

ATTESTATION ENGAGEMENT

Philadelphia County
Pennsylvania
67-000

Liquid Fuels Tax Fund
Act 44 Tax Fund
Act 89 Tax Fund

County Fee for Local Use Fund
For the Period
January 1, 2016 to December 31, 2020

March 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
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www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

Michael Carroll
Acting Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Reports of County Fee for Local Use Funds With Adjustments of Philadelphia County for the period January 1, 2016 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.

Basis for and Disclaimer of Opinion - Reports of Act 44, Act 89, and Local Use Tax Funds

As discussed in Finding Nos. 3, 4, and 5, the county deposited its Act 44, Act 89, and County Fee for Local Use allocations into its General Fund. These funds were then transferred and maintained in its Liquid Fuels Tax Fund. Because the county commingled Act 44, Act 89, and County Fee for Local Use money with the Liquid Fuels Tax Fund and the General Fund, and did not account for Act 44, Act 89, and County Fee for Local Use funds separately, and failed to submit the 2016 Report of Act 89 Tax Fund, we were unable to determine the accurate balances, receipts, and expenditures for the Act 44, Act 89, and County Fee for Local Use Funds for the period January 1, 2016 to December 31, 2020.

Because the matters discussed in the preceding paragraph were deemed significant, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Reports of Act 44, Act 89, and County Fee for Local Use With Adjustments of Philadelphia County for the period of January 1, 2016 to December 31, 2020.

Independent Auditor's Report (Continued)

Scope and Opinion - Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund

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 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 Finding No. 2, the county expended \$320,580.57 for project No. 18-67000-001, \$1,111,705.83 for project No. 18-67000-002, and \$190,556.54 for project No. 18-67000-004 but failed to file final completion reports with the Department of Transportation as of the date of this report.

In our opinion, except for the matter discussed in the previous paragraph, the Form MS-991 With Adjustments presents, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of Philadelphia County for the period January 1, 2016 to December 31, 2020, in conformity with the criteria set forth in Note 1.

Other Reporting Required by Government Auditing Standards

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.

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 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 was for the limited purpose of expressing an opinion on whether the Form MS-991 is presented in accordance with the criteria described above and attempting to express an opinion on whether the Reports of Act 44 and Act 89 Tax Funds are presented in accordance with the criteria described above. Our consideration of internal control 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. We did identify certain deficiencies in internal control, described in the findings listed below, that we consider to be material weaknesses in internal control:

- Act 44 Tax Fund Allocations Were Inappropriately Maintained In Other Funds And Were Not Accounted For Separately - Recurring.
- Act 89 Tax Fund Allocations Were Inappropriately Maintained In Other Funds, Were Not Accounted For Separately, And the County Failed To Submit The 2016 Report Of Act 89 Tax Fund - Recurring.
- Late Receipt Of County Fee For Local Use Fund Allocations, Allocations Were Inappropriately Maintained In Other Funds, And Were Not Accounted For Separately.

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

- Unencumbered Balance Was Greater Than The Receipts For The Previous Twelve Months.
- Failure To Timely Submit Final Completion Reports.

Independent Auditor's Report (Continued)

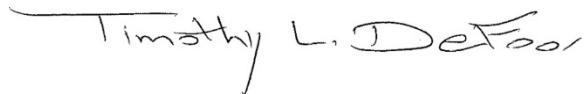
We are concerned that the county failed to correct findings that were reported in the three previous examination reports regarding Act 44 and Act 89 Tax Fund allocations being inappropriately maintained in the Liquid Fuel Tax Fund and not being accounted for separately, and the county failing to submit Reports of Act 44 Tax Fund. During our current examination, Act 44 Tax Fund and County Fee for Local Use allocations were inappropriately maintained in the General Fund and were not accounted for separately. Additionally, Act 89 Tax Fund allocations were inappropriately maintained in the General Fund and were not accounted for separately, and the county failed to submit the 2016 Report of Act 89 Tax Fund.

The risk that the Liquid Fuels Tax Fund, Act 44 and Act 89 Tax Fund, and County Fee for Local Use money may be used for unauthorized purposes increases when Liquid Fuels, Act 44, Act 89, and County Fee for Local Use money is commingled with other funds. Additionally, because the county deposited its Act 44, Act 89, and County Fee for Local Use allocations in its General Fund, failed to account for Act 44, Act 89, and County Fee for Local Use separately, and failed to file its 2016 Report of Act 89 Tax Fund, we were unable to determine if any Act 44, Act 89, and County Fee for Local Use Tax Fund money was expended during the examination period, nor could we determine the balance of the Act 44, Act 89, and County Fee for Local Use Tax Fund money in the Liquid Fuels Tax Fund and General Fund.

The county should strive to implement the recommendations and corrective actions noted in this report.

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

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



Timothy L. DeFoor
Auditor General
March 24, 2023

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PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background

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

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

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

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

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 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;

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 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.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 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.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 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.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 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.
- D. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the County Fee for Local Use funds distributed to the counties from the Department of Transportation. The County Fee for Local Use Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund. No other money may be deposited and commingled in this fund. Money should be invested to earn interest until expended.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

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

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

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

Basis Of Presentation

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

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

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

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

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

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

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

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Background (Continued)

Basis Of Accounting

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

PHILADELPHIA COUNTY
LIQUID FUELS TAX FUND
2016 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2016	\$ 381,005.48	\$ (61,683.70)	\$ 319,321.78
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	4,578,887.07	2,296,850.93	6,875,738.00
Interest	94.66	-	94.66
Reimbursable agreements	-	-	-
Miscellaneous	2,296,850.93	(2,296,850.93)	-
Total receipts	6,875,832.66	-	6,875,832.66
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	7,256,838.14	(61,683.70)	7,195,154.44
<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	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,119,656.88	(61,683.70)	3,057,973.18
Highway construction and rebuilding projects	-	-	-
Miscellaneous	166.82	-	166.82
Total expenditures	3,119,823.70	(61,683.70)	3,058,140.00
Remaining funds available as of December 31, 2016	\$ 4,137,014.44	\$ -	\$ 4,137,014.44

