

ATTESTATION ENGAGEMENT

Jefferson County
Pennsylvania
33-000
Liquid Fuels, Act 44, and
Act 89 Tax Funds
For the Period
January 1, 2017 to December 31, 2021

May 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 and the Reports of Act 44 and Act 89 Tax Funds With Adjustments of Jefferson County for the period January 1, 2017 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.

As discussed in the Finding And Recommendations section of this report, the 2019 and 2020 unencumbered balances in the Liquid Fuels Tax Fund were greater than the receipts for the previous twelve months. This could result in the county having to distribute \$379,651.11 to the political subdivisions within the county.

Independent Auditor's Report (Continued)

In our opinion, except for the matter discussed in the preceding 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 Jefferson County for the period January 1, 2017 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.

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 Jefferson 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 instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months.

Independent Auditor's Report (Continued)

The purpose of this report is to determine whether the county's Liquid Fuels Tax Fund, Act 44 Tax Fund, 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 Jefferson County to us during the course of our examination. If you have any questions, please feel free to contact the Bureau of County Audits at 717-787-1363.

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

Timothy L. DeFoor
Auditor General
April 11, 2023

CONTENTS

	<u>Page</u>
Background	1
Financial Section:	
2017 Form MS-991 With Adjustments	9
2018 Form MS-991 With Adjustments	11
2019 Form MS-991 With Adjustments	13
2020 Form MS-991 With Adjustments	15
2021 Form MS-991 With Adjustments	17
2017 Report Of Act 44 Tax Fund With Adjustments	19
2018 Report Of Act 44 Tax Fund With Adjustments	20
2019 Report Of Act 44 Tax Fund With Adjustments	21
2020 Report Of Act 44 Tax Fund With Adjustments	22
2021 Report Of Act 44 Tax Fund With Adjustments	23
2017 Report Of Act 89 Tax Fund With Adjustments	24
2018 Report Of Act 89 Tax Fund With Adjustments	25
2019 Report Of Act 89 Tax Fund With Adjustments	26
2020 Report Of Act 89 Tax Fund With Adjustments	27
2021 Report Of Act 89 Tax Fund With Adjustments	28
Auditor Description Of Select Transactions	29
Finding And Recommendation:	
Finding - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months.....	31
Summary Of Prior Examination Recommendations	34
Summary Of Exit Conference	35
Report Distribution.....	36

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

(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;

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.
- (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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background (Continued)

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.

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.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Background (Continued)

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.

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.

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2017	\$ 216,627.50	\$ -	\$ 216,627.50
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	160,319.70	-	160,319.70
Interest	109.99	-	109.99
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>160,429.69</u>	<u>-</u>	<u>160,429.69</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>377,057.19</u>	<u>-</u>	<u>377,057.19</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	8,000.00	-	8,000.00
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	4,000.00	-	4,000.00
Traffic control devices	-	-	-
Street lighting	127.66	-	127.66
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	181.93	-	181.93
Highway construction and rebuilding projects	219,782.20	857.00	220,639.20
Miscellaneous	1,107.00	(857.00)	250.00
Total expenditures	<u>233,198.79</u>	<u>-</u>	<u>233,198.79</u>
Remaining funds available as of December 31, 2017	<u>\$ 143,858.40</u>	<u>\$ -</u>	<u>\$ 143,858.40</u>

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

2017 Form MS-991 With Adjustments (Continued)

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	25,000.00	-	25,000.00
	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>
Total approved future year receipts and expenditures	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>
Year end balance available for future years as of December 31, 2017	<u>\$ 118,858.40</u>	<u>\$ -</u>	<u>\$ 118,858.40</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2018	\$ 143,858.40	\$ -	\$ 143,858.40
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	150,135.15	-	150,135.15
Interest	116.65	-	116.65
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>150,251.80</u>	<u>-</u>	<u>150,251.80</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>294,110.20</u>	<u>-</u>	<u>294,110.20</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	25,000.00	-	25,000.00
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	4,000.00	-	4,000.00
Traffic control devices	-	-	-
Street lighting	116.05	-	116.05
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	519.99	-	519.99
Highway construction and rebuilding projects	96,344.59	-	96,344.59
Miscellaneous	536.59	-	536.59
Total expenditures	<u>126,517.22</u>	<u>-</u>	<u>126,517.22</u>
Remaining funds available as of December 31, 2018	<u>\$ 167,592.98</u>	<u>\$ -</u>	<u>\$ 167,592.98</u>

