



SUSQUEHANNA COUNTY
57-000

LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
EXAMINATION REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

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SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
BACKGROUND
FOR THE YEAR ENDED
DECEMBER 31, 2010

Background

The Vehicle Code makes provisions and provides funding for County Liquid Fuels and Act 44 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 recently amended by Act 44 of 2007 (July 18, 2007, P.L.169), requires the Pennsylvania Turnpike Commission to make annual contributions for the benefit of the Pennsylvania Department of Transportation's Motor License Fund, and further requires the Department of Transportation to distribute \$5,000,000 of the annual contribution to counties (75 Pa. C.S. § 8915.6). 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.





**Department of the Auditor General
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

Independent Auditor's Report

The Honorable Barry J. Schoch, 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 Tax Fund With Adjustments of Susquehanna County for the year ended December 31, 2010. The county's management is responsible for the Forms MS-991 and the Reports of Act 44 Tax Fund. Our responsibility is to express an opinion on the Forms MS-991 With Adjustments and the Reports of Act 44 Tax Fund With Adjustments 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. An examination includes examining, on a test basis, evidence supporting Susquehanna County's Forms MS-991 and Reports of Act 44 Tax Fund for the year ended December 31, 2010 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each county's Liquid Fuels Tax Fund to ensure that funds received are expended in accordance with applicable laws and regulations. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 403 of *The Fiscal Code*.

As described in Note 4, the adjustments included on the Forms MS-991 With Adjustments and the Reports of Act 44 Tax Fund With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

In our opinion, the Forms MS-991 With Adjustments and the Reports of Act 44 Tax Fund With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund and Act 44 Tax Fund of Susquehanna County for the year ended December 31, 2010, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Forms MS-991 and the Reports of Act 44 Tax Fund and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Forms MS-991 and the Reports of Act 44 Tax Fund are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Forms MS-991 and the Reports of Act 44 Tax Fund or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Susquehanna County's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of Susquehanna County's Forms MS-991 and the Reports of Act 44 Tax Fund that is more than inconsequential will not be prevented or detected by Susquehanna County's internal control. We consider the deficiencies described in the findings below to be a significant deficiency in internal control over reporting on the Forms MS-991 and the Reports of Act 44 Tax Fund:

- Electronic Imaging Of Canceled Checks From The Bank Did Not Include The Back Of The Checks.
- Internal Control Over The Preparation Of Form MS-991 And Report Of Act 44 Tax Fund Should Be Improved.

Independent Auditor's Report (Continued)

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Forms MS-991 and the Reports of Act 44 Tax Fund will not be prevented or detected by Susquehanna County's internal control. Our consideration of the internal control over reporting on the Forms MS-991 and the Reports of Act 44 Tax Fund would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiencies described above to be material weakness.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We are concerned in light of the county's failure to correct a previously reported finding regarding the internal control over the preparation of its Form MS-991. The county should strive to implement the recommendations and corrective actions noted in this report.

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of Susquehanna County and is not intended to be and should not be used by anyone other than these specified parties.

December 1, 2011

JACK WAGNER
Auditor General



SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
2010 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments (Note 4)	Adjusted Amount
Balance, January 1, 2010	\$ 30,916.42	\$ -	\$ 30,916.42
<u>Receipts:</u>			
State allocations	106,257.03	-	106,257.03
Interest (Note 3)	44.15	-	44.15
Reimbursable agreements (Note 5)	71,115.79	(6,860.09)	64,255.70
Miscellaneous (Note 6)	-	14,668.09	14,668.09
Total receipts	<u>177,416.97</u>	<u>7,808.00</u>	<u>185,224.97</u>
Total funds available	<u>208,333.39</u>	<u>7,808.00</u>	<u>216,141.39</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	125,158.06	12,343.29	137,501.35
Administrative	5,337.00	539.84	5,876.84
Grants to political subdivisions	-	-	-
Miscellaneous (Note 7)	28,499.13	(5,075.13)	23,424.00
Total expenditures	<u>158,994.19</u>	<u>7,808.00</u>	<u>166,802.19</u>
Balance, December 31, 2010	49,339.20	-	49,339.20
Unpaid encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered balance, December 31, 2010	<u><u>\$ 49,339.20</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,339.20</u></u>