PHILADELPHIA COUNTY
LIQUID FUELS TAX FUND
2016 FORM MS-991 WITH ADJUSTMENTS

2016 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	-	-	-
Total approved future year receipts and expenditures	-	-	-
Year end balance available for future years as of December 31, 2016	\$ 4,137,014.44	\$ -	\$ 4,137,014.44

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

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2017	\$ 4,137,014.44	\$ -	\$ 4,137,014.44
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	5,110,153.77	-	5,110,153.77
Interest	576.55	1,825.60	2,402.15
Reimbursable agreements	-	-	-
Miscellaneous	-	1,270,953.52	1,270,953.52
	5,110,730.32	1,272,779.12	6,383,509.44
Total receipts			
	5,110,730.32	1,272,779.12	6,383,509.44
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	9,247,744.76	1,272,779.12	10,520,523.88
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	48,114.00	-	48,114.00
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	-	-	-
Traffic control devices	747,330.00	-	747,330.00
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	5,911,751.55	1,204,687.52	7,116,439.07
Highway construction and rebuilding projects	-	-	-
Miscellaneous	164.05	18.00	182.05
	6,707,359.60	1,204,705.52	7,912,065.12
Total expenditures			
	6,707,359.60	1,204,705.52	7,912,065.12
Remaining funds available as of December 31, 2017	\$ 2,540,385.16	\$ 68,073.60	\$ 2,608,458.76

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

2017 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	-	-	-
Total approved future year receipts and expenditures	-	-	-
Year end balance available for future years as of December 31, 2017	\$ 2,540,385.16	\$ 68,073.60	\$ 2,608,458.76

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

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2018	\$ 2,540,385.16	\$ 68,073.60	\$ 2,608,458.76
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	4,636,538.18	-	4,636,538.18
Interest	14,786.19	306.68	15,092.87
Reimbursable agreements	-	-	-
Miscellaneous	-	484,336.27	484,336.27
	4,651,324.37	484,642.95	5,135,967.32
Total receipts			
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	7,191,709.53	552,716.55	7,744,426.08
<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	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	1,891,442.62	2,195,824.38	4,087,267.00
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	306.68	306.68
	1,891,442.62	2,196,131.06	4,087,573.68
Total expenditures			
Remaining funds available as of December 31, 2018	\$ 5,300,266.91	\$(1,643,414.51)	\$ 3,656,852.40

PHILADELPHIA 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	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	-	-	-
 Year end balance available for future years as of December 31, 2018	 <u>\$ 5,300,266.91</u>	 <u>\$(1,643,414.51)</u>	 <u>\$ 3,656,852.40</u>

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

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2019	\$ 5,300,266.91	\$(1,643,414.51)	\$ 3,656,852.40
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	4,592,179.47	-	4,592,179.47
Interest	58,354.55	150.46	58,505.01
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	4,650,534.02	150.46	4,650,684.48
Total receipts			
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	9,950,800.93	(1,643,264.05)	8,307,536.88
<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	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,489,636.30	(286,070.47)	3,203,565.83
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	1,375.49	1,375.49
	3,489,636.30	(284,694.98)	3,204,941.32
Total expenditures			
Remaining funds available as of December 31, 2019	\$ 6,461,164.63	\$(1,358,569.07)	\$ 5,102,595.56

PHILADELPHIA 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	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>
Total approved future year receipts and expenditures	<hr/> -	<hr/> -	<hr/> -
Year end balance available for future years as of December 31, 2019	<u>\$ 6,461,164.63</u>	<u>\$(1,358,569.07)</u>	<u>\$ 5,102,595.56</u>

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

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2020	\$ 6,461,164.63	\$(1,358,569.07)	\$ 5,102,595.56
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	3,989,295.38	-	3,989,295.38
Interest	20,351.40	-	20,351.40
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	4,009,646.78	-	4,009,646.78
 Total receipts	 4,009,646.78	 -	 4,009,646.78
 Total Liquid Fuels Tax Funds available for expenditures and encumbrances	 10,470,811.41	 (1,358,569.07)	 9,112,242.34
<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	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repairs - roads and bridges	3,930,708.20	(1,448,604.40)	2,482,103.80
Highway construction and rebuilding projects	-	-	-
Miscellaneous	-	1,629.25	1,629.25
	3,930,708.20	(1,446,975.15)	2,483,733.05
 Total expenditures	 3,930,708.20	 (1,446,975.15)	 2,483,733.05
 Remaining funds available as of December 31, 2020	 \$ 6,540,103.21	 \$ 88,406.08	 \$ 6,628,509.29

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

2020 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	-	-	-
Year end balance available for future years as of December 31, 2020	\$ 6,540,103.21	\$ 88,406.08	\$ 6,628,509.29

PHILADELPHIA COUNTY
2016 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2016	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Act 44 Funds	48,505.13	(24,131.31)	24,373.82
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>48,505.13</u>	<u>(24,131.31)</u>	<u>24,373.82</u>
Total funds available	<u>48,505.13</u>	<u>(24,131.31)</u>	<u>24,373.82</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2016	<u><u>\$ 48,505.13</u></u>	<u><u>\$ (24,131.31)</u></u>	<u><u>\$ 24,373.82</u></u>

PHILADELPHIA COUNTY
2017 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 48,505.13	\$ (24,131.31)	\$ 24,373.82
<u>Receipts:</u>			
Act 44 Funds	21,117.31	24,131.31	45,248.62
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>21,117.31</u>	<u>24,131.31</u>	<u>45,248.62</u>
Total funds available	<u>69,622.44</u>	<u>-</u>	<u>69,622.44</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u><u>\$ 69,622.44</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 69,622.44</u></u>

