

ATTESTATION ENGAGEMENT

Perry County
Pennsylvania
50-000

Liquid Fuels, Act 44, and Act 89
Tax Funds
For the Period
January 1, 2018 to December 31, 2020

September 2021



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

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

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund and the Reports of Act 44 and Act 89 Tax Funds With Adjustments of Perry County for the period January 1, 2018 to December 31, 2020 (Forms). The county's management is responsible for presenting the Forms in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms based on our examination.

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

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

Independent Auditor's Report (Continued)

As discussed in the Findings And Recommendations and Summary Of Prior Examinations' Recommendations section of this report:

- During our current examination period, the county expended a total of \$190,313.50 for retroactive expenditures (see Finding No. 2).
- During our 2015 examination period, the county expended \$77,965.99 from its Liquid Fuels Tax Fund for retroactive and nonpermissible expenditures. The county reimbursed \$42,887.15 to its Liquid Fuels Tax Fund on December 26, 2018. As of the exit conference date of this examination of July 14, 2021, \$35,078.84 had not been reimbursed to the county's Liquid Fuels Tax Fund (see Summary Of 2015 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, the Act 44 Tax Fund, and the Act 89 Tax Fund of Perry County for the period January 1, 2018 to December 31, 2020, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

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

Our consideration of internal control was for the limited purpose of expressing an opinion on whether the Forms are presented in accordance with the criteria described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

Independent Auditor's Report (Continued)

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Forms will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency below to be a material weakness:

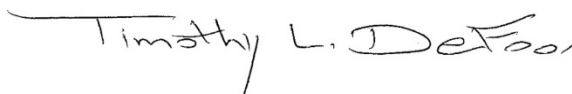
- Internal Control Over Receipts Should Be Improved.

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

- Retroactive Expenditures.

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 Perry 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.



August 20, 2021

Timothy L. DeFoor
Auditor General

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PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background

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

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

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

The Vehicle Code, as amended by Act 89 of 2013 (November 25, 2013, P.L. 974, No.89) provides for semi-annual allocations to all 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.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background (Continued)

Criteria

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

(1) Funds received by the counties must be deposited in a special fund designated as the County Liquid Fuels Tax Fund and no other money may be deposited and commingled. Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.

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

- Construction, reconstruction, maintenance and repair of roads, highways, bridges and curb ramps from a road or highway to provide for access by individuals with disabilities consistent with Federal and State law;
- Property damages and compensation of viewers for services in eminent domain proceedings involving roads, highways, and bridges;
- Construction, reconstruction, operation and maintenance of publicly owned ferryboat operations;
- Interest and principal payments on road, bridge, or publicly owned ferryboat operation bonds or sinking fund charges;
- Acquisition, maintenance, repair and operation of traffic signs and signals;
- Erection and maintenance of stop and go signal lights, blinkers and other like traffic control devices;

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background (Continued)

- Indirect costs, including benefit costs, overhead and other administrative charges for those county employees directly engaged in eligible projects, not to exceed 10 percent of the yearly allocation to the county; and
 - Individual vehicle liability insurance for equipment purchased under the fund, not to exceed 10 percent of the yearly allocation to the county.
- (3) Counties may not make expenditures from the special fund for new construction on roads, bridges, curb ramps, or publicly owned ferryboat operations without the approval of the plans for construction by the Pennsylvania Department of Transportation. And, counties may not allocate money from the special fund to political subdivisions within the county until the application and the contracts or plans for the proposed expenditures have been made on a form prescribed by the Pennsylvania Department of Transportation.
- (4) Counties may encumber current funds for future road and bridge construction, reconstruction, and maintenance projects including viable municipal projects. Counties must redistribute any unencumbered balance in the special fund to political subdivisions if the unencumbered balance is more than the county's receipts during the preceding twelve month period.
- (5) Counties must submit a report to the Pennsylvania Department of Transportation by January 31 for the period ending December 31 on prescribed Form MS-991, The Report of County Liquid Fuels Tax Fund, showing the receipts and expenditures of the money received by the county from the Commonwealth. Upon failure to file the report or instances of any non-compliant payments, allocations, or expenditures, the Pennsylvania Department of Transportation may withhold further funding until the delinquent report is filed, the money is allocated, or the expenditures for the prior 12 months are approved.
- B. *The Vehicle Code*, as amended by Act 44 of 2007 (July 18, 2007, P.L. 169) and Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Commonwealth's Motor License Fund. The County's Act 44 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background (Continued)

(1) Funds received by the counties must be deposited in a special fund designated as the County Act 44 Fund and no other money may be deposited and commingled. (Note: Act 44 and Act 89 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.