Notes To Forms MS-991 And Reports Of Act 44 Tax Fund With Adjustments are an integral part of this report.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
2010 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Balance, January 1, 2010	\$ 15.17	\$ -	\$ 15.17
<u>Receipts:</u>			
Act 44 Funds	31,123.38	-	31,123.38
Interest (Note 3)	39.59	-	39.59
Reimbursable Agreement receipts	-	-	-
Miscellaneous receipts	-	-	-
Total receipts	<u>31,162.97</u>	<u>-</u>	<u>31,162.97</u>
Total funds available	<u>31,178.14</u>	<u>-</u>	<u>31,178.14</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	28,499.13	(28,499.13)	-
Miscellaneous	-	-	-
Total expenditures	<u>28,499.13</u>	<u>(28,499.13)</u>	<u>-</u>
Balance, December 31, 2010	<u>\$ 2,679.01</u>	<u>\$ 28,499.13</u>	<u>\$ 31,178.14</u>

Notes To Forms MS-991 And Reports Of Act 44 Tax Fund With Adjustments are an integral part of this report.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010

1. 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;
- 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

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
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1. Criteria (Continued)

- 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 15 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 will 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 recently amended by Act 44 of 2007 (July 18, 2007, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the Act 44 funds distributed to the counties from the Pennsylvania Turnpike Commission's annual contribution of \$5,000,000 to 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.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010

1. Criteria (Continued)

Basis Of Presentation

In accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation, the Report of County Liquid Fuels Tax Fund With Adjustments and the Report of Act 44 Tax Fund 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 and the County Act 44 Tax Fund, respectively.

The Pennsylvania Department of Transportation prescribes that the county report the following on the MS-991 form, *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 interest, reimbursable agreements, and miscellaneous items such as loans, sale of salvageable material, and damage claims to road or bridge property.

Refer to the related Notes: Note 3, Interest Earnings; Note 5, Reimbursable Agreements; and Note 6, Miscellaneous Receipts.

- 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.

Refer to related Note: Note 7, Deposit In Error.

- 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.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010

2. Deposits

The County Code, Title 16 P.S § 17067, authorizes the county to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania that are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in a financial institution. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

There were no deposits exposed to custodial credit risk as of December 31, 2010. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the county's name.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
FOR THE YEAR ENDED
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2. Deposits (Continued)

Fund Balance

The fund balance for the Liquid Fuels Tax Fund consists of the following:

Cash	\$ 49,339.20
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The fund balance for the Act 44 Tax Fund consists of the following:

Cash	\$31,178.14
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3. Interest Earnings

Our examination disclosed that the county deposited idle liquid fuels tax money in an interest-bearing account which earned \$44.15 during 2010, thus providing additional funds for road maintenance and repairs.

Additionally, the county deposited idle Act 44 tax money in an interest-bearing account which earned \$39.59 during 2010, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2010 Form MS-991

An adjustment of \$(6,860.09) was made to "Reimbursable agreements" because miscellaneous receipts were misclassified.

An adjustment of \$14,668.09 was made to "Miscellaneous" because a deposit in error of \$7,808.00 from the Commonwealth of Pennsylvania was not reported and receipts of \$6,860.09 were misclassified as reimbursable agreements.

An adjustment of \$12,343.29 was made to "Maintenance and repair" because expenditures of \$28,499.13 were misclassified as "Miscellaneous." Additionally, miscellaneous expenditures of \$15,616.00 and administrative expenditures of \$539.84 were misclassified.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
REPORT OF ACT 44 TAX FUND WITH ADJUSTMENTS
FOR THE YEAR ENDED
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4. Adjustments (Continued)

2010 Form MS-991 (Continued)

An adjustment of \$539.84 was made to “Administrative” because these expenditures were misclassified as maintenance and repair.

An adjustment of \$(5,075.13) was made to “Miscellaneous” because expenditures for maintenance and repair of \$28,499.13 were misclassified, expenditures of \$15,616.00 were misclassified as maintenance and repair, and a transfer to the General Fund of \$7,808.00 to reimburse a deposit in error was not reported.