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

2018 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	114,000.00	-	114,000.00
Unpaid county aid grants	5,000.00	-	5,000.00
Total approved future year receipts and expenditures	119,000.00	-	119,000.00
Year end balance available for future years as of December 31, 2018	\$ 48,592.98	\$ -	\$ 48,592.98

JEFFERSON 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	\$ 167,592.98	\$ -	\$ 167,592.98
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	144,991.95	-	144,991.95
Interest	186.10	-	186.10
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>145,178.05</u>	<u>-</u>	<u>145,178.05</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>312,771.03</u>	<u>-</u>	<u>312,771.03</u>
<u>Expenditures:</u>			
Administrative	-	35.00	35.00
Minor equipment purchases	-	-	-
County aid payments	27,000.00	-	27,000.00
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	4,000.00	-	4,000.00
Traffic control devices	-	-	-
Street lighting	134.30	-	134.30
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	535.00	-	535.00
Highway construction and rebuilding projects	-	-	-
Miscellaneous	35.00	(35.00)	-
Total expenditures	<u>31,704.30</u>	<u>-</u>	<u>31,704.30</u>
Remaining funds available as of December 31, 2019	<u>\$ 281,066.73</u>	<u>\$ -</u>	<u>\$ 281,066.73</u>

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

2019 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	133,767.00	(133,767.00)	-
Unpaid county aid grants	5,000.00	-	5,000.00
 Total approved future year receipts and expenditures	 138,767.00	 (133,767.00)	 5,000.00
 Year end balance available for future years as of December 31, 2019	 \$ 142,299.73	 \$ 133,767.00	 \$ 276,066.73

JEFFERSON 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	\$ 281,066.73	\$ -	\$ 281,066.73
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	124,884.54	-	124,884.54
Interest	166.02	-	166.02
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>125,050.56</u>	<u>-</u>	<u>125,050.56</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>406,117.29</u>	<u>-</u>	<u>406,117.29</u>
<u>Expenditures:</u>			
Administrative	1,901.00	-	1,901.00
Minor equipment purchases	-	-	-
County aid payments	10,000.00	-	10,000.00
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	4,000.00	-	4,000.00
Traffic control devices	-	-	-
Street lighting	146.25	-	146.25
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	-	-	-
Highway construction and rebuilding projects	146,371.35	-	146,371.35
Miscellaneous	-	-	-
Total expenditures	<u>162,418.60</u>	<u>-</u>	<u>162,418.60</u>
Remaining funds available as of December 31, 2020	<u>\$ 243,698.69</u>	<u>\$ -</u>	<u>\$ 243,698.69</u>

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

2020 Form MS-991 With Adjustments (Continued)

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	150,000.00	(150,000.00)	-
Unpaid county aid grants	5,000.00	-	5,000.00
Total approved future year receipts and expenditures	<u>155,000.00</u>	<u>(150,000.00)</u>	<u>5,000.00</u>
Year end balance available for future years as of December 31, 2020	<u>\$ 88,698.69</u>	<u>\$ 150,000.00</u>	<u>\$ 238,698.69</u>

JEFFERSON 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	\$ 243,698.69	\$ -	\$ 243,698.69
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	117,673.05	-	117,673.05
Interest	45.04	-	45.04
Reimbursable agreements	-	-	-
Miscellaneous	-	11.25	11.25
Total receipts	<u>117,718.09</u>	<u>11.25</u>	<u>117,729.34</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>361,416.78</u>	<u>11.25</u>	<u>361,428.03</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	10,000.00	-	10,000.00
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	4,000.00	-	4,000.00
Traffic control devices	-	-	-
Street lighting	135.00	-	135.00
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	575.70	-	575.70
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>14,710.70</u>	<u>-</u>	<u>14,710.70</u>
Remaining funds available as of December 31, 2021	<u>\$ 346,706.08</u>	<u>\$ 11.25</u>	<u>\$ 346,717.33</u>