- For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.

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

- Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
- Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.
- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
- Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
- Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 44 Fund.
- Inspection costs associated with bridges.
- Purchase of right-of-way for bridge construction, reconstruction, or maintenance.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background (Continued)

- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
 - (4) In order to receive Act 44 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- C. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 89 funds distributed to the counties from the Department of Transportation. The County's Act 89 Tax Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund designated as the County Act 89 Fund and no other money may be deposited and commingled. (Note: Act 89 and Act 44 Funds may be deposited in a single account. However, the county must account for these funds independently for auditing). Money should be invested to earn interest until expended.
 - For purposes of payments under (2), below, the county may borrow and place in the special fund money not in excess of the liquid fuels tax funds to be received during the current calendar year.
 - (2) Payments from the special fund may be used for:
 - Construction, reconstruction, maintenance, and repair of public bridges for which the county is legally responsible.
 - Interest and principal payments on bridge loans and bonds or sinking fund charges for such bonds becoming due within that current calendar year.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Background (Continued)

- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
 - Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
 - Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 89 Fund.
 - Inspection costs associated with bridges.
 - Purchase of right-of-way for bridge construction, reconstruction, or maintenance.
- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
- (4) In order to receive Act 89 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

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.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

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.

PERRY 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	\$ 460,388.74	\$ -	\$ 460,388.74
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	84,798.34	-	84,798.34
Interest	817.07	-	817.07
Reimbursable agreements	90,881.43	(13,641.26)	77,240.17
Miscellaneous	42,887.15	13,641.26	56,528.41
	<u>219,383.99</u>	<u>-</u>	<u>219,383.99</u>
Total receipts			
	<u>219,383.99</u>	<u>-</u>	<u>219,383.99</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>679,772.73</u>	<u>-</u>	<u>679,772.73</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	4,971.56	-	4,971.56
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	227,452.60	(110,910.88)	116,541.72
Highway construction and rebuilding projects	-	110,910.88	110,910.88
Miscellaneous	-	-	-
	<u>232,424.16</u>	<u>-</u>	<u>232,424.16</u>
Total expenditures			
	<u>232,424.16</u>	<u>-</u>	<u>232,424.16</u>
Remaining funds available as of December 31, 2018	<u>\$ 447,348.57</u>	<u>\$ -</u>	<u>\$ 447,348.57</u>

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

2018 Form MS-991 With Adjustments (Continued)

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	9,432.89	-	9,432.89
Unpaid encumbrances	220,000.00	-	220,000.00
Unpaid county aid grants	<u> -</u>	<u> -</u>	<u> -</u>
 Total approved future year receipts and expenditures	 <u>229,432.89</u>	 <u> -</u>	 <u>229,432.89</u>
 Year end balance available for future years as of December 31, 2018	 <u><u>\$ 217,915.68</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 217,915.68</u></u>

PERRY 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	\$ 447,348.57	\$ -	\$ 447,348.57
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	83,987.05	-	83,987.05
Interest	982.73	-	982.73
Reimbursable agreements	33,084.30	(12,211.95)	20,872.35
Miscellaneous	2,080.95	12,211.95	14,292.90
	<u>120,135.03</u>	<u>-</u>	<u>120,135.03</u>
Total receipts	<u>120,135.03</u>	<u>-</u>	<u>120,135.03</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>567,483.60</u>	<u>-</u>	<u>567,483.60</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	-	-	-
Street lighting	205.83	-	205.83
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	33,196.24	-	33,196.24
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<u>33,402.07</u>	<u>-</u>	<u>33,402.07</u>
Total expenditures	<u>33,402.07</u>	<u>-</u>	<u>33,402.07</u>
Remaining funds available as of December 31, 2019	<u>\$ 534,081.53</u>	<u>\$ -</u>	<u>\$ 534,081.53</u>

