



DELAWARE COUNTY  
23-000

LIQUID FUELS TAX FUND  
FORMS 991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
EXAMINATION REPORT

## CONTENTS

	<u>Page</u>
Background .....	1
Independent Auditor's Report .....	3
Financial Section:	
2006 Form MS-991 With Adjustments .....	7
2007 Form MS-991 With Adjustments .....	8
2008 Form MS-991 With Adjustments .....	9
2009 Form MS-991 With Adjustments .....	10
2008 Report Of Act 44 Tax Fund With Adjustments.....	11
2009 Report Of Act 44 Tax Fund With Adjustments.....	12
Notes To Forms MS-991 And Reports Of Act 44 Tax Fund With Adjustments .....	13
Findings and Recommendations:	
Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved.....	29
Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months For 2006, 2008, And 2009.....	40
Finding No. 3 - Liquid Fuels Money Transferred To The General Fund.....	43
Finding No. 4 - Failure To Obtain Project Approval .....	44
Comment.....	46
Summary Of Exit Conference.....	47
Report Distribution .....	49

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
BACKGROUND

Background

*The Vehicle Code* makes provisions and provides funding for County Liquid Fuels and Act 44 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 recently amended by Act 44 of 2007 (July 18, 2007, P.L.169), requires the Pennsylvania Turnpike Commission to make annual contributions for the benefit of the Pennsylvania Department of Transportation's Motor License Fund, and further requires the Department of Transportation to distribute \$5,000,000 of the annual contribution to counties (75 Pa. C.S. § 8915.6). 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.





**Department of the Auditor General  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER  
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Barry J. Schoch, P.E.  
Secretary  
Department of Transportation  
Harrisburg, PA 17120

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund for the four years ended December 31, 2009 and the Reports of Act 44 Tax Fund With Adjustments for the two years ended December 31, 2009 of Delaware County. The county's management is responsible for the Forms MS-991 and the Reports of Act 44 Tax Fund. Our responsibility is to express an opinion on the Forms MS-991 With Adjustments and the Reports of Act 44 Tax Fund 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. An examination includes examining, on a test basis, evidence supporting Delaware County's Forms MS-991 for the four years ended December 31, 2009 and Reports of Act 44 Tax Fund for the two years ended December 31, 2009 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each county'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-991 With Adjustments are made by the Department of the Auditor General.



Independent Auditor's Report (Continued)

As discussed in Finding No. 2, the county's unencumbered balances as of December 31, 2006, December 31, 2008, and December 31, 2009, were greater than the receipts for the previous twelve months. As a result the county may be required to distribute \$1,191,643.05, \$1,118,726.32, and \$718,611.46 for 2006, 2008, and 2009, respectively, to the municipalities within the county. However, the county's fund balance in its Liquid Fuels Tax Fund as of December 31, 2009, was only \$1,240,901.68. Therefore, it cannot distribute \$3,028,980.83. The Department of Transportation will determine the amount of Liquid Fuels Tax Fund money that the county will be required to distribute to the political subdivisions within the county.

Additionally, as discussed in Finding No. 4, the county expended \$48,339.78 and \$42,492.05 from the Liquid Fuels Tax Fund for the reconstruction of Bridge No. 177 and Bridge No. 47, respectively, without obtaining the approval of the Department of Transportation.

In our opinion, except for the effects of such adjustments, if any, to be determined by the Department of Transportation as a result of the county's unencumbered balances as of December 31, 2006, December 31, 2008, December 31, 2009, being greater than total receipts for the previous twelve months and for the effects of the county's failure to obtain the approval of the Department of Transportation for expenditures of \$48,339.78 for the reconstruction of Bridge No. 177 and \$42,492.05 for the reconstruction of Bridge No. 47, the Forms MS-991 With Adjustments and the Reports of Act 44 Tax Fund With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund for the four years ended December 31, 2009 and Act 44 Tax Fund for the two years ended December 31, 2009 of Delaware County, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Forms MS-991 and the Reports of Act 44 Tax Fund and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Forms MS-991 and the Reports of Act 44 Tax Fund are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Forms MS-991 and the Reports of Act 44 Tax Fund or on compliance and other matters; accordingly, we express no such opinions.

Independent Auditor's Report (Continued)

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Delaware County's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the Delaware County's Forms MS-965 that is more than inconsequential will not be prevented or detected by the Delaware County's internal control. We consider the deficiency described in the finding below to be a significant deficiency in internal control over reporting on the Forms MS-965:

- Internal Control Over The Preparation Of Forms MS-991 Should Be Improved.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Forms MS-965 will not be prevented or detected by the Delaware County's internal control. Our consideration of the internal control over reporting on the Forms MS-965 would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency described above to be a material weakness.

The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Unencumbered Balance Was Greater Than The Receipts For the Previous Twelve Months For 2006, 2008, And 2009.
- Liquid Fuels Money Transferred To The General Fund.
- Failure To Obtain Project Approval.

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of Delaware County and is not intended to be and should not be used by anyone other than these specified parties.