2010 Report of Act 44 Tax Fund

An adjustment of \$(28,499.13) was made to “Maintenance and repair” because Liquid Fuels Tax Fund expenditures were incorrectly reported as Act 44 Tax Fund expenditures.

5. Reimbursable Agreements

We noted that the county entered into a reimbursement agreement with the Commonwealth of Pennsylvania for bridge inspections. During our current examination period, the county received \$64,255.70 as a result of this agreement. As of December 31, 2010, \$5,025.44 was due the Liquid Fuels Tax Fund.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND AND ACT 44 TAX FUND
NOTES TO FORM MS-991 AND
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FOR THE YEAR ENDED
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6. Miscellaneous Receipts

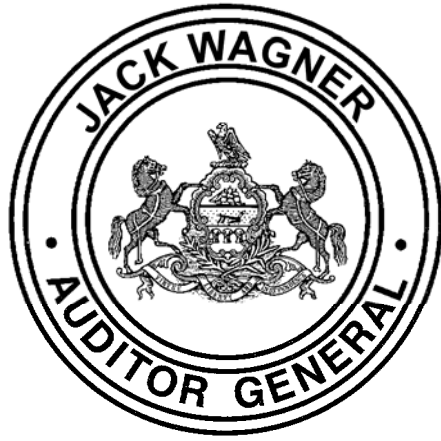
The following miscellaneous receipts were deposited into the Liquid Fuels Tax Fund during the examination period:

<u>Source</u>	<u>Description</u>	<u>Amount</u>
New Milford Borough	Reimbursement for bridge inspections	\$ 500.57
Great Bend Township	Reimbursement for bridge inspections	258.55
Liberty Township	Reimbursement for bridge inspections	880.19
Herrick Township	Reimbursement for bridge inspections	621.64
Harmony Township	Reimbursement for bridge inspections	258.55
Springfield Township	Reimbursement for bridge inspections	110.92
Auburn Township	Reimbursement for bridge inspections	880.19
Franklin Township	Reimbursement for bridge inspections	258.55
Jessup Township	Reimbursement for bridge inspections	258.55
Little Meadows Borough	Reimbursement for bridge inspections	813.45
Harford Township	Reimbursement for bridge inspections	1,501.83
Dimmock Township	Reimbursement for bridge inspections	517.10
Commonwealth of Pennsylvania	Deposit in error (Note 7)	<u>7,808.00</u>
Total		<u>\$14,668.09</u>

7. Deposit In Error

The Commonwealth of Pennsylvania electronically deposited Children and Youth money of \$23,424.00 into the county's Liquid Fuels Tax Fund in error as follows:

<u>Date of Deposit</u>	<u>Amount</u>	<u>Date Transferred To General Fund</u>
11/25/09	\$15,616.00	01/31/10
03/03/10	<u>7,808.00</u>	03/04/10
Total	<u>\$23,424.00</u>	



SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED
DECEMBER 31, 2010

Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include The
Back Of The Checks

Our examination disclosed that the county made transfers from the Liquid Fuels Tax Fund to the General Fund for the reimbursement of Liquid Fuels Tax Fund expenditures. Therefore, our disbursement test included checks from the General Fund account. During our testing, we discovered that the imaging of canceled checks from the General Fund bank account was not acceptable because the bank provides only the front side of the canceled checks. For us to properly complete our examination testing, we have to examine the front and back of the canceled checks.

Good internal controls and the Commonwealth of Pennsylvania Management Directive 210.11, dated June 16, 1997, require that imaging systems comply with the provisions of the Internal Revenue Service (IRS) procedures for record keeping with electronic imaging. To be acceptable, the documents provided by the system must meet IRS procedures governing size, content, format, and pattern. Those procedures require that all images produced by the imaging system exhibit a high degree of legibility and readability when displayed on paper. Legibility includes the ability to identify all letters and numerals positively and quickly. Readability includes the ability to recognize a group of letters or numerals as words or completed numbers. Imaged documents must include the front and back of a document in which both the front and back are used.