PERRY 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	2,455.74	-	2,455.74
Unpaid encumbrances	420,000.00	-	420,000.00
Unpaid county aid grants	<u> -</u>	<u> -</u>	<u> -</u>
 Total approved future year receipts and expenditures	 <u>422,455.74</u>	 <u> -</u>	 <u>422,455.74</u>
 Year end balance available for future years as of December 31, 2019	 <u><u>\$ 111,625.79</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 111,625.79</u></u>

PERRY 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	\$ 534,081.53	\$ -	\$ 534,081.53
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	72,960.81	-	72,960.81
Interest	1,012.46	-	1,012.46
Reimbursable agreements	104,128.46	-	104,128.46
Miscellaneous	19,451.03	21,021.42	40,472.45
	<u>197,552.76</u>	<u>21,021.42</u>	<u>218,574.18</u>
Total receipts	<u>197,552.76</u>	<u>21,021.42</u>	<u>218,574.18</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>731,634.29</u>	<u>21,021.42</u>	<u>752,655.71</u>
<u>Expenditures:</u>			
Administrative	-	1,000.00	1,000.00
Minor equipment purchases	1,000.00	(1,000.00)	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	1,071.00	-	1,071.00
Street lighting	2,310.84	2,469.85	4,780.69
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	131,836.03	18,551.57	150,387.60
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	-	-
	<u>136,217.87</u>	<u>21,021.42</u>	<u>157,239.29</u>
Total expenditures	<u>136,217.87</u>	<u>21,021.42</u>	<u>157,239.29</u>
Remaining funds available as of December 31, 2020	<u>\$ 595,416.42</u>	<u>\$ -</u>	<u>\$ 595,416.42</u>

PERRY 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	\$ 18,849.94	\$ -	\$ 18,849.94
Accounts payable	-	-	-
Unpaid encumbrances	510,000.00	-	510,000.00
Unpaid county aid grants	-	-	-
	<u>491,150.06</u>	<u>-</u>	<u>491,150.06</u>
Total approved future year receipts and expenditures	<u>491,150.06</u>	<u>-</u>	<u>491,150.06</u>
Year end balance available for future years as of December 31, 2020	<u>\$ 104,266.36</u>	<u>\$ -</u>	<u>\$ 104,266.36</u>

PERRY COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 178,725.67	\$ -	\$ 178,725.67
<u>Receipts:</u>			
Act 44 Funds	18,170.77	-	18,170.77
Interest	324.37	-	324.37
Reimbursable agreements	-	-	-
Miscellaneous	<u>1,099.20</u>	<u>-</u>	<u>1,099.20</u>
Total receipts	<u>19,594.34</u>	<u>-</u>	<u>19,594.34</u>
Total funds available	<u>198,320.01</u>	<u>-</u>	<u>198,320.01</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	<u>18,509.00</u>	<u>-</u>	<u>18,509.00</u>
Total expenditures	<u>18,509.00</u>	<u>-</u>	<u>18,509.00</u>
Balance, December 31, 2018	<u><u>\$ 179,811.01</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 179,811.01</u></u>

PERRY COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 179,811.01	\$ -	\$ 179,811.01
<u>Receipts:</u>			
Act 44 Funds	18,170.77	-	18,170.77
Interest	361.93	-	361.93
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>18,532.70</u>	<u>-</u>	<u>18,532.70</u>
Total receipts	<u>18,532.70</u>	<u>-</u>	<u>18,532.70</u>
Total funds available	<u>198,343.71</u>	<u>-</u>	<u>198,343.71</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 198,343.71</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 198,343.71</u></u>

PERRY COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 198,343.71	\$ -	\$ 198,343.71
<u>Receipts:</u>			
Act 44 Funds	18,096.17	-	18,096.17
Interest	356.43	-	356.43
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>18,452.60</u>	<u>-</u>	<u>18,452.60</u>
Total receipts	<u>18,452.60</u>	<u>-</u>	<u>18,452.60</u>
Total funds available	<u>216,796.31</u>	<u>-</u>	<u>216,796.31</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u><u>\$ 216,796.31</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 216,796.31</u></u>