August 12, 2010

/s/  
JACK WAGNER  
Auditor General





DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2006 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments (Note 4)	Adjusted Amount
Balance, January 1, 2006	\$ 1,911,225.69	\$ -	\$ 1,911,225.69
<u>Receipts:</u>			
State allocations	962,177.47	-	962,177.47
Interest (Note 3)	74,103.29	-	74,103.29
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,036,280.76</u>	<u>-</u>	<u>1,036,280.76</u>
Total funds available	<u>2,947,506.45</u>	<u>-</u>	<u>2,947,506.45</u>
<u>Expenditures:</u>			
Construction	213.50	(213.50)	-
Maintenance and repair	432,218.52	7,563.50	439,782.02
Administrative	7,350.00	(7,350.00)	-
Grants to political subdivisions	639,380.00	-	639,380.00
Miscellaneous	-	-	-
Total expenditures	<u>1,079,162.02</u>	<u>-</u>	<u>1,079,162.02</u>
Balance, December 31, 2006	1,868,344.43	-	1,868,344.43
Unpaid encumbrances	<u>1,757,475.05</u>	<u>(1,598,914.05)</u>	<u>158,561.00</u>
Unencumbered balance, December 31, 2006	<u>\$ 110,869.38</u>	<u>\$ 1,598,914.05</u>	<u>\$ 1,709,783.43</u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2007 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments (Note 4)	Adjusted Amount
Balance, January 1, 2007	\$ 1,868,344.43	\$ -	\$ 1,868,344.43
<u>Receipts:</u>			
State allocations	1,136,084.39	-	1,136,084.39
Interest (Note 3)	55,899.17	-	55,899.17
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,191,983.56</u>	<u>-</u>	<u>1,191,983.56</u>
Total funds available	<u>3,060,327.99</u>	<u>-</u>	<u>3,060,327.99</u>
<u>Expenditures:</u>			
Construction	18,496.27	-	18,496.27
Maintenance and repair	109,166.79	91,905.63	201,072.42
Administrative	91,905.63	(91,905.63)	-
Grants to political subdivisions	1,175,348.00	-	1,175,348.00
Miscellaneous (Finding No. 3)	-	455,056.12	455,056.12
Total expenditures	<u>1,394,916.69</u>	<u>455,056.12</u>	<u>1,849,972.81</u>
Balance, December 31, 2007	1,665,411.30	(455,056.12)	1,210,355.18
Unpaid encumbrances	<u>1,468,457.95</u>	<u>(1,445,911.95)</u>	<u>22,546.00</u>
Unencumbered balance, December 31, 2007	<u>\$ 196,953.35</u>	<u>\$ 990,855.83</u>	<u>\$ 1,187,809.18</u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2008 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments (Note 4)	Adjusted Amount
Balance, January 1, 2008	\$ 1,665,411.30	\$ (455,056.12)	\$ 1,210,355.18
<u>Receipts:</u>			
State allocations	1,025,686.32	-	1,025,686.32
Interest (Note 3)	25,100.12	(1,122.05)	23,978.07
Reimbursable agreements	-	-	-
Miscellaneous (Finding No. 3)	95,380.78	359,675.34	455,056.12
Total receipts	<u>1,146,167.22</u>	<u>358,553.29</u>	<u>1,504,720.51</u>
Total funds available	<u>2,811,578.52</u>	<u>(96,502.83)</u>	<u>2,715,075.69</u>
<u>Expenditures:</u>			
Construction	25,992.21	(1,602.76)	24,389.45
Maintenance and repair	175,855.37	193,890.35	369,745.72
Administrative	192,287.59	(192,287.59)	-
Grants to political subdivisions	588,887.00	-	588,887.00
Miscellaneous	-	-	-
Total expenditures	<u>983,022.17</u>	<u>-</u>	<u>983,022.17</u>
Balance, December 31, 2008	1,828,556.35	(96,502.83)	1,732,053.52
Unpaid encumbrances	<u>2,205,999.07</u>	<u>(2,117,504.07)</u>	<u>88,495.00</u>
Unencumbered balance, December 31, 2008	<u>\$ (377,442.72)</u>	<u>\$ 2,021,001.24</u>	<u>\$ 1,643,558.52</u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2009 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments (Note 4)	Adjusted Amount
Balance, January 1, 2009	\$ 1,732,053.52	\$ -	\$ 1,732,053.52
<u>Receipts:</u>			
State allocations	972,327.69	-	972,327.69
Interest (Note 3)	3,938.74	-	3,938.74
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>976,266.43</u>	<u>-</u>	<u>976,266.43</u>
Total funds available	<u>2,708,319.95</u>	<u>-</u>	<u>2,708,319.95</u>
<u>Expenditures:</u>			
Construction	49,050.70	6,068.35	55,119.05
Maintenance and repair	86,031.70	498,701.52	584,733.22
Administrative	504,769.97	(504,769.97)	-
Grants to political subdivisions	827,566.00	-	827,566.00
Miscellaneous	-	-	-
Total expenditures	<u>1,467,418.37</u>	<u>(.10)</u>	<u>1,467,418.27</u>
Balance, December 31, 2009	1,240,901.58	.10	1,240,901.68
Unpaid encumbrances (Note 5)	<u>631,998.63</u>	<u>(597,841.63)</u>	<u>34,157.00</u>
Unencumbered balance, December 31, 2009	<u>\$ 608,902.95</u>	<u>\$ 597,841.73</u>	<u>\$ 1,206,744.68</u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2008 REPORT OF ACT 44 TAX FUND  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2008	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Act 44 Funds	95,380.78	-	95,380.78
Interest (Note 3)	1,122.05	-	1,122.05
Total receipts	<u>96,502.83</u>	<u>-</u>	<u>96,502.83</u>
Total funds available	<u>96,502.83</u>	<u>-</u>	<u>96,502.83</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2008	<u><u>\$ 96,502.83</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 96,502.83</u></u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
2009 REPORT OF ACT 44 TAX FUND  
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2009	\$ 96,502.83	\$ -	\$ 96,502.83
<u>Receipts:</u>			
Act 44 Funds	95,606.37	-	95,606.37
Interest (Note 3)	1,839.70	-	1,839.70
Total receipts	<u>97,446.07</u>	<u>-</u>	<u>97,446.07</u>
Total funds available	<u>193,948.90</u>	<u>-</u>	<u>193,948.90</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2009	<u><u>\$ 193,948.90</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 193,948.90</u></u>

Notes to Forms MS-991 With Adjustments and Reports of Act 44 Tax Fund are an integral part of this report.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

1. 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;
- 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

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

1. Criteria (continued)

- 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 15 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 will 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 recently amended by Act 44 of 2007 (July 18, 2007, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Pennsylvania Turnpike Commission's annual contribution of \$5,000,000 to 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.



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

Basis Of Presentation

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Report of County Liquid Fuels Tax Fund With Adjustments and the Report of Act 44 Tax Fund With Adjustments 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 and the County Act 44 Tax Fund, respectively.

