

ATTESTATION ENGAGEMENT

Erie County
Pennsylvania
25-000
Liquid Fuels
and County Fee for Local Use Fund
For the Period
January 1, 2017 to December 31, 2018

March 2020



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



Commonwealth of Pennsylvania
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

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

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund and the Report of County Fee for Local Use Funds With Adjustments of Erie County for the period January 1, 2017 to December 31, 2018. The county's management is responsible for presenting the Forms MS-991 and the Report of County Fee for Local Use Funds in accordance with the criteria set forth in Note 1. Our responsibility is to express an opinion on the Forms MS-991 With Adjustments and the Report of County Fee for Local Use Funds 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-991 and the Report of County Fee for Local Use Funds are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-991 and the Report of County Fee for Local Use Funds. 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 MS-991 and the Report of County Fee for Local Use Funds, 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 mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each county's Liquid Fuels and County Fee for Local Use tax funds 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*.

Independent Auditor's Report (Continued)

As described in Note 4, the adjustments included on the Forms MS-991 With Adjustments and the Report of County Fee for Local Use Funds With Adjustments are made by the Department of the Auditor General.

As discussed in the Findings and Recommendations section of this report, the county deposited its County Fee for Local Use Fund allocations of \$53,785.00 and \$548,770.00 into its Planning Fund on June 7, 2018, and December 24, 2018, respectively, which is a noncompliance with the Department of Transportation's *Publication 9*.

In our opinion, except for the matter discussed in the preceding paragraph, the Forms MS-991 With Adjustments and the Report of County Fee for Local Use Funds With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund and the Report of County Fee for Local Use Fund of Erie County for the period January 1, 2017 to December 31, 2018, in accordance with the criteria set forth in Note 1.

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 MS-991 and the Report of County Fee for Local Use Funds; 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 MS-991 and the Report of County Fee for Local Use Funds. 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 MS-991 and the Report of County Fee for Local Use Funds 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 MS-991 and the Report of County Fee for Local Use Funds or on compliance and other matters; accordingly, we express no such opinions.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Forms MS-991 and the Report of County Fee for Local Use Funds will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report (Continued)

Our consideration of internal control over reporting on the Forms MS-991 and the Report of County Fee for Local Use Funds was for the limited purpose of expressing an opinion on whether the Forms MS-991 and the Report of County Fee for Local Use Funds are presented in accordance with the criteria described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our engagement we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Forms MS-991 and the Report of County Fee for Local Use Funds are free from material misstatement, we performed tests of Erie 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 MS-991 and the Report of County Fee for Local Use Funds. 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*:

- County Fee For Local Use Fund Money Deposited Into The Planning Fund.
- Failure To File 2018 Report Of County Fee For Local Use Fund.

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



Eugene A. DePasquale
Auditor General

March 3, 2020

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ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Background

The Vehicle Code makes provisions and provides funding for County Liquid Fuels, and County Fee for Local Use Funds 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 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.

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

	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Balance, January 1, 2017	\$ 416,218.09	\$ -	\$ 416,218.09
<u>Receipts:</u>			
State allocations	809,017.06	-	809,017.06
Interest (Note 3)	870.33	-	870.33
Reimbursable agreements	-	-	-
Miscellaneous (Note 6)	-	27,000.00	27,000.00
Total receipts	<u>809,887.39</u>	<u>27,000.00</u>	<u>836,887.39</u>
Total funds available	<u>1,226,105.48</u>	<u>27,000.00</u>	<u>1,253,105.48</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	213.98	-	213.98
Administrative	-	-	-
Grants to political subdivisions	724,106.00	(35,336.00)	688,770.00
Miscellaneous (Note 6)	-	27,000.00	27,000.00
Total expenditures	<u>724,319.98</u>	<u>(8,336.00)</u>	<u>715,983.98</u>
Balance, December 31, 2017	501,785.50	35,336.00	537,121.50
Unpaid encumbrances	-	35,336.00	35,336.00
Unencumbered balance, December 31, 2017	<u>\$ 501,785.50</u>	<u>\$ -</u>	<u>\$ 501,785.50</u>

Notes To Forms MS-991 and Reports of County Fee for Local Use Funds With Adjustments are an integral part of this report.