PHILADELPHIA COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2018	\$ 69,622.44	\$ -	\$ 69,622.44
<u>Receipts:</u>			
Act 44 Funds	24,085.50	(24,085.50)	-
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	24,085.50	(24,085.50)	-
Total receipts	24,085.50	(24,085.50)	-
Total funds available	93,707.94	(24,085.50)	69,622.44
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2018	\$ 93,707.94	\$ (24,085.50)	\$ 69,622.44

PHILADELPHIA COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 93,707.94	\$ (24,085.50)	\$ 69,622.44
<u>Receipts:</u>			
Act 44 Funds	24,085.50	-	24,085.50
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>24,085.50</u>	<u>-</u>	<u>24,085.50</u>
Total funds available	<u>117,793.44</u>	<u>(24,085.50)</u>	<u>93,707.94</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 117,793.44</u></u>	<u><u>\$ (24,085.50)</u></u>	<u><u>\$ 93,707.94</u></u>

PHILADELPHIA COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2020	\$ 117,793.44	\$ (24,085.50)	\$ 93,707.94
<u>Receipts:</u>			
Act 44 Funds	23,986.62	98.88	24,085.50
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	23,986.62	98.88	24,085.50
Total receipts	23,986.62	98.88	24,085.50
Total funds available	141,780.06	(23,986.62)	117,793.44
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2020	\$ 141,780.06	\$ (23,986.62)	\$ 117,793.44

PHILADELPHIA COUNTY
2016 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2016	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Act 89 Funds	-	-	-
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total receipts	-	-	-
Total funds available	-	-	-
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2016	\$ -	\$ -	\$ -

PHILADELPHIA COUNTY
2017 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Act 89 Funds	45,633.63	21,117.31	66,750.94
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	391,831.34	391,831.34
Total receipts	<u>45,633.63</u>	<u>412,948.65</u>	<u>458,582.28</u>
Total funds available	<u>45,633.63</u>	<u>412,948.65</u>	<u>458,582.28</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2017	<u>\$ 45,633.63</u>	<u>\$ 412,948.65</u>	<u>\$ 458,582.28</u>

PHILADELPHIA COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2018	\$ 45,633.63	\$ 412,948.65	\$ 458,582.28
<u>Receipts:</u>			
Act 89 Funds	49,146.22	(24,668.37)	24,477.85
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	49,146.22	(24,668.37)	24,477.85
Total receipts	49,146.22	(24,668.37)	24,477.85
Total funds available	94,779.85	388,280.28	483,060.13
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
	-	-	-
Total expenditures	-	-	-
Balance, December 31, 2018	\$ 94,779.85	\$ 388,280.28	\$ 483,060.13

PHILADELPHIA COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 94,779.85	\$ 388,280.28	\$ 483,060.13
<u>Receipts:</u>			
Act 89 Funds	45,663.23	3,631.69	49,294.92
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>45,663.23</u>	<u>3,631.69</u>	<u>49,294.92</u>
Total funds available	<u>140,443.08</u>	<u>391,911.97</u>	<u>532,355.05</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Miscellaneous	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2019	<u><u>\$ 140,443.08</u></u>	<u><u>\$ 391,911.97</u></u>	<u><u>\$ 532,355.05</u></u>

PHILADELPHIA COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 140,443.08	\$ 391,911.97	\$ 532,355.05
<u>Receipts:</u>			
Act 89 Funds	42,583.10	(21,546.42)	21,036.68
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>42,583.10</u>	<u>(21,546.42)</u>	<u>21,036.68</u>
Total funds available	<u>183,026.18</u>	<u>370,365.55</u>	<u>553,391.73</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	147,905.67	-	147,905.67
Miscellaneous	-	-	-
Total expenditures	<u>147,905.67</u>	<u>-</u>	<u>147,905.67</u>
Balance, December 31, 2020	<u><u>\$ 35,120.51</u></u>	<u><u>\$ 370,365.55</u></u>	<u><u>\$ 405,486.06</u></u>

PHILADELPHIA COUNTY
2016 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2016	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Local Use Funds	1,953,036.51	(1,953,036.51)	-
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,953,036.51</u>	<u>(1,953,036.51)</u>	<u>-</u>
Total funds available	<u>1,953,036.51</u>	<u>(1,953,036.51)</u>	<u>-</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2016	<u><u>\$ 1,953,036.51</u></u>	<u><u>\$ (1,953,036.51)</u></u>	<u><u>\$ -</u></u>

PHILADELPHIA COUNTY
2017 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 1,953,036.51	\$ (1,953,036.51)	\$ -
<u>Receipts:</u>			
Local Use Funds	3,933,585.00	1,953,036.51	5,886,621.51
Interest	-	608.14	608.14
Reimbursable agreements	-	-	-
Miscellaneous	-	1,953,036.51	1,953,036.51
Total receipts	<u>3,933,585.00</u>	<u>3,906,681.16</u>	<u>7,840,266.16</u>
Total funds available	<u>5,886,621.51</u>	<u>1,953,644.65</u>	<u>7,840,266.16</u>
<u>Expenditures:</u>			
County-Owned road maintenance	1,328,517.87	(58,185.00)	1,270,332.87
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	-	-	-
Administrative expenditures	62,013.00	-	62,013.00
Miscellaneous	-	314.92	314.92
Grants to political subdivisions	-	-	-
Total expenditures	<u>1,390,530.87</u>	<u>(57,870.08)</u>	<u>1,332,660.79</u>
Balance, December 31, 2017	<u>\$ 4,496,090.64</u>	<u>\$ 2,011,514.73</u>	<u>\$ 6,507,605.37</u>