The Pennsylvania Department of Transportation prescribes that the county report the following on the MS-991 form, *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 interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.

*Refer to the related Notes: Note 3, Interest Earnings.*

- 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).
- 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.

*Refer to Note 5, Encumbrances.*

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

2. Deposits

*The County Code*, Title 16 P.S § 17067, authorizes the county 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 from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania that are insured by the FDIC or other like insurance. 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, 2009. Custodial credit risk, as defined by GASB No. 40, 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 county's name.

Fund Balance

The fund balance for the Liquid Fuels Tax Fund as of December 31, 2009, consists of the following:

Cash	<u>\$1,240,901.68</u>
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The fund balance for the Act 44 Tax Fund as of December 31, 2009, consists of the following:

Cash	<u>\$193,948.90</u>
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DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
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FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

3. Interest Earnings

Our examination disclosed that the county deposited idle liquid fuels tax money in an interest-bearing account which earned \$74,103.29 during 2006, \$55,899.17 during 2007, \$23,978.07 during 2008, and \$3,938.74 during 2009, thus providing additional funds for road maintenance and repairs.

Additionally, the county deposited idle Act 44 tax money in an interest-bearing account which earned \$1,122.05 during 2008, and \$1,839.70 during 2009, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2006 Form MS-991

Adjustments were made to “Construction,” “Maintenance and repair,” and “Administrative” because expenditures of \$7,563.50 were misclassified.

An adjustment of \$(1,598,914.05) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
01432011CA	\$-	\$ 2,700.00	\$ (2,700.00)
02432011CA	-	2,700.00	(2,700.00)
03432011CA	-	2,700.00	(2,700.00)
04432011CA	-	2,700.00	(2,700.00)
05432011CA	-	2,700.00	(2,700.00)
06432011CA	-	2,700.00	(2,700.00)
03234031CA	-	743.00	(743.00)
04234031CA	-	743.00	(743.00)
05234031CA	-	743.00	(743.00)
06234031CA	-	743.00	(743.00)
06232031CA	-	27,319.00	(27,319.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
05234061CA	-	2,882.00	(2,882.00)
06234071CA	-	10,935.00	(10,935.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
02234101CA	\$ -	\$ 8,100.00	\$ (8,100.00)
04234101CA	-	8,100.00	(8,100.00)
05234101CA	-	8,100.00	(8,100.00)
06234101CA	-	8,100.00	(8,100.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
02234161CA	-	3,375.00	(3,375.00)
04234161CA	-	3,375.00	(3,375.00)
05234161CA	-	3,375.00	(3,375.00)
06234161CA	-	3,375.00	(3,375.00)
05234181CA	-	2,430.00	(2,430.00)
06234181CA	-	2,430.00	(2,430.00)
05234211CA	-	1,553.00	(1,553.00)
06234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
06231081CA	-	34,898.00	(34,898.00)
06231091CA	-	7,223.00	(7,223.00)
06234251CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
06231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
05232101CA	-	14,243.00	(14,243.00)
06232101CA	-	14,243.00	(14,243.00)
0423111CA	-	89,168.00	(89,168.00)
0523111CA	-	89,168.00	(89,168.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
06231111CA	\$ -	\$ 89,168.00	\$ (89,168.00)
01232091CA	5,198.00	-	5,198.00
0623401CA	-	5,468.00	(5,468.00)
06234271CA	-	12,353.00	(12,353.00)
Undocumented bridge encumbrances	-	1,071,159.05	(1,071,159.05)
Totals	<u>\$5,198.00</u>	<u>\$1,604,112.05</u>	<u>\$(1,598,914.05)</u>

2007 Form MS-991

Adjustments were made to “Maintenance and repair” and “Administrative” because expenditures of \$91,905.63 were misclassified.

An adjustment of \$455,056.12 was made to “Miscellaneous” because Liquid Fuels Tax Fund money transferred to the General Fund was not reported.

An adjustment of \$(1,445,911.95) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
0723401CA	\$-	\$ 5,468.00	\$ (5,468.00)
0623401CA	-	5,468.00	(5,468.00)
07231011CA	-	18,833.00	(18,833.00)
01432011CA	-	2,700.00	(2,700.00)
02432011CA	-	2,700.00	(2,700.00)
03432011CA	-	2,700.00	(2,700.00)
04432011CA	-	2,700.00	(2,700.00)
05432011CA	-	2,700.00	(2,700.00)
06432011CA	-	2,700.00	(2,700.00)
07432011CA	-	2,700.00	(2,700.00)
07234011CA	-	8,910.00	(8,910.00)

DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
 FOR THE FOUR YEARS ENDED  
 DECEMBER 31, 2009 AND  
 REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
 FOR THE TWO YEARS ENDED  
 DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
07232021CA	\$-	\$ 2,700.00	\$ (2,700.00)
03234031CA	-	743.00	(743.00)
07234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
07234071CA	-	10,935.00	(10,935.00)
07231021CA	-	11,948.00	(11,948.00)
07234081CA	-	2,970.00	(2,970.00)
07234091CA	-	2,903.00	(2,903.00)
02234101CA	-	8,100.00	(8,100.00)
04234101CA	-	8,100.00	(8,100.00)
05234101CA	-	8,100.00	(8,100.00)
06234101CA	-	8,100.00	(8,100.00)
07234101CA	-	8,100.00	(8,100.00)
07234111CA	-	8,708.00	(8,708.00)
07234121CA	-	13,973.00	(13,973.00)
07234141CA	-	7,695.00	(7,695.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
07234151CA	-	608.00	(608.00)
02234161CA	-	3,375.00	(3,375.00)
04234161CA	-	3,375.00	(3,375.00)
05234161CA	-	3,375.00	(3,375.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
06234161CA	\$ -	\$ 3,375.00	\$ (3,375.00)
07234161CA	-	3,375.00	(3,375.00)
07231051CA	-	18,968.00	(18,968.00)
07232081CA	-	17,955.00	(17,955.00)
05234181CA	-	2,430.00	(2,430.00)
06234181CA	-	2,430.00	(2,430.00)
07234181CA	-	2,430.00	(2,430.00)
07234201CA	-	9,518.00	(9,518.00)
05234211CA	-	1,553.00	(1,553.00)
06234211CA	-	1,553.00	(1,553.00)
07234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
07231081CA	-	34,898.00	(34,898.00)
07231091CA	-	7,223.00	(7,223.00)
07234251CA	-	2,565.00	(2,565.00)
07234261CA	-	4,050.00	(4,050.00)
03231101CA	-	12,960.00	(12,960.00)
07231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
04232101CA	-	14,243.00	(14,243.00)
07234271CA	-	12,353.00	(12,353.00)
01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	1,070,976.65	(1,070,976.65)
Math error	-	.30	(.30)
Totals	<u>\$5,198.00</u>	<u>\$1,451,109.95</u>	<u>\$(1,445,911.95)</u>