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

	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Balance, January 1, 2018	\$ 501,785.50	\$ 35,336.00	\$ 537,121.50
<u>Receipts:</u>			
State allocations	734,036.33	-	734,036.33
Interest (Note 3)	2,999.22	-	2,999.22
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>737,035.55</u>	<u>-</u>	<u>737,035.55</u>
Total funds available	<u>1,238,821.05</u>	<u>35,336.00</u>	<u>1,274,157.05</u>
<u>Expenditures:</u>			
Construction	-	-	-
Maintenance and repair	-	-	-
Administrative	-	-	-
Grants to political subdivisions	718,770.00	(65,379.00)	653,391.00
Miscellaneous	-	-	-
Total expenditures	<u>718,770.00</u>	<u>(65,379.00)</u>	<u>653,391.00</u>
Balance, December 31, 2018	520,051.05	100,715.00	620,766.05
Unpaid encumbrances (Note 5)	<u>8,180.00</u>	<u>100,715.00</u>	<u>108,895.00</u>
Unencumbered balance, December 31, 2018	<u>\$ 511,871.05</u>	<u>\$ -</u>	<u>\$ 511,871.05</u>

Notes To Forms MS-991 and Reports of County Fee for Local Use Funds With Adjustments are an integral part of this report.

ERIE COUNTY
LIQUID FUELS TAX FUND
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	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Local Use Funds	-	-	-
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	-	-	-
	<hr/>	<hr/>	<hr/>
Total funds available	-	-	-
	<hr/>	<hr/>	<hr/>
<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	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Balance, December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes To Forms MS-991 and Reports of County Fee for Local Use Funds With Adjustments are an integral part of this report.

ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
NOTES TO FORMS MS-991
AND REPORT OF COUNTY FEE FOR LOCAL USE FUNDS WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

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;

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AND REPORT OF COUNTY FEE FOR LOCAL USE FUNDS WITH ADJUSTMENTS
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1. Criteria (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.

ERIE COUNTY
LIQUID FUELS
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1. Criteria (Continued)

B. *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.

(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

ERIE COUNTY
LIQUID FUELS
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NOTES TO FORMS MS-991
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FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

1. Criteria (Continued)

- Transportation related safety studies or safety projects on public highways.
 - The construction of sound 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.
- (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 Report of County Liquid Fuels Tax Fund With Adjustments and the Report of County Fee for Local Use Funds With Adjustments do not constitute complete financial presentations of the county's assets, liabilities, expenses, and fund balance but include the receipts, expenditures, and fund balances of the County Liquid Fuels Tax Fund and the County Fee for Local Use Fund Tax, 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.

ERIE COUNTY
LIQUID FUELS
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1. Criteria (Continued)

2. 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.

Refer to the related Notes: Note 3, Interest Earnings.

3. Accounts receivable (to be realized within 60 days of the year end).
4. Total Liquid Fuels Tax funds available for expenditure and encumbrances.
5. Expenditures for county-owned roads, highways, and bridges.
6. Accounts payable (accrued wages, accrued payroll taxes, and accounts payable vendors to be realized within 60 days of the year end).
7. The balance in the fund at the close of the report calendar year.
8. Encumbered and unencumbered balances on hand at the close of the report calendar year.

Refer to the related Note: Note 5, Encumbrances.

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.

ERIE COUNTY
 LIQUID FUELS
 AND COUNTY FEE FOR LOCAL USE FUND
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 AND REPORT OF COUNTY FEE FOR LOCAL USE FUNDS WITH ADJUSTMENTS
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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 purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. 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 or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in financial institutions. 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, 2018. Custodial credit risk, as defined by GASB No. 40, as amended, 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.

Fund Balance

The fund balance for the Liquid Fuels Tax Fund as of December 31, 2018, consists of the following:

Cash	\$620,766.05
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The fund balance for the County Fee for Local Use Fund as of December 31, 2018, consists of the following:

Cash (Finding No. 1)	\$-
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ERIE COUNTY
LIQUID FUELS
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NOTES TO FORMS MS-991
AND REPORT OF COUNTY FEE FOR LOCAL USE FUNDS WITH ADJUSTMENTS
FOR THE PERIOD
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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 \$870.33 during 2017, and \$2,999.22 during 2018, thus providing additional funds for road maintenance and repairs.

4. Adjustments

2017 Form MS-991

An adjustment of \$27,000.00 was made to “Miscellaneous” because a transfer in error was not reported.

An adjustment of \$(35,336.00) was made to “Grants to political subdivisions” because grants that were paid during 2018 were incorrectly reported as paid during 2017.