PHILADELPHIA COUNTY
2018 REPORT OF COUNTY FEE FOR LOCAL USE FUNDS
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 4,496,090.64	\$ 2,011,514.73	\$ 6,507,605.37
<u>Receipts:</u>			
Local Use Funds	3,692,570.00	(1,819,525.00)	1,873,045.00
Interest	6,157.53	-	6,157.53
Reimbursable agreements	-	-	-
Miscellaneous	-	4,801.01	4,801.01
	<u>3,698,727.53</u>	<u>(1,814,723.99)</u>	<u>1,884,003.54</u>
Total receipts			
Total funds available	<u>8,194,818.17</u>	<u>196,790.74</u>	<u>8,391,608.91</u>
<u>Expenditures:</u>			
County-Owned road maintenance	416,640.72	-	416,640.72
County-Owned road construction	137,387.87	-	137,387.87
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	671,446.22	58,185.00	729,631.22
Administrative expenditures	131,690.99	(55,212.00)	76,478.99
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
	<u>1,357,165.80</u>	<u>2,973.00</u>	<u>1,360,138.80</u>
Total expenditures			
Balance, December 31, 2018	<u>\$ 6,837,652.37</u>	<u>\$ 193,817.74</u>	<u>\$ 7,031,470.11</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 6,837,652.37	\$ 193,817.74	\$ 7,031,470.11
<u>Receipts:</u>			
Local Use Funds	4,063,090.00	(460,595.00)	3,602,495.00
Interest	42,676.95	-	42,676.95
Reimbursable agreements	-	-	-
Miscellaneous	-	910,896.53	910,896.53
Total receipts	<u>4,105,766.95</u>	<u>450,301.53</u>	<u>4,556,068.48</u>
Total funds available	<u>10,943,419.32</u>	<u>644,119.27</u>	<u>11,587,538.59</u>
<u>Expenditures:</u>			
County-Owned road maintenance	2,124,130.13	1,279,163.70	3,403,293.83
County-Owned road construction	373,749.24	-	373,749.24
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	436,521.07	-	436,521.07
Administrative expenditures	383,072.23	55,212.00	438,284.23
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>3,317,472.67</u>	<u>1,334,375.70</u>	<u>4,651,848.37</u>
Balance, December 31, 2019	<u><u>\$ 7,625,946.65</u></u>	<u><u>\$ (690,256.43)</u></u>	<u><u>\$ 6,935,690.22</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 7,625,946.65	\$ (690,256.43)	\$ 6,935,690.22
<u>Receipts:</u>			
Local Use Funds	-	2,280,120.00	2,280,120.00
Interest	14,749.22	-	14,749.22
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>14,749.22</u>	<u>2,280,120.00</u>	<u>2,294,869.22</u>
Total receipts	<u>14,749.22</u>	<u>2,280,120.00</u>	<u>2,294,869.22</u>
Total funds available	<u>7,640,695.87</u>	<u>1,589,863.57</u>	<u>9,230,559.44</u>
<u>Expenditures:</u>			
County-Owned road maintenance	2,569,587.63	-	2,569,587.63
County-Owned road construction	-	-	-
County-Owned bridge maintenance	286,449.93	-	286,449.93
County-Owned bridge construction	-	-	-
Administrative expenditures	116,721.96	-	116,721.96
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
	<u>2,972,759.52</u>	<u>-</u>	<u>2,972,759.52</u>
Total expenditures	<u>2,972,759.52</u>	<u>-</u>	<u>2,972,759.52</u>
Balance, December 31, 2020	<u><u>\$ 4,667,936.35</u></u>	<u><u>\$ 1,589,863.57</u></u>	<u><u>\$ 6,257,799.92</u></u>

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
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The following information relates to certain types of transactions for which the Pennsylvania Department of Transportation requested that we provide additional detail.

Adjustments

2016 Form MS-991

An adjustment of \$(61,683.70) was made to “Actual balance in county Liquid Fuels Tax Fund on January 1, 2016” because an incorrect fund balance was reported.

Adjustments were made to “Liquid Fuels Tax Funds received from Commonwealth” and “Miscellaneous” because receipts of \$2,296,850.93 were misclassified.

An adjustment of \$(61,683.70) was made to “Maintenance and repairs - roads and bridges” because expenditures that were paid during 2016 were reported as accounts payables during 2015.

2017 Form MS-991

An adjustment of \$1,825.60 was made to “Interest” because interest earned was understated.

An adjustment of \$1,270,953.52 was made to “Miscellaneous” receipts because the June 2016 Act 89 allocation of \$21,173.03 was deposited into the Liquid Fuels Tax Fund but was not reported and these receipts were understated by \$1,249,780.49.

An adjustment of \$1,204,687.52 was made to “Maintenance and repairs - roads and bridges” because these expenditures were understated.

An adjustment of \$18.00 was made to “Miscellaneous” expenditures because bank service charges were understated.

2018 Form MS-991

An adjustment of \$68,073.60 was made to “Actual balance in county Liquid Fuels Tax Fund on January 1, 2018” to reflect the adjustment made to the fund balance on the 2017 Form MS-991 With Adjustments.

An adjustment of \$306.68 was made to “Interest” because interest earned was understated.

An adjustment of \$484,336.27 was made to “Miscellaneous” receipts because these receipts were not reported.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
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Adjustments (Continued)

2018 Form MS-991 (Continued)

An adjustment of \$2,195,824.38 was made to “Maintenance and repairs - roads and bridges” because of these expenditures were understated.

An adjustment of \$306.68 was made to “Miscellaneous” expenditures because bank service charges were not reported.

2019 Form MS-991

An adjustment of \$(1,643,414.51) was made to “Actual balance in county Liquid Fuels Tax Fund on January 1, 2019” to reflect the adjustment made to the fund balance on the 2018 Form MS-991 With Adjustments.

