

ATTESTATION ENGAGEMENT

Dauphin County
Pennsylvania
22-000

Liquid Fuels Tax Fund, Act 44 Tax Fund,
Act 89 Tax Fund, and County Fee for
Local Use Fund
For the Period
January 1, 2019 to December 31, 2021

February 2023



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

Michael Carroll
Acting Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds, and the Reports of County Fee for Local Use Funds With Adjustments of Dauphin County for the period January 1, 2019 to December 31, 2021 (Forms). The county's management is responsible for presenting the Forms in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

As described in the Auditor Description Of Select Transactions section of this report, the adjustments included on the Forms are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings And Recommendations and Summary Of Prior Examination Recommendations sections of this report:

- During 2021, the county transferred \$136,364.88 from its County Fee for Local Use Fund to its General Fund for expenditures that were paid from the General Fund during 2020, which are retroactive expenditures (see Finding No. 1).
- The county failed to receive \$88,046.32 of bridge reimbursements due for expenses paid from the Liquid Fuels Tax Fund during our prior examination period (see Finding No. 2).
- The county expended \$59,699.80 during 2018 from its County Fee for Local Use Fund without obtaining project approval from the Department of Transportation. As of the date of this report, this amount had not been reimbursed to the county's County Fee for Local Use Fund (see Summary Of Prior Examination Recommendations).

In our opinion, except for the bulleted matters discussed above, the Forms present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund, Act 44 Tax Fund, Act 89 Tax Fund, and the County Fee for Local Use Fund of Dauphin County for the period January 1, 2019 to December 31, 2021, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the Forms; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the Forms. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether the Forms are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over reporting on the Forms or on compliance and other matters; accordingly, we express no such opinions.

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.

Independent Auditor's Report (Continued)

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

As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of Dauphin 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*:

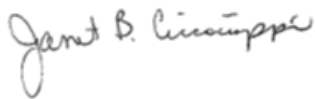
- Retroactive Expenditures.
- Failure To Receive Bridge Reimbursements As Per Agreements.

We also noted a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Liquid Fuels Tax Fund And Act 89 Tax Fund Allocations.

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

We appreciate the courtesy extended by Dauphin 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.



Janet B. Ciccocioppo
Deputy Auditor General for Audits
January 10, 2023

CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2019 Form MS-991 With Adjustments	11
2020 Form MS-991 With Adjustments	13
2021 Form MS-991 With Adjustments	15
2019 Report Of Act 44 Tax Fund With Adjustments.....	17
2020 Report Of Act 44 Tax Fund With Adjustments.....	18
2021 Report Of Act 44 Tax Fund With Adjustments.....	19
2019 Report Of Act 89 Tax Fund With Adjustments.....	20
2020 Report Of Act 89 Tax Fund With Adjustments.....	21
2021 Report Of Act 89 Tax Fund With Adjustments.....	22
2019 Report Of County Fee For Local Use Funds With Adjustments.....	23
2020 Report Of County Fee For Local Use Funds With Adjustments.....	24
2021 Report Of County Fee For Local Use Funds With Adjustments.....	25
Auditor Description Of Select Transactions.....	26
Findings And Recommendations:	
Finding No. 1 - Retroactive Expenditures	32
Finding No. 2 - Failure To Receive Bridge Reimbursements As Per Agreements	34
Finding No. 3 - Late Receipt Of Liquid Fuels Tax Fund And Act 89 Tax Fund Allocations.....	36
Summary Of Prior Examination Recommendations.....	38
Summary Of Exit Conference.....	39
Report Distribution	40

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background

The Vehicle Code makes provisions and provides funding for the County Liquid Fuels, Act 44, and Act 89, and County Fee for Local Use Programs. The Pennsylvania Department of Transportation has regulatory administration and oversight of the funds supporting these county programs. Counties are required to comply with those provisions and to report annually.

The Vehicle Code imposes a state tax on liquid fuels and fuels used or sold and delivered by distributors within the Commonwealth (75 Pa. C.S. § 9004(a)). One-half cent of the tax collected on each gallon of liquid fuels is deposited in the Commonwealth's Liquid Fuels Tax Fund. *The Vehicle Code* further provides for the disposition and use of this tax, including the allocations to counties in June and December of each year to fund construction, reconstruction, maintenance and repair of county roads, streets and bridges. The allocation to the respective counties is made in the ratio that the average amount returned to each county during the three preceding years bears to the average amount returned to all counties during the three preceding years (75 Pa C.S. § 9010).

