

ATTESTATION ENGAGEMENT

Cameron County
Pennsylvania
12-000

Liquid Fuels, Act 44, and Act 89
Tax Funds
For the Period
January 1, 2017 to December 31, 2020

August 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

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

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund and the Reports of Act 44 and Act 89 Tax Funds With Adjustments of Cameron 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.

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.

As discussed in Finding No. 1, the 2020 Act 44 Tax Fund allocation of \$11,877.27 was not received until August 30, 2021, and the 2020 Act 89 Tax Fund allocations of \$12,461.13 and \$10,683.56 were not received until September 20, 2021, and September 8, 2021, respectively, which were all subsequent to our examination period. Additionally, as discussed in Finding No. 2, the 2020 unencumbered balance was greater than the receipts for the previous twelve months. This could result in the county having to distribute \$15,483.13 to the political subdivisions within the county.

Independent Auditor's Report (Continued)

In our opinion, except for the matters discussed in the previous paragraph, the Forms present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund, the Act 44 Tax Fund, and the Act 89 Tax Fund of Cameron 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.

Independent Auditor's Report (Continued)

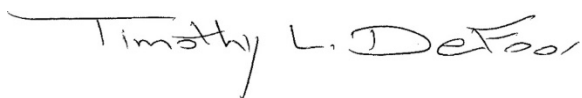
As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of Cameron County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the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

- Late Receipt Of 2020 Act 44 And Act 89 Allocations And Commingling Of Act 44 and Act 89 Tax Fund Money Without Maintaining A Clear Audit Trail - Recurring.
- Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months.
- Untimely Filing Of Completion Report.

The first finding above cites a condition that existed in the operation of the municipality during the previous engagement period and was not corrected during the current examination period. The municipality should strive to comply with the recommendations noted in this report.

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

We appreciate the courtesy extended by Cameron County to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.



Timothy L. DeFoor
Auditor General
July 6, 2022

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CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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, and Act 89 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.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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;

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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.

Basis Of Presentation

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Form MS-991 With Adjustments and the Reports of Act 44 and Act 89 Tax Funds 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, the County Act 44 Tax Fund, and the County Act 89 Tax Fund, respectively.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Background (Continued)

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)
- 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.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Background (Continued)

Basis Of Accounting

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

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 85,825.76	\$ -	\$ 85,825.76
<u>Receipts:</u>			
State allocations	21,700.70	-	21,700.70
Interest	355.01	-	355.01
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>22,055.71</u>	<u>-</u>	<u>22,055.71</u>
Total funds available	<u>107,881.47</u>	<u>-</u>	<u>107,881.47</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	7,525.42	-	7,525.42
Administrative	-	-	-
Grants to political subdivisions	3,445.00	-	3,445.00
Miscellaneous	-	-	-
Total expenditures	<u>10,970.42</u>	<u>-</u>	<u>10,970.42</u>
Balance, December 31, 2017	96,911.05	-	96,911.05
Unpaid encumbrances	<u>77,250.00</u>	<u>-</u>	<u>77,250.00</u>
Unencumbered balance, December 31, 2017	<u>\$ 19,661.05</u>	<u>\$ -</u>	<u>\$ 19,661.05</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 96,911.05	\$ -	\$ 96,911.05
<u>Receipts:</u>			
State allocations	21,257.62	-	21,257.62
Interest	1,333.63	-	1,333.63
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>22,591.25</u>	<u>-</u>	<u>22,591.25</u>
Total funds available	<u>119,502.30</u>	<u>-</u>	<u>119,502.30</u>
<u>Expenditures:</u>			
Construction	-	60,198.40	60,198.40
Maintenance and repair	60,798.40	(41,989.75)	18,808.65
Administrative	-	-	-
Grants to political subdivisions	22,458.65	(18,208.65)	4,250.00
Miscellaneous	-	-	-
Total expenditures	<u>83,257.05</u>	<u>-</u>	<u>83,257.05</u>
Balance, December 31, 2018	36,245.25	-	36,245.25
Unpaid encumbrances	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>
Unencumbered balance, December 31, 2018	<u>\$ 11,245.25</u>	<u>\$ -</u>	<u>\$ 11,245.25</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 36,245.25	\$ -	\$ 36,245.25
<u>Receipts:</u>			
State allocations	18,315.99	-	18,315.99
Interest	161.09	-	161.09
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>18,477.08</u>	<u>-</u>	<u>18,477.08</u>
Total funds available	<u>54,722.33</u>	<u>-</u>	<u>54,722.33</u>
<u>Expenditures:</u>			
Construction	-	73.55	73.55
Maintenance and repair	-	-	-
Administrative	73.55	(73.55)	-
Grants to political subdivisions	17,250.00	-	17,250.00
Miscellaneous	-	-	-
Total expenditures	<u>17,323.55</u>	<u>-</u>	<u>17,323.55</u>
Balance, December 31, 2019	37,398.78	-	37,398.78
Unpaid encumbrances	<u>22,500.00</u>	<u>-</u>	<u>22,500.00</u>
Unencumbered balance, December 31, 2019	<u>\$ 14,898.78</u>	<u>\$ -</u>	<u>\$ 14,898.78</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 37,398.78	\$ -	\$ 37,398.78
<u>Receipts:</u>			
State allocations	18,188.97	-	18,188.97
Interest	84.75	(39.52)	45.23
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>18,273.72</u>	<u>(39.52)</u>	<u>18,234.20</u>
Total funds available	<u>55,672.50</u>	<u>(39.52)</u>	<u>55,632.98</u>
<u>Expenditures:</u>			
Construction	1,032.75	(84.75)	948.00
Maintenance and repair	-	84.75	84.75
Administrative	-	-	-
Grants to political subdivisions	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>1,032.75</u>	<u>-</u>	<u>1,032.75</u>
Balance, December 31, 2020	54,639.75	(39.52)	54,600.23
Unpaid encumbrances	<u>30,000.00</u>	<u>-</u>	<u>30,000.00</u>
Unencumbered balance, December 31, 2020	<u>\$ 24,639.75</u>	<u>\$ (39.52)</u>	<u>\$ 24,600.23</u>