JEFFERSON 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	250,000.00	-	250,000.00
Unpaid county aid grants	-	5,000.00	5,000.00
	250,000.00	5,000.00	255,000.00
 Total approved future year receipts and expenditures	 250,000.00	 5,000.00	 255,000.00
 Year end balance available for future years as of December 31, 2021	 \$ 96,706.08	 \$ (4,988.75)	 \$ 91,717.33

JEFFERSON COUNTY
2017 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 172,206.13	\$ -	\$ 172,206.13
<u>Receipts:</u>			
Act 44 Funds	62,144.00	-	62,144.00
Interest	79.05	-	79.05
Reimbursable agreements	-	-	-
Miscellaneous	3,300.00	-	3,300.00
Total receipts	<u>65,523.05</u>	<u>-</u>	<u>65,523.05</u>
Total funds available	<u>237,729.18</u>	<u>-</u>	<u>237,729.18</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u>\$ 237,729.18</u>	<u>\$ -</u>	<u>\$ 237,729.18</u>

JEFFERSON COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 237,729.18	\$ -	\$ 237,729.18
<u>Receipts:</u>			
Act 44 Funds	62,069.93	-	62,069.93
Interest	83.29	-	83.29
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>62,153.22</u>	<u>-</u>	<u>62,153.22</u>
Total funds available	<u>299,882.40</u>	<u>-</u>	<u>299,882.40</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and Rebuilding Projects	99,573.44	-	99,573.44
Miscellaneous	-	-	-
Total expenditures	<u>99,573.44</u>	<u>-</u>	<u>99,573.44</u>
Balance, December 31, 2018	<u>\$ 200,308.96</u>	<u>\$ -</u>	<u>\$ 200,308.96</u>

JEFFERSON COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 200,308.96	\$ -	\$ 200,308.96
<u>Receipts:</u>			
Act 44 Funds	62,069.93	-	62,069.93
Interest	62.68	-	62.68
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>62,132.61</u>	<u>-</u>	<u>62,132.61</u>
Total funds available	<u>262,441.57</u>	<u>-</u>	<u>262,441.57</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	161,978.49	-	161,978.49
Miscellaneous	-	-	-
Total expenditures	<u>161,978.49</u>	<u>-</u>	<u>161,978.49</u>
Balance, December 31, 2019	<u>\$ 100,463.08</u>	<u>\$ -</u>	<u>\$ 100,463.08</u>

JEFFERSON COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 100,463.08	\$ -	\$ 100,463.08
<u>Receipts:</u>			
Act 44 Funds	61,782.01	-	61,782.01
Interest	39.75	-	39.75
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>61,821.76</u>	<u>-</u>	<u>61,821.76</u>
Total funds available	<u>162,284.84</u>	<u>-</u>	<u>162,284.84</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and Rebuilding Projects	29,390.00	-	29,390.00
Miscellaneous	-	-	-
Total expenditures	<u>29,390.00</u>	<u>-</u>	<u>29,390.00</u>
Balance, December 31, 2020	<u>\$ 132,894.84</u>	<u>\$ -</u>	<u>\$ 132,894.84</u>

JEFFERSON COUNTY
2021 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 132,894.84	\$ -	\$ 132,894.84
<u>Receipts:</u>			
Act 44 Funds	61,865.07	-	61,865.07
Interest	22.79	-	22.79
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>61,887.86</u>	<u>-</u>	<u>61,887.86</u>
Total funds available	<u>194,782.70</u>	<u>-</u>	<u>194,782.70</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	27,198.49	(27,198.49)	-
Highway Construction and			
Rebuilding Projects	-	27,198.49	27,198.49
Miscellaneous	-	11.25	11.25
Total expenditures	<u>27,198.49</u>	<u>11.25</u>	<u>27,209.74</u>
Balance, December 31, 2021	<u>\$ 167,584.21</u>	<u>\$ (11.25)</u>	<u>\$ 167,572.96</u>

JEFFERSON COUNTY
2017 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 254,259.41	\$ -	\$ 254,259.41
<u>Receipts:</u>			
Act 89 Funds	117,748.56	-	117,748.56
Interest	129.75	-	129.75
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>117,878.31</u>	<u>-</u>	<u>117,878.31</u>
Total funds available	<u>372,137.72</u>	<u>-</u>	<u>372,137.72</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	1,868.00	-	1,868.00
Miscellaneous	-	-	-
Total expenditures	<u>1,868.00</u>	<u>-</u>	<u>1,868.00</u>
Balance, December 31, 2017	<u>\$ 370,269.72</u>	<u>\$ -</u>	<u>\$ 370,269.72</u>