An adjustment of \$27,000.00 was made to “Miscellaneous” because the correction of transfer in error was not reported.

An adjustment of \$35,336.00 was made to “Unpaid encumbrances” because encumbrances for project #17-25412-001 for \$3,411.00, #17-25101-001 for \$10,425.00, and #17-25214-002 for \$21,500.00 were not reported.

2018 Form MS-991

An adjustment of \$35,336.00 was made to “Balance, January 1, 2018” to reflect the adjustment made to the fund balance on 2017 MS-991.

An adjustment of \$(65,379.00) was made to “Grants to political subdivisions” because expenditures of \$100,715.00 that were paid during 2019 were incorrectly reported as paid during 2018 and because expenditures of \$35,336.00 relating to check Nos. 1651, 1652, and 1653 were not reported.

An adjustment of \$100,715.00 was made to “Unpaid encumbrances” because encumbrances for project #18-25213-002 for \$80,715.00 and #18-25210-005 for \$20,000.00 were not reported.

ERIE COUNTY
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5. Encumbrances

As of December 31, 2018, \$108,895.00 was encumbered for grants to political subdivisions.

6. Transfer In Error

On April 20, 2017, the county transferred \$27,000.00 from its General Fund to its Liquid Fuels Tax Fund in error. On June 6, 2017, the county transferred \$27,000.00 from its Liquid Fuels Tax Fund to its General Fund to correct the transfer in error.

ERIE COUNTY
LIQUID FUELS
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FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

Finding No. 1 - County Fee For Local Use Fund Allocations Deposited Into The Planning Fund

Our examination disclosed that the county deposited its County Fee for Local Use Fund allocations of \$53,785.00 and \$548,770.00 into its Planning Fund on June 7, 2018, and December 24, 2018, respectively, which is in noncompliance with the Department of Transportation's *Publication 9*.

The Department of Transportation's *Publication 9*, Chapter 5, Section 5.5, states:

. . . the county must establish a separate fund for the receipt of the \$5 fee or local use funds.

When the County Fee For Local Use money is commingled with the Planning Fund or other funds, the potential for County Fee For Local Use money to be used for unauthorized purposes increases significantly.

The county transferred its County Fee For Local Use Fund allocations of \$602,555.00 from its Planning Fund to the County Fee For Local Use Fund on March 12, 2019, which was subsequent to our examination period.

Recommendation

We recommend that the county deposit all County Fee For Local Use Fund money promptly into the County Fee For Local Use Fund.

ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 1 - County Fee For Local Use Fund Money Deposited Into The Planning Fund
(Continued)

Management's Response

The county officials stated:

I was not familiar with the funding source until 2019. At that time, I set up an account for this, and had the funds transferred.

Auditor's Conclusion

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

ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
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Finding No. 2 - Failure To File The 2018 Report Of County Fee For Local Use Fund

Our examination disclosed that the county failed to file its 2018 Report of County Fee For Local Use Fund.

The Department of Transportation's *Publication 9*, Chapter 5, Section 5.10 states:

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.

Good internal controls ensure that the county completes its Report of County Fee For Local Use Fund accurately and completely. The failure to properly complete Report of County Fee For Local Use Fund increases the risk that errors or misappropriations may occur and remain undetected.

Recommendation

We recommend that the county ensure that its Report of County Fee For Local Use Fund is complete and accurate and filed with the Department of Transportation.

Management's Response

The county official stated:

I was unaware that there was an Annual Report due. I have contacted our Municipal Services representative and we are working on giving me online access to that report.

Auditor's Conclusion

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

ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

An exit conference was held October 22, 2019. Those participating were:

ERIE COUNTY

Ms. Melissa Plyler, Accountant

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Ortenzia M. Keller, Audit Supervisor

Mr. Joel S. Schwartz, Auditor

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

ERIE COUNTY
LIQUID FUELS
AND COUNTY FEE FOR LOCAL USE FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2017 TO DECEMBER 31, 2018

This report was initially distributed to:

Yassmin Gramian, P. E.
Acting Secretary
Department of Transportation

Erie County
150 East Front Street
Suite 300
Erie, PA 16507

The Honorable Fiore Leone
Chairman of County Council

The Honorable Kathy Dahlkemper
County Executive

Mr. James Sparber
Finance Director

Ms. Melissa Plyler
Accountant

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