CAMERON COUNTY
2017 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 141,608.38	\$ -	\$ 141,608.38
<u>Receipts:</u>			
Act 44 Funds	14,059.01	-	14,059.01
Interest	843.71	-	843.71
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>14,902.72</u>	<u>-</u>	<u>14,902.72</u>
Total funds available	<u>156,511.10</u>	<u>-</u>	<u>156,511.10</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 156,511.10</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 156,511.10</u></u>

CAMERON COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 156,511.10	\$ -	\$ 156,511.10
<u>Receipts:</u>			
Act 44 Funds	14,042.26	-	14,042.26
Interest	3,340.58	-	3,340.58
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>17,382.84</u>	<u>-</u>	<u>17,382.84</u>
Total funds available	<u>173,893.94</u>	<u>-</u>	<u>173,893.94</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 173,893.94</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 173,893.94</u></u>

CAMERON COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 173,893.94	\$ -	\$ 173,893.94
<u>Receipts:</u>			
Act 44 Funds	14,042.26	-	14,042.26
Interest	3,068.23	-	3,068.23
Reimbursable agreements	-	-	-
Miscellaneous	75,000.00	-	75,000.00
Total receipts	<u>92,110.49</u>	<u>-</u>	<u>92,110.49</u>
Total funds available	<u>266,004.43</u>	<u>-</u>	<u>266,004.43</u>
<u>Expenditures:</u>			
Construction	265,778.33	-	265,778.33
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>265,778.33</u>	<u>-</u>	<u>265,778.33</u>
Balance, December 31, 2019	<u><u>\$ 226.10</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 226.10</u></u>

CAMERON COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2020	\$ 226.10	\$ -	\$ 226.10
<u>Receipts:</u>			
Act 44 Funds	-	-	-
Interest	71.97	-	71.97
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	71.97	-	71.97
Total receipts	71.97	-	71.97
Total funds available	298.07	-	298.07
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2020	\$ 298.07	\$ -	\$ 298.07

CAMERON COUNTY
2017 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 57,341.62	\$ -	\$ 57,341.62
<u>Receipts:</u>			
Act 89 Funds	26,605.18	-	26,605.18
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>26,605.18</u>	<u>-</u>	<u>26,605.18</u>
Total funds available	<u>83,946.80</u>	<u>-</u>	<u>83,946.80</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 83,946.80</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 83,946.80</u></u>

CAMERON COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 83,946.80	\$ -	\$ 83,946.80
<u>Receipts:</u>			
Act 89 Funds	28,653.08	-	28,653.08
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>28,653.08</u>	<u>-</u>	<u>28,653.08</u>
Total funds available	<u>112,599.88</u>	<u>-</u>	<u>112,599.88</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 112,599.88</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 112,599.88</u></u>