JEFFERSON COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 370,269.72	\$ -	\$ 370,269.72
<u>Receipts:</u>			
Act 89 Funds	126,653.06	-	126,653.06
Interest	162.83	-	162.83
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>126,815.89</u>	<u>-</u>	<u>126,815.89</u>
Total funds available	<u>497,085.61</u>	<u>-</u>	<u>497,085.61</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and Rebuilding Projects	180,646.42	-	180,646.42
Miscellaneous	-	-	-
Total expenditures	<u>180,646.42</u>	<u>-</u>	<u>180,646.42</u>
Balance, December 31, 2018	<u>\$ 316,439.19</u>	<u>\$ -</u>	<u>\$ 316,439.19</u>

JEFFERSON COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 316,439.19	\$ -	\$ 316,439.19
<u>Receipts:</u>			
Act 89 Funds	117,677.15	-	117,677.15
Interest	141.09	-	141.09
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>117,818.24</u>	<u>-</u>	<u>117,818.24</u>
Total funds available	<u>434,257.43</u>	<u>-</u>	<u>434,257.43</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and Rebuilding Projects	357,371.85	-	357,371.85
Miscellaneous	-	-	-
Total expenditures	<u>357,371.85</u>	<u>-</u>	<u>357,371.85</u>
Balance, December 31, 2019	<u>\$ 76,885.58</u>	<u>\$ -</u>	<u>\$ 76,885.58</u>

JEFFERSON COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 76,885.58	\$ -	\$ 76,885.58
<u>Receipts:</u>			
Act 89 Funds	109,680.72	-	109,680.72
Interest	38.04	-	38.04
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>109,718.76</u>	<u>-</u>	<u>109,718.76</u>
Total funds available	<u>186,604.34</u>	<u>-</u>	<u>186,604.34</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	108,770.62	-	108,770.62
Miscellaneous	-	-	-
Total expenditures	<u>108,770.62</u>	<u>-</u>	<u>108,770.62</u>
Balance, December 31, 2020	<u>\$ 77,833.72</u>	<u>\$ -</u>	<u>\$ 77,833.72</u>

JEFFERSON COUNTY
2021 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 77,833.72	\$ -	\$ 77,833.72
<u>Receipts:</u>			
Act 89 Funds	120,066.07	-	120,066.07
Interest	17.26	-	17.26
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>120,083.33</u>	<u>-</u>	<u>120,083.33</u>
Total funds available	<u>197,917.05</u>	<u>-</u>	<u>197,917.05</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2021	<u>\$ 197,917.05</u>	<u>\$ -</u>	<u>\$ 197,917.05</u>

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2017 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

2017 Form MS-991

Adjustments were made to “Highway construction and rebuilding projects” and “Miscellaneous” because expenditures of \$857.00 were misclassified.

2019 Form MS-991

Adjustments were made to “Administrative” and “Miscellaneous” because expenditures of \$35.00 were misclassified.

An adjustment of \$(133,767.00) was made to “Unpaid encumbrances” because the balance for encumbrance No. 20-33000-001 was reported in 2019 but the encumbrance was not approved until February 4, 2020.

2020 Form MS-991

An adjustment of \$(150,000.00) was made to “Unpaid encumbrances” because the balance for encumbrance No. 21-33000-002 was reported in 2020 but the encumbrance was not approved until May 6, 2021.

2021 Form MS-991

An adjustment of \$11.25 was made to “Miscellaneous” receipts because a transfer in error from the Act 44 Tax Fund was not reported.

An adjustment of \$5,000.00 was made to “Unpaid county aid grants” because the balance for encumbrance No. 18-33403-002 was not reported.

2021 Report of Act 44 Tax Fund

Adjustments were made to “Maintenance and repairs - roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$27,198.49 were misclassified.