PERRY COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 90,426.88	\$ -	\$ 90,426.88
<u>Receipts:</u>			
Act 89 Funds	37,077.27	18,509.00	55,586.27
Interest	240.98	-	240.98
Reimbursable agreements	-	-	-
Miscellaneous	<u>18,509.00</u>	<u>(18,509.00)</u>	<u>-</u>
Total receipts	<u>55,827.25</u>	<u>-</u>	<u>55,827.25</u>
Total funds available	<u>146,254.13</u>	<u>-</u>	<u>146,254.13</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2018	<u><u>\$ 146,254.13</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 146,254.13</u></u>

PERRY COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 146,254.13	\$ -	\$ 146,254.13
<u>Receipts:</u>			
Act 89 Funds	34,449.60	-	34,449.60
Interest	313.96	-	313.96
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>34,763.56</u>	<u>-</u>	<u>34,763.56</u>
Total receipts	<u>34,763.56</u>	<u>-</u>	<u>34,763.56</u>
Total funds available	<u>181,017.69</u>	<u>-</u>	<u>181,017.69</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 181,017.69</u>	<u>\$ -</u>	<u>\$ 181,017.69</u>

PERRY COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 181,017.69	\$ -	\$ 181,017.69
<u>Receipts:</u>			
Act 89 Funds	32,125.86	-	32,125.86
Interest	382.77	-	382.77
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>32,508.63</u>	<u>-</u>	<u>32,508.63</u>
Total receipts	<u>32,508.63</u>	<u>-</u>	<u>32,508.63</u>
Total funds available	<u>213,526.32</u>	<u>-</u>	<u>213,526.32</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u><u>\$ 213,526.32</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 213,526.32</u></u>

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

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

Adjustments

2018 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$13,641.26 were misclassified.

Adjustments were made to “Maintenance and repairs - roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$110,910.88 were misclassified.

2019 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$12,211.95 were misclassified.

2020 Form MS-991

An adjustment of \$21,021.42 was made to “Miscellaneous” receipts because these receipts were understated.

Adjustments were made to “Administrative” and “Minor equipment purchases” because expenditures of \$1,000.00 were misclassified.

An adjustment of \$2,469.85 was made to “Street lighting” because these expenditures were understated.

An adjustment of \$18,551.57 was made to “Maintenance and repairs - roads and bridges” because these expenditures were understated

2018 Report of Act 89 Tax Fund

Adjustments were made to “Act 89 Funds” and “Miscellaneous” because receipts of \$18,509.00 were misclassified.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Reimbursable Agreements

During our examination, we noted that the county entered into a reimbursable agreement with the Commonwealth of Pennsylvania for the inspection of county bridges. During our current examination period, the county received \$77,240.17 in 2018, \$20,872.35 in 2019, and \$104,128.46 in 2020 as a result of this agreement, and deposited this money into its Liquid Fuels Tax Fund.

Miscellaneous Receipts

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

Source	Description	2018	2019	2020
Commonwealth of Pennsylvania	Unidentified Receipts (Finding No. 1)	\$13,641.26	\$12,211.95	\$40,472.45
General Fund	Reimbursement (Summary of 2015 Examination Recommendations)	42,887.15	-	-
General Fund	Reimbursement (Summary of 2016-2017 Examination Recommendations)	-	2,080.95	-
Totals		<u>\$56,528.41</u>	<u>\$14,292.90</u>	<u>\$40,472.45</u>

Deposit In Error

On December 6, 2017, the county deposited its December 2017 Act 89 allocation of \$18,509.00 into its Act 44 Fund in error. On January 10, 2018, the county transferred this amount from its Act 44 Tax Fund to its Act 89 Tax Fund to correct the deposit in error.