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

2008 Form MS-991

An adjustment of \$(455,056.12) was made to "Balance, January 1, 2008" to reflect the adjustments made on the 2007 Form MS-991.

An adjustment of \$(1,122.05) was made to "Interest" because interest earnings were overstated.

An adjustment of \$359,675.34 was made to "Miscellaneous" because these receipts were understated.

Adjustments were made to "Construction," "Maintenance and repair," and "Administrative" because expenditures of \$193,890.35 were misclassified.

An adjustment of \$(2,117,504.07) was made to "Unpaid encumbrances" because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
01232011CA	\$-	\$ 2,700.00	\$ (2,700.00)
08234021CA	-	8,910.00	(8,910.00)
08232021CA	-	2,700.00	(2,700.00)
03234031CA	-	743.00	(743.00)
07234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
08234041CA	-	7,493.00	(7,493.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
08234061CA	-	2,882.00	(2,882.00)
06234031CA	-	10,058.00	(10,058.00)
07234091CA	-	2,903.00	(2,903.00)
06234101CA	-	8,100.00	(8,100.00)
08234101CA	-	8,100.00	(8,100.00)
07234111CA	-	8,708.00	(8,708.00)
08231031CA	-	66,960.00	(66,960.00)



DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
 FOR THE FOUR YEARS ENDED  
 DECEMBER 31, 2009 AND  
 REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
 FOR THE TWO YEARS ENDED  
 DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
07234121CA	\$ -	\$13,973.00	\$(13,973.00)
08234121CA	-	13,973.00	(13,973.00)
08231041CA	-	3,375.00	(3,375.00)
07234141CA	-	7,695.00	(7,695.00)
08232071CA	-	20,385.00	(20,385.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
07234151CA	-	608.00	(608.00)
08234151CA	-	608.00	(608.00)
08234161CA	-	3,375.00	(3,375.00)
08231051CA	-	18,968.00	(18,968.00)
06232081CA	-	17,955.00	(17,955.00)
07232081CA	-	17,955.00	(17,955.00)
08232081CA	-	17,955.00	(17,955.00)
08234171CA	-	7,628.00	(7,628.00)
05234181CA	-	2,430.00	(2,430.00)
08234181CA	-	2,430.00	(2,430.00)
07231071CA	-	41,243.00	(41,243.00)
08231071CA	-	41,243.00	(41,243.00)
08234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
08234221CA	-	1,485.00	(1,485.00)
08234231CA	-	6,750.00	(6,750.00)
05231081CA	-	34,898.00	(34,898.00)
08232091CA	-	5,198.00	(5,198.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

	<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>
08231091CA	\$ -	\$ 7,223.00	\$ (7,223.00)
08234251CA	-	2,565.00	(2,565.00)
07234261CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
08232101CA	-	14,243.00	(14,243.00)
07234271CA	-	12,353.00	(12,353.00)
01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	1,616,499.07	(1,616,499.07)
Totals	<u>\$5,198.00</u>	<u>\$2,122,702.07</u>	<u>\$(2,117,504.07)</u>

2009 Form MS-991

An adjustment of \$6,068.35 was made to "Construction" because these expenditures were misclassified as administrative.

An adjustment of \$498,701.52 was to "Maintenance and repair" because these expenditures were misclassified as administrative.

An adjustment of \$(504,769.97) was made to "Administrative" because expenditures of \$6,068.35 for construction and \$498,701.52 for maintenance and repair were misclassified and these expenditures were overstated by \$.10.

An adjustment of \$(597,841.63) was made to "Unpaid encumbrances" because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
03232011CA	\$-	\$2,700.00	\$(2,700.00)
09232011CA	-	2,700.00	(2,700.00)
09234021CA	-	8,910.00	(8,910.00)
03234031CA	-	743.00	(743.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
08234031CA	\$-	\$ 743.00	\$ (743.00)
09234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
09234041CA	-	7,493.00	(7,493.00)
09234051CA	-	9,585.00	(9,585.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
08234061CA	-	2,882.00	(2,882.00)
09234061CA	-	2,882.00	(2,882.00)
06234041CA	-	10,058.00	(10,058.00)
09234071CA	-	10,935.00	(10,935.00)
09234081CA	-	2,970.00	(2,970.00)
07234091CA	-	2,903.00	(2,903.00)
09234091CA	-	2,903.00	(2,903.00)
06234101CA	-	8,100.00	(8,100.00)
08234101CA	-	8,100.00	(8,100.00)
09234101CA	-	8,100.00	(8,100.00)
09234111CA	-	8,708.00	(8,708.00)
07234121CA	-	13,973.00	(13,973.00)
08234121CA	-	13,973.00	(13,973.00)
09234121CA	-	13,973.00	(13,973.00)
09231121CA	-	34,628.00	(34,628.00)
09234141CA	-	7,695.00	(7,695.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009 AND  
REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009