The Vehicle Code, as amended by Act 44 of 2007 (July 18, 2007, P.L.169) and Act 89 of 2013 (November 25, 2013, P.L. 169), provides the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund (75 Pa. C.S. § 8915.6(b)(2) and as of July 1, 2014 § 9301(b)). The annual distribution to counties is determined based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

The Vehicle Code, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89) provides for semi-annual allocations to all counties that own public bridges (75 Pa. C.S. § 9502(a)(2)(iv)). These allocations are made on the first business day of June and December each year. The Commonwealth allocates the funds available through Act 89 to counties based upon the ratio of square footage of deck area of a county's county-owned bridges to the total square footage of deck area of county-owned bridges throughout the Commonwealth. The reporting of the square footage of deck area of a county's county-owned bridges is required as part of the National Bridge Inspection Standards Program.

The Vehicle Code, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89), permits counties to impose a \$5 fee for local use on nonexempt vehicles registered to an address located in the county (75 Pa. C.S. § 1935 (b)). This fee is collected by the Department of Transportation and is distributed to counties that impose the fee on the first business day of June and December each year.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

Criteria

A. *The Vehicle Code* prescribes criteria for liquid fuels program funds (75 Pa C.S. § 9010). The Pennsylvania Department of Transportation's *Publication 9* provides more specific policies and procedures to counties for the administration and reporting of the liquid fuels program funds. In the event of any discrepancies between the two, the legislation governs.

(4) 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;

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

- Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county; 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.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

(4) 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.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
 - (4) In order to receive Act 44 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- C. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 89 funds distributed to the counties from the Department of Transportation. The County's Act 89 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (4) 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.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
 - Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
 - Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 89 Fund.
 - Inspection costs associated with bridges.
 - Purchase of right-of-way for bridge construction, reconstruction, or maintenance.
- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
- (4) In order to receive Act 89 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- D. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the County Fee for Local Use funds distributed to the counties from the Department of Transportation. The County Fee for Local Use Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund. No other money may be deposited and commingled in this fund. Money should be invested to earn interest until expended.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

(2) Payments from the special fund may be used for:

- Construction, reconstruction, maintenance, and repair of public roads/streets, or bridges for which the county is legally responsible including a roadway open to the use of the public for vehicular traffic on the grounds of a college or university, public or private school, or public or historical park.
- Curb ramps from to provide for access by individuals with disabilities in accordance with the Americans with Disabilities Act (ADA) and Department of Transportation Standards;
- Property damages and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges;
- Ferry boat operations, where applicable.
- Acquisition, maintenance, repair and operation of traffic signs and signals;
- Erection and maintenance of stop and go signal lights, blinkers and other like traffic control devices;
- Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county; and
- Transportation related safety studies or safety projects on public highways.
- The construction of sounds walls if included in a highway project as a mitigation measure for environmental purposes and all warrants are met.
- Other expenditures determined, on a case-by-case basis, to be consistent with the requirements and restrictions of Article 8, Section 11 of the Pennsylvania Constitution.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation.
- (4) Each county that has adopted a fee for local use ordinance must submit a set of annual reports showing the receipts and expenditures of all fee for local use funds received from the Commonwealth on forms supplied by the Center for Program Development and Management.

Basis Of Presentation

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Forms MS-991 With Adjustments, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Report of County Fee For Local Use Funds do not constitute complete financial presentations of the county's assets, liabilities, expenses, and fund balance but include the receipts, expenditures, and fund balances of the County Liquid Fuels Tax Fund, the County Act 44 Tax Fund, the County Act 89 Tax Fund, and the County Fee For Local Use Fund, respectively.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Form MS-991, *Report of County Liquid Fuels Tax Fund*:

- A. The balance in the County Liquid Fuels Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Liquid Fuels Tax Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Accounts receivable (to be realized within 60 days of the year end).
- D. Total Liquid Fuels Tax funds available for expenditure and encumbrances.
- E. Expenditures for county-owned roads, highways, and bridges.
- F. Accounts payable (accrued wages, accrued payroll taxes, and accounts payable vendors to be realized within 60 days of the year end).