Further, good internal controls ensure that by having a county official review the front and back of the canceled checks, any errors or misappropriations can be detected on a timely basis.

Without this control, the potential exists for errors or misappropriations to go undetected for long periods of time.

The county obtained and provided us with copies of the backs of the canceled checks requested for examination.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED
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Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include The
Back Of The Checks (Continued)

Recommendations

We recommend that the county officials obtain images of the front and back of canceled checks in accordance with Directive 210.11. Additionally, county officials should review the front and back of each canceled check for any errors or irregularities.

Management's Response

The chief clerk stated:

The treasurer's office will in the future request front and backs of cancelled checks.

Auditor's Conclusion

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

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED
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Finding No. 2 - Internal Control Over The Preparation Of Form MS-991 And Act 44 Tax Fund
Should Be Improved

Our examination disclosed that there were numerous errors made in the preparation of the county's 2010 Form MS-991 and Report of Act 44 Tax Fund. These adjustments, which are disclosed in Note 4, are as follows:

2010 Form MS-991

- An adjustment of \$(6,860.09) was made to "Reimbursable agreements" because miscellaneous receipts were misclassified.
- An adjustment of \$14,668.09 was made to "Miscellaneous" because a deposit in error of \$7,808.00 from the Commonwealth of Pennsylvania was not reported and receipts of \$6,860.09 were misclassified as reimbursable agreements.
- An adjustment of \$12,343.29 was made to "Maintenance and repair" because expenditures of \$28,499.13 were misclassified as "Miscellaneous." Additionally, miscellaneous expenditures of \$15,616.00 and administrative expenditures of \$539.84 were misclassified.

2010 Form MS-991 (Continued)

- An adjustment of \$539.84 was made to "Administrative" because these expenditures were misclassified as maintenance and repair.
- An adjustment of \$(5,075.13) was made to "Miscellaneous" because expenditures for maintenance and repair of roads and bridges of \$28,499.13 were misclassified, expenditures of \$15,616.00 were misclassified as maintenance and repair, and a transfer to the General Fund of \$7,808.00 to reimburse a deposit in error was not reported.

2010 Report of Act 44 Tax Fund

- An adjustment of \$(28,499.13) was made to "Maintenance and repair" because Liquid Fuels Tax Fund expenditures were incorrectly reported as Act 44 Tax Fund expenditures.

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED
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Finding No. 2 - Internal Control Over The Preparation Of Form MS-991 And Act 44 Tax Fund
Should Be Improved (Continued)

Good internal controls ensure that the county completes its Form MS-991 and Report of Act 44 Tax Fund accurately and completely. The failure to properly complete the Form MS-991 and Report of Act 44 Tax Fund increases the risk that errors or misappropriations may occur and remain undetected.

A similar finding was also written in our prior report.

Recommendation

We again recommend that the county ensure that its Form MS-991 and Report of Act 44 Tax Fund are complete and accurate.

Management's Response

The county officials stated:

The treasurer's office will contact the preparer of Form MS-991 regarding transfers before they are made. Corrections will be made to stop adjustments.

Auditor's Conclusion

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

SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED
DECEMBER 31, 2010

An exit conference was held December 1, 2011. Those participating were:

SUSQUEHANNA COUNTY

Mrs. Sylvia Beamer, Chief Clerk
Mrs. Sharon Depew, Accounting Clerk

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Jerome Werner, Auditor

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



SUSQUEHANNA COUNTY
LIQUID FUELS TAX FUND
AND ACT 44 TAX FUND
REPORT DISTRIBUTION
FOR THE YEAR ENDED
DECEMBER 31, 2010

This report was initially distributed to:

The Honorable Barry J. Schoch, P.E.
Secretary
Department of Transportation

Susquehanna County
P.O. Box 218
Montrose, PA 18801

The Honorable Mary Ann Warren	Chairperson of the Board of Supervisors
The Honorable Catherine Benedict	Treasurer
Mrs. Sylvia Beamer	Chief Clerk
Mrs. Sharon Depew	Accounting Clerk

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.