4. Adjustments (Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
06234151CA	\$ -	\$ 608.00	\$ (608.00)
07234151CA	-	608.00	(608.00)
08234151CA	-	608.00	(608.00)
09234151CA	-	608.00	(608.00)
09231051CA	-	18,968.00	(18,968.00)
06232081CA	-	17,955.00	(17,955.00)
09234171CA	-	7,628.00	(7,628.00)
05234181CA	-	2,430.00	(2,430.00)
08234181CA	-	2,430.00	(2,430.00)
09234181CA	-	2,430.00	(2,430.00)
07231071CA	-	41,243.00	(41,243.00)
08234211CA	-	1,553.00	(1,553.00)
09234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
08234221CA	-	1,485.00	(1,485.00)
09234221CA	-	1,485.00	(1,485.00)
05231081CA	-	34,898.00	(34,898.00)
09231081CA	-	34,898.00	(34,898.00)
09232091CA	-	5,198.00	(5,198.00)
09231091CA	-	7,223.00	(7,223.00)
08234251CA	-	2,565.00	(2,565.00)
09234251CA	-	2,565.00	(2,565.00)
07234261CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
09232101CA	-	14,243.00	(14,243.00)
08234271CA	-	12,353.00	(12,353.00)
09234271CA	-	12,353.00	(12,353.00)

DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 NOTES TO FORMS MS-991 WITH ADJUSTMENTS  
 FOR THE FOUR YEARS ENDED  
 DECEMBER 31, 2009 AND  
 REPORTS OF ACT 44 TAX FUND WITH ADJUSTMENTS  
 FOR THE TWO YEARS ENDED  
 DECEMBER 31, 2009

4. Adjustments (Continued)

01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	132,223.63	(132,223.63)
	-	132,223.63	(132,223.63)
Totals	\$5,198.00	\$603,039.63	\$(597,841.63)

5. Encumbrances

As of December 31, 2009, \$34,157.00 was encumbered for grants to political subdivisions.



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved

Our examination disclosed that there were numerous errors made in the preparation of the county's 2006, 2007, 2008, and 2009 Forms MS-991. These adjustments, which are disclosed in Note 4, are as follows:

2006 Form MS-991

- Adjustments were made to "Construction," "Maintenance and repair," and "Administrative" because expenditures of \$7,563.50 were misclassified.
- An adjustment of \$(1,598,914.05) was made to "Unpaid encumbrances" because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
01432011CA	\$-	\$ 2,700.00	\$ (2,700.00)
02432011CA	-	2,700.00	(2,700.00)
03432011CA	-	2,700.00	(2,700.00)
04432011CA	-	2,700.00	(2,700.00)
05432011CA	-	2,700.00	(2,700.00)
06432011CA	-	2,700.00	(2,700.00)
03234031CA	-	743.00	(743.00)
04234031CA	-	743.00	(743.00)
05234031CA	-	743.00	(743.00)
06234031CA	-	743.00	(743.00)
06232031CA	-	27,319.00	(27,319.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
05234061CA	-	2,882.00	(2,882.00)
06234071CA	-	10,935.00	(10,935.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
02234101CA	\$ -	\$ 8,100.00	\$ (8,100.00)
04234101CA	-	8,100.00	(8,100.00)
05234101CA	-	8,100.00	(8,100.00)
06234101CA	-	8,100.00	(8,100.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
02234161CA	-	3,375.00	(3,375.00)
04234161CA	-	3,375.00	(3,375.00)
05234161CA	-	3,375.00	(3,375.00)
06234161CA	-	3,375.00	(3,375.00)
05234181CA	-	2,430.00	(2,430.00)
06234181CA	-	2,430.00	(2,430.00)
05234211CA	-	1,553.00	(1,553.00)
06234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
06231081CA	-	34,898.00	(34,898.00)
06231091CA	-	7,223.00	(7,223.00)
06234251CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
06231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
05232101CA	-	14,243.00	(14,243.00)
06232101CA	-	14,243.00	(14,243.00)
0423111CA	-	89,168.00	(89,168.00)



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
0523111CA	\$ -	\$ 89,168.00	\$ (89,168.00)
06231111CA	-	89,168.00	(89,168.00)
01232091CA	5,198.00	-	5,198.00
0623401CA	-	5,468.00	(5,468.00)
06234271CA	-	12,353.00	(12,353.00)
Undocumented bridge encumbrances	-	1,071,159.05	(1,071,159.05)
Totals	<u>\$5,198.00</u>	<u>\$1,604,112.05</u>	<u>\$(1,598,914.05)</u>

