 TO DECEMBER 31, 2020

An exit conference was held March 22, 2023. Those participating were:

BERKS COUNTY

The Honorable Sandra M. Graffius, Controller

Ms. Laura Jones, Deputy Director, Budget and Finance

Mr. Scott S. Poch, CPA, Senior Government Accountant, Controller's Office

Ms. Jacqueline Shiffert, Senior Financial Analyst, Budget and Finance

Mr. Trevor Greth, Fiscal Manager, Facilities and Operations

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Tammy Fleisher, Audit Supervisor

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

BERKS COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
FOR LOCAL USE FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

Berks County
12th Floor Services Center
633 Court Street
Reading, PA 19601

The Honorable Christian Y. Leinbach
Chairman of the Board of Commissioners

The Honorable Sandra M. Graffius
Controller

The Honorable Socrates J. Georgeadis
Treasurer

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