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

- G. The balance in the fund at the close of the report calendar year.
- H. Encumbered and unencumbered balances on hand at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports Of Act 44 Tax Fund and Act 89 Tax Fund:

- A. The balance in the County Act 44 and Act 89 Tax Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Act 44 and Act 89 allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total Act 44 and Act 89 funds available for expenditure.
- D. Expenditures for county-owned bridges.
- E. The balance in the fund at the close of the report calendar year.

The Pennsylvania Department of Transportation prescribes that the county report the following on the Reports of County Fee for Local Use Funds:

- A. The balance in the County Fee for Local Use Fund at the beginning of the report calendar year.
- B. Receipts which must be itemized and include the County's Fee for Local Use Fund allocations, interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.
- C. Total County Fee for Local Use funds available for expenditure.
- D. Expenditures.
- E. The balance in the fund at the close of the report calendar year.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Background (Continued)

Basis Of Accounting

The accompanying Forms MS-991 With Adjustments, Reports of Act 44 Tax Fund With Adjustments, Reports of Act 89 Tax Fund With Adjustments, and Reports of County Fee For Local Use Funds With Adjustments are prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2019	\$ 1,012,068.83	\$ -	\$ 1,012,068.83
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	632,666.08	-	632,666.08
Interest	19,034.91	-	19,034.91
Reimbursable agreements	-	241,386.34	241,386.34
Miscellaneous	277,894.89	(241,386.34)	36,508.55
Total receipts	<u>929,595.88</u>	<u>-</u>	<u>929,595.88</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>1,941,664.71</u>	<u>-</u>	<u>1,941,664.71</u>
<u>Expenditures:</u>			
Administrative	37,916.91	-	37,916.91
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	3,730.00	3,730.00
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	332,424.94	-	332,424.94
Highway construction and rebuilding projects	620,952.76	-	620,952.76
Miscellaneous	3,730.00	(3,730.00)	-
Total expenditures	<u>995,024.61</u>	<u>-</u>	<u>995,024.61</u>
Remaining funds available as of December 31, 2019	<u>\$ 946,640.10</u>	<u>\$ -</u>	<u>\$ 946,640.10</u>

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

2019 Form MS-991 With Adjustments (Continued)

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	47,348.28	-	47,348.28
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>
Total approved future year receipts and expenditures	47,348.28	-	47,348.28
	<hr/>	<hr/>	<hr/>
Year end balance available for future years as of December 31, 2019	\$ 899,291.82	\$ -	\$ 899,291.82
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2020	\$ 946,640.10	\$ -	\$ 946,640.10
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	549,606.53	-	549,606.53
Interest	4,603.55	-	4,603.55
Reimbursable agreements	-	149,875.77	149,875.77
Miscellaneous	186,384.32	(149,875.77)	36,508.55
Total receipts	<u>740,594.40</u>	<u>-</u>	<u>740,594.40</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>1,687,234.50</u>	<u>-</u>	<u>1,687,234.50</u>
<u>Expenditures:</u>			
Administrative	38,748.40	-	38,748.40
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	11,190.00	-	11,190.00
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	197,851.74	-	197,851.74
Highway construction and rebuilding projects	719,069.65	-	719,069.65
Miscellaneous	-	-	-
Total expenditures	<u>966,859.79</u>	<u>-</u>	<u>966,859.79</u>
Remaining funds available as of December 31, 2020	<u>\$ 720,374.71</u>	<u>\$ -</u>	<u>\$ 720,374.71</u>

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

2020 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	-	-	-
 Year end balance available for future years as of December 31, 2020	 \$ 720,374.71	 \$ -	 \$ 720,374.71

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2021	\$ 720,374.71	\$ -	\$ 720,374.71
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	551,342.60	-	551,342.60
Interest	959.87	-	959.87
Reimbursable agreements	-	155,795.39	155,795.39
Miscellaneous	192,303.94	(155,795.39)	36,508.55
Total receipts	<u>744,606.41</u>	<u>-</u>	<u>744,606.41</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>1,464,981.12</u>	<u>-</u>	<u>1,464,981.12</u>
<u>Expenditures:</u>			
Administrative	51,626.31	-	51,626.31
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	343,889.28	-	343,889.28
Highway construction and rebuilding projects	350,000.00	-	350,000.00
Miscellaneous	-	-	-
Total expenditures	<u>745,515.59</u>	<u>-</u>	<u>745,515.59</u>
Remaining funds available as of December 31, 2021	<u>\$ 719,465.53</u>	<u>\$ -</u>	<u>\$ 719,465.53</u>