2007 Form MS-991

- Adjustments were made to “Maintenance and repair” and “Administrative” because expenditures of \$91,905.63 were misclassified.
- An adjustment of \$455,056.12 was made to “Miscellaneous” because Liquid Fuels Tax Fund money transferred to the General Fund was not reported.
- An adjustment of \$(1,445,911.95) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
0723401CA	\$-	\$ 5,468.00	\$ (5,468.00)
0623401CA	-	5,468.00	(5,468.00)
07231011CA	-	18,833.00	(18,833.00)
01432011CA	-	2,700.00	(2,700.00)
02432011CA	-	2,700.00	(2,700.00)
03432011CA	-	2,700.00	(2,700.00)
04432011CA	-	2,700.00	(2,700.00)
05432011CA	-	2,700.00	(2,700.00)
06432011CA	-	2,700.00	(2,700.00)
07432011CA	-	2,700.00	(2,700.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
07234011CA	\$-	\$ 8,910.00	\$ (8,910.00)
07232021CA	-	2,700.00	(2,700.00)
03234031CA	-	743.00	(743.00)
07234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
07234071CA	-	10,935.00	(10,935.00)
07231021CA	-	11,948.00	(11,948.00)
07234081CA	-	2,970.00	(2,970.00)
07234091CA	-	2,903.00	(2,903.00)
02234101CA	-	8,100.00	(8,100.00)
04234101CA	-	8,100.00	(8,100.00)
05234101CA	-	8,100.00	(8,100.00)
06234101CA	-	8,100.00	(8,100.00)
07234101CA	-	8,100.00	(8,100.00)
07234111CA	-	8,708.00	(8,708.00)
07234121CA	-	13,973.00	(13,973.00)
07234141CA	-	7,695.00	(7,695.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
07234151CA	-	608.00	(608.00)
02234161CA	-	3,375.00	(3,375.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
04234161CA	\$ -	\$ 3,375.00	\$ (3,375.00)
05234161CA	-	3,375.00	(3,375.00)
06234161CA	-	3,375.00	(3,375.00)
07234161CA	-	3,375.00	(3,375.00)
07231051CA	-	18,968.00	(18,968.00)
07232081CA	-	17,955.00	(17,955.00)
05234181CA	-	2,430.00	(2,430.00)
06234181CA	-	2,430.00	(2,430.00)
07234181CA	-	2,430.00	(2,430.00)
07234201CA	-	9,518.00	(9,518.00)
05234211CA	-	1,553.00	(1,553.00)
06234211CA	-	1,553.00	(1,553.00)
07234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
07231081CA	-	34,898.00	(34,898.00)
07231091CA	-	7,223.00	(7,223.00)
07234251CA	-	2,565.00	(2,565.00)
07234261CA	-	4,050.00	(4,050.00)
03231101CA	-	12,960.00	(12,960.00)
07231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
04232101CA	-	14,243.00	(14,243.00)
07234271CA	-	12,353.00	(12,353.00)
01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	1,070,976.65	(1,070,976.65)
Math error	-	.30	(.30)
Totals	<u>\$5,198.00</u>	<u>\$1,451,109.95</u>	<u>\$(1,445,911.95)</u>

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

2008 Form MS-991

- An adjustment of \$(455,056.12) was made to “Balance, January 1, 2008” to reflect the adjustments made on the 2007 Form MS-991.
- An adjustment of \$(1,122.05) was made to “Interest” because interest earnings were overstated.
- An adjustment of \$359,675.34 was made to “Miscellaneous” because these receipts were understated.
- Adjustments were made to “Construction,” “Maintenance and repair,” and “Administrative” because expenditures of \$193,890.35 were misclassified.
- An adjustment of \$(2,117,504.07) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
01232011CA	\$-	\$ 2,700.00	\$ (2,700.00)
08234021CA	-	8,910.00	(8,910.00)
08232021CA	-	2,700.00	(2,700.00)
03234031CA	-	743.00	(743.00)
07234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
08234041CA	-	7,493.00	(7,493.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
08234061CA	-	2,882.00	(2,882.00)
06234031CA	-	10,058.00	(10,058.00)
07234091CA	-	2,903.00	(2,903.00)
06234101CA	-	8,100.00	(8,100.00)
08234101CA	-	8,100.00	(8,100.00)
07234111CA	-	8,708.00	(8,708.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
08231031CA	\$ -	\$66,960.00	\$(66,960.00)
07234121CA	-	13,973.00	(13,973.00)
08234121CA	-	13,973.00	(13,973.00)
08231041CA	-	3,375.00	(3,375.00)
07234141CA	-	7,695.00	(7,695.00)
08232071CA	-	20,385.00	(20,385.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)
04234151CA	-	608.00	(608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
07234151CA	-	608.00	(608.00)
08234151CA	-	608.00	(608.00)
08234161CA	-	3,375.00	(3,375.00)
08231051CA	-	18,968.00	(18,968.00)
06232081CA	-	17,955.00	(17,955.00)
07232081CA	-	17,955.00	(17,955.00)
08232081CA	-	17,955.00	(17,955.00)
08234171CA	-	7,628.00	(7,628.00)
05234181CA	-	2,430.00	(2,430.00)
08234181CA	-	2,430.00	(2,430.00)
07231071CA	-	41,243.00	(41,243.00)
08231071CA	-	41,243.00	(41,243.00)
08234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
08234221CA	-	1,485.00	(1,485.00)
08234231CA	-	6,750.00	(6,750.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
05231081CA	\$ -	\$ 34,898.00	\$ (34,898.00)
08232091CA	-	5,198.00	(5,198.00)
08231091CA	-	7,223.00	(7,223.00)
08234251CA	-	2,565.00	(2,565.00)
07234261CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
08232101CA	-	14,243.00	(14,243.00)
07234271CA	-	12,353.00	(12,353.00)
01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	1,616,499.07	(1,616,499.07)
Totals	<u>\$5,198.00</u>	<u>\$2,122,702.07</u>	<u>\$(2,117,504.07)</u>

2009 Form MS-991

- An adjustment of \$6,068.35 was made to “Construction” because these expenditures were misclassified as administrative.
- An adjustment of \$498,701.52 was to “Maintenance and repair” because these expenditures were misclassified as administrative.
- An adjustment of \$(504,769.97) was made to “Administrative” because expenditures of \$6,068.35 for construction and \$498,701.52 for maintenance and repair were misclassified and these expenditures were overstated by \$.10.
- An adjustment of \$(597,841.63) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
03232011CA	\$-	\$2,700.00	\$(2,700.00)
09232011CA	-	2,700.00	(2,700.00)
09234021CA	-	8,910.00	(8,910.00)

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
03234031CA	\$-	\$ 743.00	\$ (743.00)
08234031CA	-	743.00	(743.00)
09234031CA	-	743.00	(743.00)
99234041CA	-	7,493.00	(7,493.00)
06234041CA	-	7,493.00	(7,493.00)
09234041CA	-	7,493.00	(7,493.00)
09234051CA	-	9,585.00	(9,585.00)
06234061CA	-	2,882.00	(2,882.00)
07234061CA	-	2,882.00	(2,882.00)
08234061CA	-	2,882.00	(2,882.00)
09234061CA	-	2,882.00	(2,882.00)
06234041CA	-	10,058.00	(10,058.00)
09234071CA	-	10,935.00	(10,935.00)
09234081CA	-	2,970.00	(2,970.00)
07234091CA	-	2,903.00	(2,903.00)
09234091CA	-	2,903.00	(2,903.00)
06234101CA	-	8,100.00	(8,100.00)
08234101CA	-	8,100.00	(8,100.00)
09234101CA	-	8,100.00	(8,100.00)
09234111CA	-	8,708.00	(8,708.00)
07234121CA	-	13,973.00	(13,973.00)
08234121CA	-	13,973.00	(13,973.00)
09234121CA	-	13,973.00	(13,973.00)
09231121CA	-	34,628.00	(34,628.00)
09234141CA	-	7,695.00	(7,695.00)
01234151CA	-	608.00	(608.00)
02234151CA	-	608.00	(608.00)
03234151CA	-	608.00	(608.00)