An adjustment of \$150.46 was made to “Interest” because interest earned was understated.

An adjustment of \$(286,070.47) was made to “Maintenance and repairs - roads and bridges” because these expenditures were overstated.

An adjustment of \$1,375.49 was made to “Miscellaneous” expenditures because bank service charges were not reported.

2020 Form MS-991

An adjustment of \$(1,358,569.07) was made to “Balance, January 1, 2020” to reflect the adjustment made to the fund balance on the 2019 Form MS-991 With Adjustments.

An adjustment of \$(1,448,604.40) was made to “Maintenance and repairs - roads and bridges” because these expenditures were overstated.

An adjustment of \$1,629.25 was made to “Miscellaneous” expenditures because bank service charges were not reported.

PHILADELPHIA COUNTY
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Adjustments (Continued)

2016 Report of Act 44 Tax Fund

An adjustment of \$(24,131.31) was made to “Act 44 Funds” because the Act 44 allocation that was received in December was not deposited into the fund until 2017.

2017 Report of Act 44 Tax Fund

An adjustment of \$(24,131.31) was made to “Balance, January 1, 2017” to reflect the adjustment made to the fund balance on the 2016 Report Of Act 44 Tax Fund With Adjustments.

An adjustment of \$24,131.31 was made to “Act 44 Funds” because the 2016 Act 44 allocation that was received December 2016 was not deposited into the fund until 2017.

2018 Report of Act 44 Tax Fund

An adjustment of \$(24,085.50) was made to “Act 44 Funds” because the 2018 Act 44 allocation that was received December 2018 was not deposited into the fund until 2019.

2019 Report of Act 44 Tax Fund

An adjustment of \$(24,085.50) was made to “Balance, January 1, 2019” to reflect the adjustment made to the fund balance on 2018 Report Of Act 44 Tax Fund With Adjustments.

2020 Report of Act 44 Tax Fund

An adjustment of \$(24,085.50) was made to “Balance, January 1, 2020” to reflect the adjustment made to the fund balance on the 2019 Report Of Act 44 Tax Fund With Adjustments.

An adjustment of \$98.88 was made to “Act 44 Funds” because the allocation was understated.

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Adjustments (Continued)

2017 Report of Act 89 Tax Fund

An adjustment of \$21,117.31 was made to “Act 89 Funds” because the 2016 Act 89 allocation that was received in December 2016 was not deposited into the fund until 2017.

An adjustment of \$391,831.34 was made to “Miscellaneous” receipts because grants from the General Fund were not reported.

2018 Report of Act 89 Tax Fund

An adjustment of \$412,948.65 was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance on the 2017 Report Of Act 89 With Adjustments.

An adjustment of \$(24,668.37) was made to “Act 89 Funds” because the 2018 Act 89 allocation that was received in December 2018 was not deposited into the fund until 2019.

2019 Report of Act 89 Tax Fund

An adjustment of \$388,280.28 was made to “Balance, January 1, 2019” to reflect the adjustment made to the fund balance on the 2018 Report Of Act 89 Tax Fund With Adjustments.

An adjustment of \$3,631.69 was made to “Act 89 Funds” because the December 2018 Act 89 allocation of \$24,668.37 was not reported but was received during 2019 and the December 2019 Act 89 allocation of \$21,036.68 was reported but not deposited until 2020.

2020 Report of Act 89 Tax Fund

An adjustment of \$391,911.97 was made to “Balance, January 1, 2020” to reflect the adjustment to the fund balance on the 2019 Report Of Act 89 Tax Fund With Adjustments.

An adjustment of \$(21,546.42) was made to “Act 89 Funds” because the December 2019 Act 89 allocation of \$21,036.68 was not reported, but was received during 2020 and the June 2020 Act 89 allocation of \$21,007.14, and the December 2020 Act 89 allocation of \$21,575.96 were reported but not received.

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Adjustments (Continued)

2016 Report of County Fee For Local Use Funds

An adjustment of \$(1,953,036.51) was made to “Local Use Funds” because the Local Use Fund allocation that was received in December was not deposited into the fund until 2017.

2017 Report of County Fee For Local Use Funds

An adjustment of \$(1,953,036.51) was made to “Balance, January 1, 2017” to reflect the adjustment to the fund balance on the 2016 Report Of County Fee For Local Use.

An adjustment of \$1,953,036.51 was made to “Local Use Funds” because the 2016 Local Use Fund allocation that was received in December 2016 was not deposited into the fund until 2017.

An adjustment of \$608.14 was made to “Interest” because interest earned was not reported.

An adjustment of \$1,953,036.51 was made to “Miscellaneous” receipts because a duplicate deposit of the 2016 Local Use Fund allocation was not reported.

An adjustment of \$(58,185.00) was made to “County-Owned road maintenance” because these expenditures were overstated.

An adjustment of \$314.92 was made to “Miscellaneous” expenditures because bank service charges were not reported.

2018 Report of County Fee For Local Use Funds

An adjustment of \$2,011,514.73 was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance on the 2017 Report Of County Fee For Local Use Funds.

An adjustment of \$(1,819,525.00) was made to “State allocations” because the 2018 Local Use Fund allocation that was received in December 2018 was not deposited into the fund until 2019.

An adjustment of \$4,801.01 was made to “Miscellaneous” receipts because these receipts were not reported.

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Adjustments (Continued)

2018 Report of County Fee For Local Use Funds (Continued)

An adjustment of \$58,185.00 was made to “County-Owned bridge construction” because these expenditures were understated.

An adjustment of \$(55,212.00) was made to “Administrative expenditures” because these expenditures were overstated.

2019 Report of County Fee For Local Use Funds

An adjustment of \$193,817.74 was made to “Balance, January 1, 2019” to reflect the adjustment made to the fund balance on the 2018 Report Of County Fee For Local Use Funds.