CAMERON COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 112,599.88	\$ -	\$ 112,599.88
<u>Receipts:</u>			
Act 89 Funds	26,622.44	-	26,622.44
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>26,622.44</u>	<u>-</u>	<u>26,622.44</u>
Total funds available	<u>139,222.32</u>	<u>-</u>	<u>139,222.32</u>
<u>Expenditures:</u>			
Construction	75,000.00	-	75,000.00
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>75,000.00</u>	<u>-</u>	<u>75,000.00</u>
Balance, December 31, 2019	<u><u>\$ 64,222.32</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 64,222.32</u></u>

CAMERON COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2020	\$ 64,222.32	\$ -	\$ 64,222.32
<u>Receipts:</u>			
Act 89 Funds	-	-	-
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total receipts	-	-	-
Total funds available	64,222.32	-	64,222.32
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2020	\$ 64,222.32	\$ -	\$ 64,222.32

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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

2018 Form MS-991

Adjustments were made to “Construction,” “Maintenance and repair,” and “Grants to political subdivisions” because expenditures of \$60,198.40 were misclassified.

2019 Form MS-991

Adjustments were made to “Construction” and “Administrative” because expenditures of \$73.55 were misclassified.

2020 Form MS-991

An adjustment of \$(39.52) was made to “Interest” because interest earned was overstated.

Adjustments were made to “Construction” and “Maintenance and repair” because expenditures of \$84.75 were misclassified.

Encumbrances

As of December 31, 2020, \$30,000.00 was encumbered for grants to political subdivisions.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 1 - Late Receipt Of 2020 Act 44 And Act 89 Allocations And Commingling Of Act 44 And Act 89 Tax Fund Money Without Maintaining A Clear Audit Trail - Recurring

We cited the county for failure to file reports of Act 44 and Act 89 funds and commingling of Act 44 and Act 89 Tax Fund money without maintaining a clear audit trail for the period January 1, 2014 to December 31, 2016. Our current examination disclosed that the 2020 Act 44 allocation of \$11,877.27, which should have been distributed from the Department of Transportation to the county during the first week of December of that year, was not received until August 30, 2021, which was subsequent to our examination period. The county failed to comply with the Department of Transportation's *Publication 9*, Chapter Four, Section 4.4, which states:

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 (see Section 4.8, Reporting Requirements). The use of the funds must be in compliance with the Act (see Section 4.6, Appropriate Use of Funds). Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.

Additionally, the 2020 Act 89 allocations of \$12,461.13 and \$10,683.56, which should have been distributed from the Department of Transportation to the county during the first weeks of June and December of that year, respectively, were not received until September 20, 2021 and September 8, 2021, respectively, which were subsequent to our examination period. The county failed to comply with the Department of Transportation's *Publication 9*, Chapter Six, Section 6.4, which states:

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 (see Section 6.8, Required Reports). The use of the funds must be in compliance with the Act (see Section 6.6, Appropriate Use of Funds). Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.

Because the county failed to file the Reports of Act 44 and Act 89 Tax Funds timely as noted above, the county did not have use of the 2020 Act 44 allocation for almost nine months. In addition, the county did not have use of the June 2020 Act 89 allocation for more than fifteen months and the December 2020 Act 89 allocation for more than nine months. Furthermore, had the allocations been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for bridge maintenance and repairs.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 1 - Late Receipt Of 2020 Act 44 And Act 89 Allocations And Commingling Of Act 44 And Act 89 Tax Fund Money Without Maintaining A Clear Audit Trail - Recurring (Continued)

We were unable to determine why the prior chief clerk failed to file the reports timely.

Additionally, the county's Act 44 allocation and Act 89 allocation are commingled in an account named Act 44 County Bridges. Although it is permissible for the county to commingle the monies in one bank account it must be accounted for separately on the Report of Act 44 Tax Fund and the Report of Act 89 Tax Fund and it was not.

The Department of Transportation's *Publication 9*, Chapter Four, Section 4.5, states:

Each county must deposit the Act 44 funds it receives into a special fund called the county Act 44 Tax Fund . . . (Note: Act 44 and Act 89 funds may be deposited into a single account. However, the county must account for these funds independently for auditing).

The Department of Transportation's *Publication 9*, Chapter Six, Section 6.5, states:

Each county must deposit the Act 89 funds it receives into a special fund called the county Act 89 Tax Fund . . . (Note: Act 89 and Act 44 funds may be deposited into a single account. However, the county must account for these funds independently for auditing).