DELAWARE COUNTY  
 LIQUID FUELS TAX FUND  
 FOR THE FOUR YEARS ENDED  
 DECEMBER 31, 2009  
 AND REPORT OF ACT 44 TAX FUND  
 FOR THE TWO YEARS ENDED  
 DECEMBER 31, 2009  
 FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustments</u>
04234151CA	\$-	\$ 608.00	\$ (608.00)
05234151CA	-	608.00	(608.00)
06234151CA	-	608.00	(608.00)
07234151CA	-	608.00	(608.00)
08234151CA	-	608.00	(608.00)
09234151CA	-	608.00	(608.00)
09231051CA	-	18,968.00	(18,968.00)
06232081CA	-	17,955.00	(17,955.00)
09234171CA	-	7,628.00	(7,628.00)
05234181CA	-	2,430.00	(2,430.00)
08234181CA	-	2,430.00	(2,430.00)
09234181CA	-	2,430.00	(2,430.00)
07231071CA	-	41,243.00	(41,243.00)
08234211CA	-	1,553.00	(1,553.00)
09234211CA	-	1,553.00	(1,553.00)
06234221CA	-	1,485.00	(1,485.00)
07234221CA	-	1,485.00	(1,485.00)
08234221CA	-	1,485.00	(1,485.00)
09234221CA	-	1,485.00	(1,485.00)
05231081CA	-	34,898.00	(34,898.00)
09231081CA	-	34,898.00	(34,898.00)
09232091CA	-	5,198.00	(5,198.00)
09231091CA	-	7,223.00	(7,223.00)
08234251CA	-	2,565.00	(2,565.00)
09234251CA	-	2,565.00	(2,565.00)
07234261CA	-	2,565.00	(2,565.00)
03231101CA	-	12,960.00	(12,960.00)
99232101CA	-	14,243.00	(14,243.00)
09232101CA	-	14,243.00	(14,243.00)



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 1 - Internal Control Over The Preparation Of Forms MS-991 Should Be Improved  
(Continued)

08234271CA	\$ -	\$ 12,353.00	\$ (12,353.00)
09234271CA	-	12,353.00	(12,353.00)
01232091CA	5,198.00	-	5,198.00
Undocumented bridge encumbrances	-	132,223.63	(132,223.63)
	<hr/>	<hr/>	<hr/>
Totals	<u>\$5,198.00</u>	<u>\$603,039.63</u>	<u>\$(597,841.63)</u>

Good internal controls ensure that the county completes its Forms MS-991 accurately and completely. The failure to properly complete the Forms MS-991 increases the risk that errors or irregularities may occur and remain undetected.

Recommendation

We recommend that the county ensure that its Forms MS-991 are complete and accurate.

Management's Response

The county officials offered no formal response at this time.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The  
Previous Twelve Months For 2006, 2008, And 2009

All counties receive allocations of Liquid Fuels Tax Fund money in June and December of each year. Liquid Fuels Tax Fund money is primarily used for the construction, reconstruction, and maintenance and repair of roads and bridges. Counties may also choose to grant Liquid Fuels Tax Fund money to the political subdivisions within the county. Additionally, if the unencumbered fund balance as of December 31 was greater than the receipts for the previous twelve months, the county **must** disburse a portion of its Liquid Fuels Tax Fund money to the political subdivisions within the county. This condition is referred to as a forced distribution. For the years ended December 31, 2006, December 31, 2008, and December 31, 2009, the county's unencumbered balances were greater than the receipts for the previous twelve months resulting in forced distributions of \$1,191,643.05, \$1,118,726.32, and \$718,611.46, respectively.

The Liquid Fuels and Fuels Tax Act, 75 Pa. C.S.A. § 9010(c) states, in part:

When the unencumbered balance in the County Liquid Fuels Tax Fund is greater than the receipts for the twelve months immediately preceding the date of either of the reports, the county commissioners shall notify the political subdivisions to make application within 90 days for participation in the redistribution of the unencumbered balance. Redistribution shall be effected within 120 days of the date of either of the reports.

Additionally, the Department of Transportation's *Publication 9*, Chapter 1, Section 1.10, states in part:

...It is important to note that borrowed and transferred monies are not considered receipts for forced distribution purposes....

Furthermore, the Department of Transportation's *Publication 9*, Chapter One, Section 1.10.1, states, in part:

...This forced distribution applies only to that portion of the unencumbered balance in excess of fifty percent (50%) of the receipts for the previous twelve months....

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The  
Previous Twelve Months For 2006, 2008, And 2009 (Continued)

The following calculation is how to apply the above formula as it pertains to Delaware County:

2006

Unencumbered balance	\$1,709,783.43
Less 50% of prior 12 months' receipts of \$1,036,280.76	518,140.38
Amount to be distributed	\$1,191,643.05

2008

Unencumbered balance	\$1,643,558.52
Less 50% of prior 12 months' receipts (1,504,720.51 - *455,056.12 = 1,049,664.39)	524,832.20
Amount to be distributed	\$1,118,726.32

2009

Unencumbered balance	\$1,206,744.68
Less 50% of prior 12 months' receipts of \$976,266.43	488,133.22
Amount to be distributed	718,611.46
Grand Total for 2006, 2008, and 2009	\$3,028,980.83

\*Transfers from the General Fund.