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

2021 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	60,000.00	-	60,000.00
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	60,000.00	-	60,000.00
Year end balance available for future years as of December 31, 2021	\$ 659,465.53	\$ -	\$ 659,465.53

DAUPHIN COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 1,045,657.72	\$ -	\$ 1,045,657.72
<u>Receipts:</u>			
Act 44 Funds	104,552.04	-	104,552.04
Interest	25,511.09	-	25,511.09
Reimbursable agreements	-	-	-
Miscellaneous	101,999.82	-	101,999.82
Total receipts	<u>232,062.95</u>	<u>-</u>	<u>232,062.95</u>
Total funds available	<u>1,277,720.67</u>	<u>-</u>	<u>1,277,720.67</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 1,277,720.67</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,277,720.67</u></u>

DAUPHIN COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 1,277,720.67	\$ -	\$ 1,277,720.67
<u>Receipts:</u>			
Act 44 Funds	104,122.80	-	104,122.80
Interest	9,742.58	-	9,742.58
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>113,865.38</u>	<u>-</u>	<u>113,865.38</u>
Total funds available	<u>1,391,586.05</u>	<u>-</u>	<u>1,391,586.05</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u><u>\$ 1,391,586.05</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,391,586.05</u></u>

DAUPHIN COUNTY
2021 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 1,391,586.05	\$ -	\$ 1,391,586.05
<u>Receipts:</u>			
Act 44 Funds	104,262.78	-	104,262.78
Interest	1,661.52	-	1,661.52
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>105,924.30</u>	<u>-</u>	<u>105,924.30</u>
Total funds available	<u>1,497,510.35</u>	<u>-</u>	<u>1,497,510.35</u>
<u>Expenditures:</u>			
Construction	383,650.09	-	383,650.09
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>383,650.09</u>	<u>-</u>	<u>383,650.09</u>
Balance, December 31, 2021	<u><u>\$ 1,113,860.26</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,113,860.26</u></u>

DAUPHIN COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 902,625.23	\$ -	\$ 902,625.23
<u>Receipts:</u>			
Act 89 Funds	198,218.13	-	198,218.13
Interest	19,712.27	-	19,712.27
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>217,930.40</u>	<u>-</u>	<u>217,930.40</u>
Total funds available	<u>1,120,555.63</u>	<u>-</u>	<u>1,120,555.63</u>
<u>Expenditures:</u>			
Construction	136,843.18	-	136,843.18
Maintenance and repair	-	-	-
Miscellaneous	<u>101,999.82</u>	<u>-</u>	<u>101,999.82</u>
Total expenditures	<u>238,843.00</u>	<u>-</u>	<u>238,843.00</u>
Balance, December 31, 2019	<u><u>\$ 881,712.63</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 881,712.63</u></u>

DAUPHIN COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 881,712.63	\$ -	\$ 881,712.63
<u>Receipts:</u>			
Act 89 Funds	184,847.71	-	184,847.71
Interest	6,117.63	-	6,117.63
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>190,965.34</u>	<u>-</u>	<u>190,965.34</u>
Total funds available	<u>1,072,677.97</u>	<u>-</u>	<u>1,072,677.97</u>
<u>Expenditures:</u>			
Construction	274,125.04	-	274,125.04
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>274,125.04</u>	<u>-</u>	<u>274,125.04</u>
Balance, December 31, 2020	<u><u>\$ 798,552.93</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 798,552.93</u></u>