We were unable to determine why the County continued to commingle funds without maintaining a clear audit trail.

Recommendation

We recommend that, in the future, the county complies with the Department of Transportation's *Publication 9* to ensure that the allocations are received as scheduled as outlined above.

We further recommend that the county either maintain separate Act 44 and Act 89 Tax Fund accounts or maintain Act 44 and Act 89 Tax Fund money in one account in one bank account, but account for the money separately.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

**Finding No. 1 - Late Receipt Of 2020 Act 44 And Act 89 Allocations And Commingling Of
Act 44 And Act 89 Tax Fund Money Without Maintaining A Clear Audit
Trail - Recurring (Continued)**

Management's Response

The county officials stated:

In the future, timely reports will be submitted by our new chief clerk. The county has opened two separate accounts, so there will be no commingling.

Auditor's Conclusion

We commend that county for opening two separate accounts for its Act 44 Tax Fund and Act 89 Tax Fund. During our next examination, we will determine if the county complied with our recommendation.

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months

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.

Our examination disclosed that the county’s unencumbered balance as of December 31, 2020, was \$24,600.23, which was greater than the total receipts of \$18,234.20 for the preceding twelve months.

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.

In addition, the Department of Transportation’s *Publication 9*, Chapter One, Section 1.9.1, 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....

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

Unencumbered balance	\$24,600.23
Less 50% of prior 12 months’ receipts	9,117.10
Amount to be distributed	\$15,483.13

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 2 - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months (Continued)

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 \$15,483.13 to the political subdivisions within the county.

We were unable to determine why this condition occurred.

Recommendation

Pursuant to the review of the Department of Transportation, we recommend that the Commissioners of Cameron County distribute \$15,483.13 to the political subdivisions within the county in accordance with the provision of the Liquid Fuels and Fuels Tax Act and the Department of Transportation's *Publication 9*.

Management's Response

The county officials stated:

We agree with the finding and will work with PennDot officials moving forward.

Auditor's Conclusion

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

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

Finding No. 3 - Untimely Filing Of Final Completion Report

Our examination disclosed that the county expended a total of \$326,998.28 for project No. 18-12000-01 from the Liquid Fuels Tax Fund and the Act 44 and Act 89 Tax Funds. Final payment was made on this project on February 21, 2020, however, a Final Completion Report Form MS-999 was not filed with the Department of Transportation until April 28, 2022.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter One, Section 1.7, Figure 1, states that Final Completion Report Form MS-999 is to be submitted to the appropriate Department of Transportation Municipal Services District Office upon completion of a project.

We were unable to determine why the county did not file the Final Completion Report until more than two years after completion of the project.

Recommendation

We recommend that, in the future, the county complies with the Department of Transportation's *Publication 9* by submitting a Final Completion Report Form MS-999 for completed projects in a timely manner.

Management's Response

The county officials stated:

The completion report has been filed as of April 28, 2022.

Auditor's Conclusion

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

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
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 county file all necessary documentation with the Department of Transportation to obtain \$12,747.29 in reimbursements due the county for a NBIS reimbursement agreement noted in our 2011-2013 examination.

Due to the lapse in time, the county will not receive the reimbursements of \$12,747.29 from the Commonwealth of Pennsylvania.

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

- File all necessary documentation as per agreements with the Department of Transportation in a timely manner.
- Ensure that its Reports of Act 89 and Act 44 Tax Funds are complete and accurate and filed with the Department of Transportation.
- Either maintain separate Act 44 and Act 89 Tax Fund accounts or maintain Act 44 and Act 89 Tax Fund money in one account in one bank account, but account for the money separately.

During our current examination, we noted that the county did not have any reimbursement agreements with the Department of Transportation. Additionally, the county did not comply with our second and third bulleted recommendations (see Finding No. 1).

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

An exit conference was held May 4, 2022. Those participating were:

CAMERON COUNTY

The Honorable Lori J. Reed, Chairperson of the Board of Commissioners

The Honorable Staci Brown, Treasurer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Kyle A. Coleman, Auditor

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

CAMERON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2020

This report was initially distributed to:

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

Cameron County
20 East Fifth Street
Emporium, PA 15834

The Honorable Lori J. Reed
Chairperson of the Board of Commissioners

The Honorable Staci Brown
Treasurer

Ms. Annette Campbell
Chief Clerk

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