An adjustment of \$(460,595.00) was made to “Local Use Funds” because the December 2018 Local Use Fund allocation of \$1,819,525.00 was not reported, but was received during 2019 and the December 2019 Local Use Fund allocation of \$2,280,120.00 was reported and not deposited into the fund until 2020.

An adjustment of \$910,896.53 was made to “Miscellaneous” receipts because a correction of a payment in error was not reported.

An adjustment of \$1,279,163.70 was made to “County-Owned road maintenance” because these expenditures were understated.

An adjustment of \$55,212.00 was made to “Administrative expenditures” because these expenditures were understated.

2020 Report of County Fee For Local Use Funds

An adjustment of \$(690,256.43) was made to “Balance, January 1, 2020” to reflect the adjustment to the fund balance on the 2019 Report Of County Fee For Local Use Funds.

An adjustment of \$2,280,120.00 was made to “Local Use Funds” because the December 2019 Local Use Fund allocation was not reported but was deposited during 2020.

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Miscellaneous Receipts

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

<u>Source</u>	<u>Description</u>	<u>2017</u>	<u>2018</u>
General Fund	Grants	\$1,249,780.49	\$484,336.27
Commonwealth of Pennsylvania	June 2016 Act 89 Allocation	<u>21,173.03</u>	<u>-</u>
Totals		<u>\$1,270,935.52</u>	<u>\$484,336.27</u>

The following miscellaneous receipts were deposited into the Act 89 Tax Fund during 2017:

<u>Source</u>	<u>Description</u>	<u>Amount</u>
General Fund	Grant	\$195,915.67
General Fund	Grant	<u>195,915.67</u>
Totals		<u>\$391,831.34</u>

The following miscellaneous receipts were deposited into the County Fee For Local Use Fund during the examination period:

<u>Source</u>	<u>Description</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund	Grant	\$1,953,036.10	\$ -	\$ -
General Fund	Reimbursement for expenses	<u>-</u>	<u>4,801.04</u>	<u>910,896.53</u>
Totals		<u>\$1,953,036.10</u>	<u>\$4,801.04</u>	<u>\$910,896.53</u>

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Miscellaneous Expenditures

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

<u>Source</u>	<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Financial Institution	Bank service charges	<u>\$166.82</u>	<u>\$182.05</u>	<u>\$306.68</u>	<u>\$1,375.49</u>	<u>\$1,629.25</u>

During 2017 the County Fee For Local Use Fund incurred back service charges of \$314.92.

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**Finding No. 1 - 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 \$5,102,595.56, which was greater than the total receipts of \$4,650,684.48 for the preceding twelve months. Additionally, the county’s unencumbered balance as of December 31, 2020, was \$6,628,509.29, which was greater than the total receipts of \$4,009,646.78 for the preceding twelve months.

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

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

In addition, the Department of Transportation’s *Publication 9*, Chapter One, Section 1.9.1, states, in part:

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

The following calculation applies the above formula to Philadelphia County for 2019:

2019 Unencumbered balance	\$5,102,595.56
Less 50% of prior 12 months’ receipts	2,325,342.24
2019 Amount to be distributed	\$2,777,253.32

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**Finding No. 1 - Unencumbered Balance Was Greater Than The Receipts For The Previous
Twelve Months (Continued)**

The following calculation applies the above formula to Philadelphia County for 2020:

2020 Unencumbered balance	\$6,628,509.29
Less 50% of prior 12 months' receipts	<u>2,004,823.39</u>
2020 Amount to be distributed	<u><u>\$4,623,685.90</u></u>

This condition occurred because the county did not follow the procedures for encumbering viable county projects.

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 \$7,400,939.22 to the political subdivisions within the county.

Recommendation

Pursuant to the review of the Department of Transportation, we recommend that the Commissioners of Philadelphia County distribute \$7,400,939.22 to the political subdivisions within the county in accordance with the provision of the Liquid Fuels and Fuels Tax Act and the Department of Transportation's *Publication 9*.

Management's Response

The Fiscal Officer and Streets Commissioner of Administration stated:

The City of Philadelphia is both a municipality and a county. As such, we are unable to disburse unencumbered funds to other municipal entities. We are our own entity.

Auditor's Conclusion

While we understand the county officials' explanation that the City of Philadelphia is both a municipality and a county, the Department of Transportation has the authority to determine whether a forced distribution has occurred and if the county needs to distribute the \$7,400,939.22 from the county's Liquid Fuels Tax Fund to the city's Liquid Fuels Tax Fund. During our next examination we will determine if the county complied with our recommendation.

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Finding No. 2 - Failure To Timely Submit Final Completion Reports

Our examination disclosed that the county expended \$320,580.57 for project No. 18-67000-001, \$1,111,705.83 for project No. 18-67000-002, and \$190,556.54 for project No. 18-67000-004. Final payment was made on these projects on August 21, 2019, September 4, 2019, and January 16, 2019, respectively, although Final Completion Report Forms MS-999 were not filed with the Department of Transportation as of the date of this report.

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

Because the county failed to file a Final Completion Report, we were unable to determine if the projects were completed to the satisfaction of the Department of Transportation. Additionally, we were unable to determine if the county expended the approved amount of Liquid Fuels Tax Fund money on the projects.

Recommendations

We recommend that the county reimburse \$1,622,842.94 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

Additionally, we recommend that the county submit a completed Form MS-999 to the Department of Transportation for each project.

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

Management's Response

The Fiscal Officer and Streets Commissioner of Administration stated:

We will work to ensure the projects identified are closed out properly.