DAUPHIN COUNTY
2021 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 798,552.93	\$ -	\$ 798,552.93
<u>Receipts:</u>			
Act 89 Funds	202,350.42	-	202,350.42
Interest	965.12	-	965.12
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>203,315.54</u>	<u>-</u>	<u>203,315.54</u>
Total funds available	<u>1,001,868.47</u>	<u>-</u>	<u>1,001,868.47</u>
<u>Expenditures:</u>			
Construction	502,461.86	-	502,461.86
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>502,461.86</u>	<u>-</u>	<u>502,461.86</u>
Balance, December 31, 2021	<u><u>\$ 499,406.61</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 499,406.61</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 2,966,680.46	\$ -	\$ 2,966,680.46
<u>Receipts:</u>			
Local Use Funds	1,285,755.00	-	1,285,755.00
Interest	76,767.87	-	76,767.87
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,362,522.87</u>	<u>-</u>	<u>1,362,522.87</u>
Total funds available	<u>4,329,203.33</u>	<u>-</u>	<u>4,329,203.33</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	74,240.70	74,240.70
Administrative expenditures	-	-	-
Miscellaneous	74,240.70	(74,240.70)	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>74,240.70</u>	<u>-</u>	<u>74,240.70</u>
Balance, December 31, 2019	<u><u>\$ 4,254,962.63</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,254,962.63</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 4,254,962.63	\$ -	\$ 4,254,962.63
<u>Receipts:</u>			
Local Use Funds	1,286,555.00	-	1,286,555.00
Interest	30,572.97	-	30,572.97
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,317,127.97</u>	<u>-</u>	<u>1,317,127.97</u>
Total funds available	<u>5,572,090.60</u>	<u>-</u>	<u>5,572,090.60</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	371,934.19	(371,934.19)	-
County-Owned bridge construction	-	1,002,635.69	1,002,635.69
Administrative expenditures	-	-	-
Miscellaneous	630,701.50	(630,701.50)	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>1,002,635.69</u>	<u>-</u>	<u>1,002,635.69</u>
Balance, December 31, 2020	<u><u>\$ 4,569,454.91</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,569,454.91</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 4,569,454.91	\$ -	\$ 4,569,454.91
<u>Receipts:</u>			
Local Use Funds	1,354,870.00	-	1,354,870.00
Interest	6,285.19	-	6,285.19
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,361,155.19</u>	<u>-</u>	<u>1,361,155.19</u>
Total funds available	<u>5,930,610.10</u>	<u>-</u>	<u>5,930,610.10</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	1,136,984.39	1,136,984.39
Administrative expenditures	-	-	-
Miscellaneous	1,136,984.39	(1,136,984.39)	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>1,136,984.39</u>	<u>-</u>	<u>1,136,984.39</u>
Balance, December 31, 2021	<u><u>\$ 4,793,625.71</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,793,625.71</u></u>

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

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

Adjustments

2019 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$241,386.34 were misclassified.

Adjustments were made to “Traffic control devices” and “Miscellaneous” because expenditures of \$3,730.00 were misclassified.

2020 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$149,875.77 were misclassified.

2021 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$155,795.39 were misclassified.

2019 Report of County Fee For Local Use Funds

Adjustments were made to “County-Owned bridge construction” and “Miscellaneous” because expenditures of \$74,240.70 were misclassified.

2020 Report of County Fee For Local Use Funds

Adjustments were made to “County-Owned bridge maintenance,” “County-Owned bridge construction,” and “Miscellaneous” because expenditures of \$1,002,635.69 were misclassified.

2021 Report of County Fee For Local Use Funds

Adjustments were made to “County-Owned bridge construction” and “Miscellaneous” because expenditures of \$1,136,984.39 were misclassified.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Reimbursable Agreements

During our examination, we noted that the county entered into reimbursable agreements with the Commonwealth of Pennsylvania for the inspection and reconstruction of county bridges. During our current examination period, the county received \$241,386.34 in 2019, \$149,875.77 in 2020, and \$155,795.39 in 2021 as a result of these agreements and deposited this money into its Liquid Fuels Tax Fund. As of December 31, 2021, \$195,582.09 was due the Liquid Fuels Tax Fund.

Miscellaneous Receipts

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

<u>Source</u>	<u>Description</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Derry Township	Loan repayment	<u>\$36,508.55</u>	<u>\$36,508.55</u>	<u>\$36,508.55</u>

Loan

On August 23, 2012, the county loaned \$334,469.79 to Derry Township for project No. 12-22202-20. The term of the loan was for ten years at an interest rate of 1.625 percent. Principal and interest payments of \$36,508.55 are due from Derry Township to the county annually. Prior years' principal and interest payments received from Derry Township were \$228,409.62 and \$27,149.92, respectively.

During the current examination period, the county received principal of \$106,060.17 and interest of \$3,465.48 from Derry Township. These amounts are reflected in miscellaneous receipts on the 2019, 2020, and 2021 Forms MS-991 With Adjustments. On October 11, 2021, the loan was paid-in-full.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Bank Loan

On February 24, 2014, the county borrowed \$4,272,723.00 from the Pennsylvania Infrastructure Bank to create the Dauphin County Infrastructure Bank to loan funds to municipalities in Dauphin County. The term of the loan was for ten years at an interest rate of 1.625 percent. Principal and interest payments of \$464,091.31 are due annually. Prior years' principal and interest payments from the Dauphin County Infrastructure Bank Fund were \$569,080.58 and \$234,706.37, respectively. Additionally, prior years' principal payments from the Liquid Fuels Tax Fund were \$1,050,000.00.