An adjustment of \$11.25 was made to “Miscellaneous” expenditures because a transfer in error to the Liquid Fuels Tax Fund was not reported.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Miscellaneous Expenditures

The following miscellaneous expenditures were paid from the Liquid Fuels Tax Fund during the examination period:

<u>Payee</u>	<u>Description</u>	<u>2017</u>	<u>2018</u>
Route 119 Improvement Committee	Annual payment	\$250.00	\$-
Vendor	Legal Advertisement		<u>536.59</u>
Totals		<u>\$250.00</u>	<u>\$536.59</u>

Transfers In Error

On December 7, 2021, the county transferred \$11.25 from its Act 44 Tax Fund to its Liquid Fuels Tax Fund in error. On January 27, 2022, which was subsequent to our examination period, another transfer of \$11.25 was made from the Act 44 Tax Fund to the Liquid Fuels Tax Fund in error. On February 14, 2022, the county transferred \$22.50 from its Liquid Fuels Tax Fund to its Act 44 Tax Fund to correct the transfers in error.

Encumbrances

As of December 31, 2021, \$255,000.00 was encumbered. This amount consists of \$250,000.00 for county projects and \$5,000.00 for grants to political subdivisions.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Finding - 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, 2019, was \$276,066.73, which was greater than the total receipts of \$145,178.05 for the preceding twelve months. In addition, the county's unencumbered balance as of December 31, 2020, was \$238,698.69, which was greater than the total receipts of \$125,050.56 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....

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Finding - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months (Continued)

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

Unencumbered balance at December 31, 2019	\$276,066.73
Less 50% of prior 12 months' receipts	72,589.03
Amount to be distributed for 2019	203,477.70
Unencumbered balance at December 31, 2020	238,698.69
Less 50% of prior 12 months' receipts	62,525.28
Amount to be distributed for 2020	176,173.41
Total amount to be distributed	\$379,651.11

The condition occurred because the county did not file Form MS-340 Application To Encumber Liquid Fuels Tax Funds timely.

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 \$379,651.11 to the political subdivisions within the county.

Recommendation

Pursuant to the review of the Department of Transportation, we recommend that the Commissioners of Jefferson County distribute \$379,651.11 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*.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

Finding - Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months (Continued)

Management's Response

The county officials stated:

Jefferson County would like to respond to the audit finding of a potential forced distribution of liquid fuels funds for two projects. In past years, PennDOT's Municipal Services Representatives would coordinate with County personnel at the end of each year to determine which project to encumber in order to avoid a forced distribution. The Municipal Services Representative would then access PennDOT's system to complete the encumbrance (MS-340). In these finding situations, PennDOT did not complete the project forms (MS-329) to start the projects until the following year. PennDOT accepted the year end reports (MS-999) showing the encumbrances in the prior years. Both projects are viable projects to complete with liquid fuels funding. The JC-2 Bridge has been completed and the Service Center Road project is pending. In conclusion, Jefferson County is contesting the forced distribution of liquid fuels funding due to the fact that PennDOT representatives completed the encumbrances, the forms for the projects, and approved the year end reports.

Auditor's Conclusion

The Department of Transportation will review this finding and determine if the distribution of funds is required. During our next examination, we will determine if the county complied with our recommendation.

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 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 \$3,300.00 to its Act 44 Tax Fund for a nonpermissible expenditure.

During our current examination, we reviewed a letter dated January 31, 2018, from the Department of Transportation directing the county to reimburse \$3,300.00 to its Liquid Fuels Tax Fund. We noted that the county had already reimbursed this amount to its Act 44 Tax Fund on December 29, 2017.

In our prior report, we also recommended that the county comply with the Department of Transportation's *Publication 9* regarding permissible expenditures.

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

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

An exit conference was held November 3, 2022. Those participating were:

JEFFERSON COUNTY

The Honorable Scott E. North, Vice-Chairman of the Board of Commissioners

The Honorable Jeffrey E. Pisarcik, Commissioner

Ms. Veronica A. McNutt, Director of Finance

Mr. Ben White, Director of Community Development

DEPARTMENT OF THE AUDITOR GENERAL

Mrs. Debra L. Alsippi, Audit Supervisor

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

JEFFERSON COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2021

This report was initially distributed to:

Michael Carroll
Acting Secretary
Department of Transportation

Jefferson County
155 Main Street
Jefferson Place
Brookville, PA 15825-1295

The Honorable Herbert L. Bullers, Jr.
Chairman of the Board of Commissioners

Ms. Veronica A. McNutt
Director of Finance

Mrs. Karen L. Lupone
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.