Auditor's Conclusion

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
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Finding No. 3 - Act 44 Tax Fund Allocations Were Inappropriately Maintained In Other Funds And Were Not Accounted For Separately - Recurring

We cited the county for Act 44 Tax Fund allocations being inappropriately maintained in the Liquid Fuels Tax Fund in our prior reports with the most recent being for the period January 1, 2015 to December 31, 2015. Our current examination disclosed that the county's Act 44 Tax Fund allocations of \$24,373.82, \$24,131.31, \$21,117.31, \$24,085.50, \$24,085.50, and \$23,986.62, respectively, which were received on January 8, 2016, December 1, 2016, December 1, 2017, December 3, 2018, December 2, 2019, and December 1, 2020, respectively, from the Department of Transportation were deposited into the General Fund. These funds were later transferred into the Liquid Fuels Tax Fund on February 22, 2016, February 22, 2017, May 19, 2017, May 20, 2019, and May 19, 2020, respectively, which is in noncompliance with the Department of Transportation's *Publication 9*. The 2020 allocation of \$23,986.62 was deposited into the Liquid Fuels Tax Fund on July 20, 2021, which was subsequent to our examination period.

The practice of depositing Act 44 money into the General Fund or Liquid Fuels Tax Fund account is contrary to the Department of Transportation's *Publication 9*, Chapter 4, Section 4.6, which states:

Each county must deposit the Act 44 funds it receives into a special fund called the County Act 44 Fund...

Additionally, the county did not maintain records supporting receipts, disbursements, and balances of Act 44 Tax Funds as required by the Department of Transportation's *Publication 9*, Chapter Six, Section 6.6.1 which states in part:

Monies in the County Act 44 Fund should be invested to earn interest until expended and may be combined with other county funds for investment purposes. However, the principal and its proportionate share of interest must be returned to the County Act 44 Fund and expended in accordance with the Act. [Act 89 of 2013]

When Act 44 Tax Fund money is commingled with the General Fund, Liquid Fuels Tax Fund, or other funds, the potential for Act 44 Tax Fund money to be used for unauthorized purposes increases significantly. Because the county maintained its Act 44 Tax Fund money in the Liquid Fuels Tax Fund and the General Fund and failed to account for the Act 44 Tax Fund separately, we were unable to determine if any Act 44 Tax Fund money was expended during the examination period, nor could we determine the balances of the Act 44 Tax Fund money.

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Finding No. 3 - Act 44 Tax Fund Allocations Were Inappropriately Maintained In Other Funds And Were Not Accounted For Separately - Recurring (Continued)

This condition occurred because the county failed to comply with recommendations in our prior examinations to deposit all Act 44 Tax Fund monies into a separate bank account.

Recommendation

We again recommend that the county establish a separate Act 44 Tax Fund account and deposit all Act 44 monies into this account.

Management's Response

The Fiscal Officer and Streets Commissioner of Administration stated:

The Streets Department has no control over how the city's receipt of monies or funds is administered. However, we will collaborate with the City's Finance Department on this finding to address both the timely deposit of funds into the proper account and the timely and accurate verification that funds were placed in proper accounts.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the county comply with our recommendation. During our next examination we will determine if the county complied with our recommendation.

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Finding No. 4 - Act 89 Tax Fund Allocations Were Inappropriately Maintained In Other Funds, Were Not Accounted For Separately, And the County Failed To Submit The 2016 Report Of Act 89 Tax Fund - Recurring

We cited the county for Act 89 Tax Fund allocations being inappropriately maintained in the General Fund in our prior report for the period January 1, 2015 to December 31, 2015. Our current examination disclosed that the county's Act 89 Tax Fund allocations of \$21,173.03, \$21,117.31, \$21,099.80, \$24,533.83, \$24,447.85, \$24,668.37, \$24,626.55, \$21,036.68, \$21,007.14, and \$21,575.96 which were received on June 1, 2016, December 1, 2016, June 20, 2017, December 7, 2017, June 1, 2018, December 3, 2018, June 3, 2019, December 2, 2019, June 1, 2020 and December 1, 2020, respectively, from Department of Transportation were deposited into the General Fund. These funds were later transferred into the Liquid Fuels Tax Fund on July 20, 2017, July 20, 2017, July 20, 2017, December 7, 2018, November 20, 2018, May 20, 2019, October 15, 2019, and May 19, 2020, respectively, which is in noncompliance with the Department of Transportation's *Publication 9*. The 2020 allocations of \$21,007.14 and \$21,575.96 were deposited into the Liquid Fuels Tax Fund on May 12, 2021 and July 20, 2021, respectively, which was subsequent to our examination period.

The practice of depositing Act 89 money into the General Fund or Liquid Fuels Tax Fund account is contrary to the Department of Transportation's *Publication 9*, Chapter 6 section 6.5, which states:

Each county must deposit the Act 89 funds it receives into a special fund called the County Act 89 Fund.....

Additionally, the county did not maintain records supporting receipts, disbursements, and balances of Act 89 Tax Funds as required by the Department of Transportation's *Publication 9*, Chapter Six, Section 6.6.1 which states in part:

Monies in the County Act 89 Fund should be invested to earn interest until expended and may be combined with other county funds for investment purposes. However, the principal and its proportionate share of interest must be returned to the County Act 89 Fund and expended in accordance with the Act. [Act 89 of 2013]

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Finding No. 4 - Act 89 Tax Fund Allocations Were Inappropriately Maintained In Other Funds, Were Not Accounted For Separately, And the County Failed To Submit The 2016 Report Of Act 89 Tax Fund - Recurring (Continued)

Furthermore, our Examination disclosed the county failed to file its 2016 Report of Act 89 Tax Fund, which is in noncompliance with the Department of Transportation's *Publication 9*, Chapter Six, Section 6.4, which states:

Each county must submit a set of annual reports showing the receipts and expenditures for the preceding 12 months.