During the current examination period, the county paid principal of \$325,369.48 and interest of \$130,995.76 from the Dauphin County Infrastructure Bank Fund. Additionally, the county paid principal of \$1,400,000.00 from the Liquid Fuels Tax Fund. This amount is reflected in Highway construction and rebuilding projects on the 2019, 2020, and 2021 Forms MS-991. The outstanding balance of the loan as of December 31, 2021, was \$928,272.94, plus interest.

Subsidized Loan With Derry Township, Londonderry Township, And Lower Swatara Township

On November 15, 2017, Derry Township, Londonderry Township, and Lower Swatara Township acquired Bond Series A of 2017 for \$4,355,000.00 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for twenty years at an interest rate of 1.447 percent. Prior years' interest payments from the County Fee For Local Use Fund were \$59,699.80.

During the current examination period, the county paid interest of \$207,287.56 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2019 and 2021 Report Of County Fee For Local Use Funds.

Subsidized Loan With Dauphin Borough

On December 1, 2019, Dauphin Borough acquired Bond Series B of 2019 for \$700,000.00 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for fifteen years at an interest rate of 2.480 percent.

During the current examination period, the county paid interest of \$24,804.93 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2019 and 2021 Report Of County Fee For Local Use Funds.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Subsidized Loans With Susquehanna Township

On February 3, 2020, Susquehanna Township borrowed \$5,822,550.00 from the Pennsylvania Infrastructure Bank. Dauphin County agreed to subsidize interest for the loan. The term of the loan was for ten years at an interest rate of 2.750 percent.

During the current examination period, the county paid interest of \$101,894.63 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Additionally, on December 23, 2019, Susquehanna Township acquired Bond Series C of 2019 for \$1,550,000.00 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.330 percent.

During the current examination period, the county paid interest of \$49,941.12 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Subsidized Loan With Lower Paxton Township

On August 28, 2019, Lower Paxton Township acquired Bond Series A of 2019 for \$3,625,000.00 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize the principal and interest for the bond. The term of the bond was for five years at an interest rate of 1.770 percent.

During the current examination period, the county paid principal of \$700,100.00, interest of \$57,966.62, and a late fee of \$137.68 from the Bridge Bundle Fund. Additionally, the county paid principal of \$712,700.00 and interest of \$54,553.03 from the County Fee For Local Use Fund. These amounts are reflected in county-owned bridge construction expenditures on the 2020 and 2021 Report Of County Fee For Local Use Funds.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Subsidized Loan With Royalton Borough

On December 23, 2019, Royalton Borough acquired Bond Series D of 2019 for \$1,818,000.00 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.330 percent.

During the current examination period, the county paid interest of \$58,576.01 and a late fee of \$57.50 from the County Fee For Local Use Fund. These amounts are reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Subsidized Loan With Conewago Township

On April 1, 2021, Conewago Township acquired Bond Series B of 2021 for \$387,217.33 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.150 percent.

During the current examination period, the county paid interest of \$3,388.15 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Subsidized Loan With East Hanover Township

On April 1, 2021, East Hanover Township acquired Bond Series B of 2021 for \$287,400.17 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.150 percent.

During the current examination period, the county paid interest of \$2,514.75 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Subsidized Loan With Jackson Township

On April 1, 2021, Jackson Township acquired Bond Series C of 2021 for \$198,426.34 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.150 percent.

During the current examination period, the county paid interest of \$1,736.23 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Subsidized Loan With Londonderry Township

On April 1, 2021, Londonderry Township acquired Bond Series D of 2021 for \$326,956.16 from the Dauphin County Infrastructure Bank. Dauphin County agreed to subsidize interest for the bond. The term of the bond was for ten years at an interest rate of 2.150 percent.

During the current examination period, the county paid interest of \$2,860.87 from the County Fee For Local Use Fund. This amount is reflected in county-owned bridge construction expenditures on the 2021 Report Of County Fee For Local Use Funds.