Encumbrances

As of December 31, 2020, \$510,000.00 was encumbered for county projects.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Finding No. 1 - Internal Control Over Receipts Should Be Improved

Our examination disclosed that the county deposited unidentified receipts of \$13,641.26 during 2018, \$12,211.95 during 2019, and \$40,472.45 during 2020 into the Liquid Fuels Tax Fund without proper documentation to determine the source and purpose for the receipts. Good internal accounting controls ensure that there is documentation to support all receipts. The failure to properly identify receipts increases the risk that errors or misappropriations may occur and remain undetected. Additionally, because documentation for the receipts was not maintained, we were unable to determine if this money should have been deposited into the Liquid Fuels Tax Fund. The unidentified receipts are as follows:

<u>Date Received</u>	<u>Amount</u>	<u>Totals</u>
02/02/18	\$ 2,322.41	
11/08/18	4,077.07	
12/27/18	<u>7,241.78</u>	
Total 2018		\$13,641.26
01/16/19	<u>12,211.95</u>	
Total 2019		12,211.95
03/26/2020	<u>40,472.45</u>	
Total 2020		<u>40,472.45</u>
Total unidentified receipts		<u>\$66,325.66</u>

County management indicated that the reason for the unidentified receipts was due to changes in personnel.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Finding No. 1 - Internal Control Over Receipts Should Be Improved (Continued)

Recommendation

We recommend that the county maintain adequate documentation to support all receipts.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

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

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Finding No. 2 - Retroactive Expenditures

Our examination disclosed that the county transferred \$169,292.08 from its Liquid Fuels Tax Fund to its General Fund on March 28, 2018 for the reimbursement of expenditures incurred from December 11, 2016 to November 28, 2017. Because these expenditures were not reimbursed within the same calendar year in which the expenditures were made, these expenditures are considered to be retroactive.

Description	Date Paid From General Fund	Amount
Bridge lighting – January Invoice	01/10/17	\$ 218.61
Bridge lighting – February Invoice	02/07/17	218.63
Bridge lighting – March Invoice	03/14/17	218.63
Bridge lighting – April Invoice	04/11/17	218.63
Bridge lighting – May Invoice	05/09/17	217.80
Bridge lighting – June Invoice	06/13/17	217.80
Bridge lighting – July Invoice	07/11/17	218.92
Bridge lighting – August Invoice	08/08/17	220.12
Bridge lighting – September Invoice	09/12/17	220.12
Bridge lighting – October Invoice	10/10/17	219.76
Bridge lighting – November Invoice	11/07/17	219.76
Bridge lighting – December Invoice	12/12/17	219.76
Bridge engineering – Invoice 725370	01/10/17	2,765.43
Bridge engineering – Invoice 730619	02/14/17	2,875.04
Bridge engineering – Invoice 716612	02/28/17	7,694.45
Bridge engineering – Invoice 740728	04/11/17	5,562.96
Bridge engineering – Invoice 762816	09/05/17	8,076.87
Bridge engineering – Invoice 775438	11/21/17	2,942.13
Bridge inspection – Invoice 40	01/17/17	13,100.88
Bridge inspection – Invoice 41	01/31/17	3,760.23
Bridge inspection – Invoice 42	05/09/17	9,340.65
Bridge inspection – Invoice 1	05/21/17	7,924.86
Bridge inspection – Invoice 2	08/15/17	2,040.63
Bridge inspection – Invoice 3	11/14/17	19,585.41
Maintenance of eleven bridges – Invoice 1	09/19/17	80,994.00
Total		<u>\$169,292.08</u>

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Finding No. 2 - Retroactive Expenditures (Continued)

Additionally, the county transferred \$21,021.42 from its Liquid Fuels Tax Fund to its General Fund on March 26, 2020, for the reimbursement of expenditures incurred from January 16, 2018 to December 10, 2019. Because these expenditures were not reimbursed within the same calendar year in which the expenditures were made, these expenditures are considered to be retroactive. These expenditure are as follows:

Description	Date Paid From General Fund	Amount
Bridge lighting – November Invoice	11/06/18	\$ 14.47
Bridge lighting – December Invoice	12/11/18	206.46
Bridge lighting – February Invoice	02/12/19	204.56
Bridge lighting – March Invoice	03/12/19	204.55
Bridge lighting – April Invoice	04/09/19	204.55
Bridge lighting – May Invoice	05/14/19	204.53
Bridge lighting – June Invoice	06/11/19	204.53
Bridge lighting – July Invoice	07/09/19	199.83
Bridge lighting – August Invoice	08/13/19	204.81
Bridge lighting – September Invoice	09/10/19	204.81
Bridge lighting – October Invoice	10/08/19	204.81
Bridge lighting – November Invoice	11/12/19	205.97
Bridge lighting – December Invoice	12/10/19	205.97
Bridge inspection – Invoice 5	01/16/18	18,551.57
Total		<u>\$21,021.42</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.