When Act 89 Fund money is commingled with the General Fund, Liquid Fuels Tax Fund, or other funds, the potential for Act 89 Tax Fund money to be used for unauthorized purposes increases significantly. Because the county maintained its Act 89 Tax Fund money in the Liquid Fuels Tax Fund and General Fund, failed to account for the Act 89 separately, and failed to file its 2016 Report of Act 89 Tax Fund, we were unable to determine if any Act 89 Tax Fund money was expended during the examination period, nor could we determine the balances of the Act 89 Tax Fund money.

Recommendations

We again recommend that the county establish a separate Act 89 Tax Fund account.

Again, we also recommend that the County deposit all future Act 89 Tax Fund allocations into this account.

Further, we again recommend that the county complete its Report of Act 89 Tax Fund and file it timely with the Department of Transportation.

Management's Response

The Fiscal Officer and Streets Commissioner of Administration stated:

The Streets Department has no control over how the city's receipt of monies or funds is administered. However, we will collaborate with the City's Finance Department on this finding to address both the timely deposit of funds into the proper account and the timely and accurate verification that funds were placed in proper accounts.

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Finding No. 4 - Act 89 Tax Fund Allocations Were Inappropriately Maintained In Other Funds, Were Not Accounted For Separately, And the County Failed To Submit The 2016 Report Of Act 89 Tax Fund - Recurring (Continued)

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the county comply with our recommendations. During our next examination we will determine if the municipality complied with our recommendations.

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JANUARY 1, 2016 TO DECEMBER 31, 2020

**Finding No. 5 - Late Receipt Of County Fee For Local Use Fund Allocations, Allocations
Were Inappropriately Maintained In Other Funds, And Were Not
Accounted For Separately**

Our examination disclosed that the 2020 County Fee For Local Use Fund allocations of \$1,911,055.00 and \$2,160,345.00, which should have been distributed from the Department of Transportation to the county during the first week of June and December of each year, were deposited into the General Fund on June 3, 2021, which is in noncompliance with the Department of Transportation's *Publication 9*. These funds were later transferred into the Liquid Fuels Tax Fund on April 11, 2022, which was subsequent to our examination period.

Additionally, our current examination disclosed that the County Fee For Local Use Fund allocations of \$1,953,036.51, \$1,880,680.00, \$2,052,905.00, \$1,873,045.00, \$1,819,525.00, \$1,782,970.00, and \$2,280,120.00, which were received on November 21, 2016, June 20, 2017, December 1, 2017, June 7, 2018, December 3, 2018, June 26, 2019, and December 17, 2019, respectively, from Department of Transportation were deposited into the General Fund. These funds were later transferred into either the Liquid Fuels Tax Fund and County Fee For Local Use Fund on May 19, 2017, July 20, 2017, December 27, 2017, November 20, 2018, May 20, 2019, October 15, 2019, and May 19, 2020, respectively, which is in noncompliance with the Department of Transportation's *Publication 9*.

The risk that County Fee For Local Use Fund money may be used for unauthorized purposes increases when Local Use money is commingled with other funds.

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the June 2020 allocation for more than twelve months and the December 2020 allocation more than seven months. Furthermore, had the allocations been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

When County Fee For Local Use Fund money is commingled with the General Fund, Liquid Fuels Funds, or other funds, the potential for County Fee For Local Use Fund money to be used for unauthorized purposes increases significantly. Because the county maintained its County Fee For Local Use Fund allocations in the General Fund and Liquid Fuels Tax Fund, and failed to account for County Fee For Local Use Funds separately, we couldn't determine the amount of County Fee For Local Use Fund money expended during the examination period, nor could we determine the balance of County Fee For Local Use Fund money in the General Fund.

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

Finding No. 5 - Late Receipt Of County Fee For Local Use Fund Allocations, Allocations Were Inappropriately Maintained In The Other Funds, And Were Not Accounted For Separately (Continued)

Recommendations

We recommend that, in the future, the municipality complies with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in June and December as outlined above.

We further recommend that the county deposit all future County Fee For Local Use Fund allocations into the County Fee For Local Use Fund account.

Management's Response

The Fiscal Officer and Streets Commissioner of Administration:

The Streets Department has no control over how the city's receipt of monies or funds is administered. However, we will collaborate with the City's Finance Department on this finding to address both the timely deposit of funds into the proper account and the timely and accurate verification that funds were placed in proper accounts.

Auditor's Conclusion

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

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 its 2015 Act 89 allocation of \$38,607.69 to a newly established Act 89 Tax Fund account.

During our current examination, we reviewed a letter dated March 10, 2017, from the Department of Transportation directing the county to reimburse \$38,607.69 to its Act 89 Tax Fund. We noted that as of the date of this report, the county had not reimbursed this amount to its Act 89 Tax Fund.

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

- Deposit all liquid fuels tax allocations promptly into its Liquid Fuels Tax Fund.
- Establish a separate Act 44 Tax Fund account and deposit all Act 44 Tax monies into this account.
- Deposit all future Act 89 Tax Fund allocations into a separate account.
- Completes its Report of Act 89 Tax Fund and file it timely with the Department of Transportation.

During our current examination, we noted that the county complied with our first bulleted recommendation but did not comply with our second, third, and fourth recommendations (see Finding Nos. 3 and 4).

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

An exit conference was held March 24, 2023. Those participating were:

PHILADELPHIA COUNTY

The Honorable Michael Carroll, Streets Commissioner

Ms. Dana Jordan, Fiscal Officer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Corey Tomasetti, Auditor

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

PHILADELPHIA COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS,
AND COUNTY FEE FOR LOCAL USE FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2016 TO DECEMBER 31, 2020

This report was initially distributed to:

Michael Carroll
Acting Secretary
Department of Transportation

Philadelphia County
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

The Honorable Michael Carroll
Streets Commissioner

The Honorable Christopher Newman
Deputy Commissioner of Administration

Ms. Dana Jordan
Fiscal Officer

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.