Although the total Liquid Fuels Tax Fund money to be distributed to the political subdivisions within the county for the years 2006, 2008, and 2009 was \$3,028,980.83 per the above formula, the county's fund balance in its Liquid Fuels Tax Fund as of December 31, 2009 was only \$1,240,901.68. Therefore, it cannot distribute \$3,028,980.83. However, the failure to comply with the Liquid Fuels and Fuels Tax Act and the Department of Transportation's *Publication 9* could result in the county having to distribute an amount to be determined by the Department of Transportation to the political subdivisions within the county.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The  
Previous Twelve Months For 2006, 2008, And 2009 (Continued)

Recommendation

According to the Liquid Fuels and Fuels Tax Act and the Department of Transportation's *Publication 9*, the county is required to distribute \$3,028,980.83 to the political subdivisions within the county. However, the county's fund balance in its Liquid Fuels Tax Fund as of December 31, 2009 was only \$1,240,901.68. Therefore, it cannot distribute \$3,028,980.83. We recommend that the Department of Transportation determine the amount of Liquid Fuels Tax Fund money that the county will be required to distribute to the political subdivisions within the county.

Management's Response

The county officials offered no formal response at this time.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 3 - Liquid Fuels Money Transferred To The General Fund

Our examination disclosed that the county transferred Liquid Fuels Tax Fund money of \$84,878.64 on April 5, 2007, \$263,050.43 on April 18, 2007, \$78,502.60 on June 15, 2007, and \$28,624.45 on August 24, 2007 into the General Fund, which is in noncompliance with the Liquid Fuels and Fuels Tax Act.

The practice of depositing liquid fuels money into any account other than the Liquid Fuels Tax Fund account is contrary to the Liquid Fuels and Fuels Tax Act, 75 Pa. C.S.A. § 9010(b)(2), which states, in part:

All money received by the counties...shall be deposited and maintained in a special fund designated as the County Liquid Fuels Tax Fund. No other money shall be deposited and commingled into the County Liquid Fuels Tax Fund, except in a county which does not have sufficient money in such special fund to provide for payments designated in the current annual budget.

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.

On March 31, 2008, the county reimbursed \$455,056.12 to the Liquid Fuels Tax Fund.

The county did not transfer Liquid Fuels Tax Fund money to its General Fund during 2008 and 2009.

Recommendation

We recommend that, in the future, the county continue to only transfer Liquid Fuels Tax Fund money to other funds for the reimbursement of Liquid Fuels Tax Fund expenditures.

Management's Response

The county officials offered no formal response at this time.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 4 - Failure To Obtain Project Approval

Our examination disclosed that \$48,339.78 and \$42,492.05 was expended from the Liquid Fuels Tax Fund for the reconstruction of Bridge No. 177 and Bridge No. 47, respectively. Before reconstructing a bridge the county must obtain the approval of the Department of Transportation. However, the county did not file applications with the Department of Transportation for the projects and also failed to submit specifications for approval. These expenditures were as follows:

Bridge No. 177

<u>Check No.</u>	<u>Check Date</u>	<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount</u>
555709	04/20/07	1	04/12/07	\$ 4,467.30
559977	05/18/07	2	05/11/07	13,844.76
566595	06/15/07	3	06/15/07	4,131.72
578801	09/14/07	4	06/08/07	1,506.55
651663	09/18/08	Various	Various	24,389.45
Total				\$48,339.78

Bridge No. 47

<u>Check No.</u>	<u>Check Date</u>	<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Amount</u>
680934	03/20/09	-	02/13/09	\$ 7,036.43
687766	05/15/09	Various	Various	9,845.74
695158	06/26/09	-	05/14/09	3,658.64
699422	07/24/09	-	06/05/09	6,068.45
701440	08/07/09	-	07/09/09	7,391.39
706378	09/18/09	-	08/04/09	8,491.40
Total				\$42,492.05

Department of Transportation *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter One, Section 6.6.1, states:

County Liquid Fuels Tax Fund monies may not be allocated or expended for construction or reconstruction projects by the county or any of its political subdivisions, without the prior approval of the application, contract or plans for the proposed expenditure by the Department of Transportation.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
FINDINGS AND RECOMMENDATIONS

Finding No. 4 - Failure To Obtain Project Approval (Continued)

Furthermore, *Publication 9*, Chapter One, Section 6.6.2, states:

Completed work by the county or one of its political subdivisions must be approved by the Municipal Services district office before payment can be made.

The failure to comply with the Department of Transportation's *Publication 9* could result in the county having to reimburse \$90,831.83 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the county reimburse \$90,831.83 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The county officials offered no formal response at this time.

DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
COMMENT

Comment - Summary Of 2003 Audit Recommendation

In our 2003 report, we recommended that the Department of Transportation review our examination finding to determine if the county should disburse \$537,784.70 to the political subdivisions within the county because the unencumbered balance as of December 31, 2003 was greater than the receipts for the previous twelve months.

During our current examination, we reviewed a letter dated May 4, 2011, from the Department of Transportation informing the county that distribution of \$537,784.70 to the municipalities within Delaware County would not be required.



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
SUMMARY OF EXIT CONFERENCE

An exit conference was held August 12, 2010. Those participating were:

DELAWARE COUNTY

Edward E. O'Lone, CPA, Controller

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Robert Rosenfeldt, Auditor

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



DELAWARE COUNTY  
LIQUID FUELS TAX FUND  
FOR THE FOUR YEARS ENDED  
DECEMBER 31, 2009  
AND REPORT OF ACT 44 TAX FUND  
FOR THE TWO YEARS ENDED  
DECEMBER 31, 2009  
REPORT DISTRIBUTION

This report was initially distributed to:

The Honorable Barry J. Schoch, P.E.  
Secretary  
Department of Transportation

Delaware County  
Delaware County Government Center Building  
201 West Front Street  
Media, PA 19063

The Honorable John J. Whelan	Chairman of County Council
Edward E. O'Lone, CPA	Controller
The Honorable John Dowd	Treasurer

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).