The first chart of expenditures were paid from the General Fund between January 10, 2017 and December 12, 2017, and were not reimbursed with Liquid Fuels Tax Fund money until March 28, 2018. The second chart of expenditures were paid from the General Fund between January 6, 2018 and December 10, 2019, and were not reimbursed with Liquid Fuels Tax Fund money until March 26, 2020. 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*.

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Finding No. 2 - Retroactive Expenditures (Continued)

The failure to follow the Department of Transportation's *Publication 9* could result in the county having to reimburse \$190,313.50 to its Liquid Fuels Tax Fund.

County management indicated that it did not reimburse the General Fund from the Liquid Fuels Tax Fund timely due to changes in personnel and that the new personnel were not aware that expenditures should be reimbursed within the same calendar year as the expenditure occurred.

Recommendations

We recommend that the county reimburse \$190,313.50 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 county officials offered no formal response at this time.

Auditor's Conclusion

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

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
SUMMARY OF PRIOR EXAMINATIONS' RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

Summary Of 2014 Examination Recommendations

In our 2014 report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$30,162.25 to its Liquid Fuels Tax Fund and \$2,330.01 to its Act 44 Tax Fund for over expending money on project No. M-12-50000-416.

During our 2016-2017 examination, we reviewed a letter dated August 4, 2017, from the Department of Transportation informing the county that the reimbursement of \$30,162.25 to its Liquid Fuels Tax Fund would not be required. However, reimbursement of \$1,099.20 of the \$2,330.01 to its Act 44 Tax Fund would be required. We noted that the county reimbursed \$1,099.20 to its Act 44 Tax Fund on December 26, 2018.

Summary Of 2015 Examination Recommendations

In our 2015 report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$77,965.99 to its Liquid Fuels Tax Fund for retroactive expenditures and nonpermissible expenditures.

During our 2016-2017 examination, we reviewed a letter dated June 2, 2017, from the Department of Transportation directing the county to reimburse \$77,965.99 to its Liquid Fuels Tax Fund. We noted that the county reimbursed \$42,887.15 to its Liquid Fuels Tax Fund on December 26, 2018. As of the exit conference date of this examination of July 14, 2021, \$35,078.84 remained due to the county's Liquid Fuels Tax Fund.

Summary Of 2016-2017 Examination Recommendations

In our 2016-2017 report we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$2,080.95 to its Liquid Fuels Tax Fund for a nonpermissible expenditure.

During our current examination, we reviewed a letter dated June 3, 2019, from the Department of Transportation directing the county to reimburse \$2,080.95 to its Liquid Fuels Tax Fund. We noted that the county reimbursed this amount to its Liquid Fuels Tax Fund on June 24, 2019.

In our prior report, we also recommended that the county comply with the Liquid Fuels Tax Municipal Allocation Law regarding permissible expenditures.

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

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

An exit conference was held July 14, 2021. Those participating were:

PERRY COUNTY

Ms. Brandi Clendenin, Chief Fiscal Officer

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Tammy Fleisher, Audit Supervisor

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

PERRY COUNTY
LIQUID FUELS, ACT 44, AND ACT 89
TAX FUNDS
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2020

This report was initially distributed to:

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

Perry County
25 West Main Street
P.O. Box 37
New Bloomfield, PA 17068

The Honorable Brian S. Allen
Chairman of the Board of Commissioners

The Honorable Jan Gibboney
Treasurer

The Honorable Nancy Pote
Chair of the Board of Auditors

Ms. Brandi Clendenin
Chief Fiscal Officer

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