Encumbrances

As of December 31, 2021, \$60,000.00 was encumbered for county projects.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding No. 1 - Retroactive Expenditures

Our examination disclosed that the county transferred \$136,364.88 from its County Fee for Local Use Fund to its General Fund on March 19, 2021, for the reimbursement of expenditures incurred from April 1, 2020 to December 1, 2020. Because these expenditures were not reimbursed within the same calendar year in which the expenditures were made, these expenditures are considered to be retroactive. The expenditures are as follows:

Description	Date Paid From General Fund	Amount
PIB 2017 Series A bond interest subsidy	04/01/20	\$ 34,562.51
PIB 2017 Series A bond interest subsidy	10/01/20	34,562.51
PIB 2019 Series B bond interest subsidy	06/01/20	6,125.00
PIB 2019 Series B bond interest subsidy	12/01/20	5,776.75
PIB 2019 Series C bond interest subsidy	06/01/20	11,904.86
PIB 2019 Series C bond interest subsidy	12/01/20	13,562.50
PIB 2019 Series D bond interest subsidy	06/01/20	13,963.25
PIB 2019 Series D bond interest subsidy	12/01/20	15,907.50
Total		<u>\$136,364.88</u>

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 1.6.6.3, states, in relevant part:

Unacceptable Expenditures

10. Retroactive expenditures.

Because these expenditures were paid from the General Fund between April 1, 2020 and December 1, 2020, and were not reimbursed with County Fee for Local Use Fund money until March 19, 2021, the expenditures incurred were not reimbursed in a reasonable period of time. Therefore, the county did not comply with the Department of Transportation's *Publication 9*.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding No. 1 - Retroactive Expenditures (Continued)

The failure to follow the Department of Transportation's *Publication 9* could result in the county having to reimburse \$136,364.88 to its Liquid Fuels Tax Fund.

This condition occurred because a journal entry was done on March 19, 2021, to charge debt interest on PIB loans from 2020. The county is on an accrual-based accounting system, and County Fee for Local Use is reported on a cash basis, thus resulting in a 2021 reimbursement of 2020 expenditures in reporting, but reported as 2020 expenditures on the County's financial system.

Recommendations

We recommend that the county reimburse \$136,364.88 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

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

Management's Response

The Budget and Finance director stated:

As noted above, Dauphin County is on an accrual-based accounting system and Fee for Local Use is reported on a cash basis. The county's books are open into March and the county is expected to submit our reports to the state by January 30th. Since charges are being pushed back into the prior year throughout these months, due to the accrual-based accounting system used, it is impossible to ensure all expenses are reimbursed in the prior year, although the county makes every effort to ensure they are. Failure to follow the generally accepted accounting principles (GAAP) and other requirements set by Governmental Accounting Standards Board (GASB) surrounding the accrual-based accounting system could cause the county to lose funding due to errors in reporting, which would have detrimental effect on the county and its residents.

Auditor's Conclusion

The Department of Transportation will determine whether the county will be required to reimburse the Liquid Fuels Tax Fund. During our next examination, we will determine if the county complied with our recommendations.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding No. 2 - Failure To Receive Bridge Reimbursements As Per Agreements

Our examination disclosed that the county entered into an agreement with the Department of Transportation to receive reimbursements for the reconstruction of the Duke Street Bridge. The agreement provided for 95 percent of the county's expenditures for the Duke Street Bridge reconstruction to be reimbursed upon the Pennsylvania Department of Transportation's receipt of invoice and payment documentation. During our current examination, the county was due a total of \$88,046.32 per the reimbursement agreement for expenditures paid during 2017 and 2018.

Good internal control procedures ensure that documentation is filed in a timely manner as required by contractual agreements.

The county stated that it submitted engineering invoices for \$57,955.63 to the Department of Transportation that were erroneously labeled construction and were pushed to the construction phase of the project. The county never received the reimbursements.

Because the county failed to file some of the documentation with the Pennsylvania Department of Transportation and because some of the documentation was mislabeled, the county did not have access to the \$88,046.32 for more than three years. Additionally, had the money been received, it would have been available for bridge maintenance and repairs.

Recommendations

We recommend the county work with the Department of Transportation to ensure that the proper documentation is filed to ensure it receives \$88,046.32 in reimbursements due the county.

We further recommend that, in the future, the county file all necessary documentation as per agreements with the Department of Transportation in a timely manner and when reimbursements are received, the county deposit all liquid fuels tax money promptly into the Liquid Fuels Tax Fund.

Management's Response

The Budget and Finance director stated:

The county submitted reimbursement to PennDOT in the amount of \$57,955.63 for engineering invoices. These were erroneously labeled construction invoices by PennDOT and were pushed to the construction phase where payment was never remitted to the county.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding No. 2 - Failure To Receive Bridge Reimbursements As Per Agreements (Continued)

Auditor's Conclusion

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

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Finding No. 3 - Late Receipt Of Liquid Fuels Tax Fund And Act 89 Tax Fund Allocations

Our examination disclosed that the June 2020 Liquid Fuels Tax Fund allocation of \$296,480.66, which should have been distributed from the Department of Transportation to the county during the first week of June of that year, was not received until November 19, 2020, because the county failed to comply with the Department of Transportation's *Publication 9*, Chapter One, Section 1.4, which states:

To qualify for the semiannual liquid fuels tax allocation, a county shall:

- Submit an annual report showing the receipts, expenditures, and encumbrances for the preceding 12 months. (MS-991 Report of County Liquid Fuels Tax Fund).
- Make deposits and payments or expenditures in accordance with the Act. Failure to do so may result in the county not receiving allocations from PENNDOT until all discrepancies are resolved.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
- Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

Additionally, the June 2020 Act 89 Tax Fund allocation of \$91,189.25, which should have been distributed from the Department of Transportation to the county during the first week of June of that year, was not received until November 30, 2020, because 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 (Report of Act 89 Tax Fund). 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.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

**Finding No. 3 - Late Receipt Of Liquid Fuels Tax Fund And Act 89 Tax Fund Allocations
(Continued)**

Because the county failed to file documents and information timely as noted above, the county did not have use of the June 2020 Liquid Fuels Tax Fund and Act 89 Tax Fund allocations for more than five months. Furthermore, had the allocation 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.

Recommendation

We recommend that, in the future, the county complies with the Department of Transportation's *Publication 9* to ensure that the Liquid Fuels Tax Fund and Act 89 Tax Fund allocations are received during June and December each year as outlined above.

Management's Response

The Budget and Finance director stated:

The County's 2020 Liquid Fuels Tax Fund allocation of \$296,480.66 was not deposited into the county's bank account until November 19, 2020, and was receipted on November 24, 2022. Receipting of this deposit is within the same timeframe as the 2020 Act 89 allocation, and is therefore not an untimely deposit since it is within the 10 business day window that is deemed reasonable.

Auditor's Conclusion

These allocations were deposited timely. However, the county should ensure that it follows the Department of Transportation's *Publication 9* as noted above to ensure that it receives its allocations timely. During our next examination, we will determine if the county complied with our recommendation.

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$101,999.82 to its Act 44 Tax Fund for transferring Act 44 Tax Fund monies into its Act 89 Tax Fund.

During our current examination, we reviewed a letter dated January 22, 2020, from the Department of Transportation directing the county to reimburse \$101,999.82 from its Act 89 Tax Fund to its Act 44 Tax Fund. We noted that the county reimbursed its Act 44 Tax Fund on August 1, 2019.

Additionally, in our prior report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$59,699.80 to its County Fee For Local Use Fund for failing to obtain project approval.

During our current examination, we reviewed a letter dated July 27, 2022, from the Department of Transportation directing the county to reimburse \$59,699.80 to its County Fee For Local Use Fund. As of the date of exit conference for this examination, the county had not reimbursed this amount to its County Fee For Local Use Fund.

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

- Maintain all Act 44 tax money in its Act 44 Tax Fund.
- When it expends money on a project, it applies for and obtains prior approval of the project, and when the project is completed, it obtains approval for the completed work.

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

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

An exit conference was held December 9, 2022. Those participating were:

DAUPHIN COUNTY

The Honorable Mary K. Bateman, Controller

Mr. Christopher Davis, Director, Budget and Finance

Mr. James Markel, CFE, Chief Deputy Controller

Mr. David C. Skinner, CFE, Audit Manager

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Tammy Fleisher, Audit Supervisor

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

DAUPHIN COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2021

This report was initially distributed to:

Michael Carroll
Acting Secretary
Department of Transportation

Dauphin County
2 South Second Street
4th Floor
Harrisburg, PA 17101

The Honorable Mike Pries
Chairman of the Board of Commissioners

The Honorable Mary K. Bateman
Controller

The Honorable Janis Creason
Treasurer

Mr. J. Scott Burford
Chief Clerk

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