

ATTESTATION ENGAGEMENT

McKean County
Pennsylvania
42-000

Liquid Fuels Tax Fund,
Act 44 Tax Fund, and
Act 89 Tax Fund
For the Period
January 1, 2018 to December 31, 2022

March 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
Facebook: Pennsylvania Auditor General
Twitter: @PAAuditorGen
www.PaAuditor.gov

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Michael Carroll
Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund and the Reports of Act 44 and Act 89 Tax Funds With Adjustments of McKean County for the period January 1, 2018 to December 31, 2022 (Forms). The county's management is responsible for presenting the Forms in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination involves performing procedures 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.

Independent Auditor's Report (Continued)

In our opinion, the Forms present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund, the Act 44 Tax Fund, and the Act 89 Tax Fund of McKean County for the period January 1, 2018 to December 31, 2022, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

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

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

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

As part of obtaining reasonable assurance about whether the Forms are free from material misstatement, we performed tests of McKean 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Independent Auditor's Report (Continued)

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

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

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

Timothy L. DeFoor
Auditor General
February 1, 2024

CONTENTS

	<u>Page</u>
Background.....	1
Financial Section:	
2018 Form MS-991 With Adjustments	11
2019 Form MS-991 With Adjustments	13
2020 Form MS-991 With Adjustments	15
2021 Form MS-991 With Adjustments	17
2022 Form MS-991 With Adjustments	19
2018 Report Of Act 44 Tax Fund With Adjustments.....	21
2019 Report Of Act 44 Tax Fund With Adjustments.....	22
2020 Report Of Act 44 Tax Fund With Adjustments.....	23
2021 Report Of Act 44 Tax Fund With Adjustments.....	24
2022 Report Of Act 44 Tax Fund With Adjustments.....	25
2018 Report Of Act 89 Tax Fund With Adjustments.....	26
2019 Report Of Act 89 Tax Fund With Adjustments.....	27
2020 Report Of Act 89 Tax Fund With Adjustments.....	28
2021 Report Of Act 89 Tax Fund With Adjustments.....	29
2022 Report Of Act 89 Tax Fund With Adjustments.....	30
Auditor Description Of Select Transactions.....	31
Summary Of Onsite Closeout Meeting.....	38
Report Distribution	39

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Background

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

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

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

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

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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.
 - 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.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 Act 44 Tax Fund money 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.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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 Act 89 Tax Fund money 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.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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.

Basis Of Presentation

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

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Background (Continued)

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

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

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.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Background (Continued)

- D. Expenditures for county-owned bridges.
- E. The balance in the fund at the close of the report calendar year.

Basis Of Accounting

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

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2018	\$ 212,257.96	\$ -	\$ 212,257.96
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	243,254.88	-	243,254.88
Interest	2,301.87	-	2,301.87
Reimbursable agreements	-	-	-
Miscellaneous	218,667.40	-	218,667.40
Total receipts	464,224.15	-	464,224.15
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	676,482.11	-	676,482.11
<u>Expenditures:</u>			
Administrative	5,457.00	-	5,457.00
Minor equipment purchases	-	-	-
County aid payments	120,790.00	-	120,790.00
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	-	-	-
Highway construction and rebuilding projects	110,004.67	-	110,004.67
Miscellaneous	218,667.40	-	218,667.40
Total expenditures	454,919.07	-	454,919.07
Remaining funds available as of December 31, 2018	221,563.04	-	221,563.04

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

Approved future year receipts and expenditures

Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	45,674.00	-	45,674.00
Unpaid county aid grants	-	-	-
	45,674.00	-	45,674.00
 Total approved future year receipts and expenditures	 45,674.00	 -	 45,674.00
 Year end balance available for future years as of December 31, 2018	 \$ 175,889.04	 \$ -	 \$ 175,889.04

MCKEAN 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	\$ 221,563.04	\$ -	\$ 221,563.04
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	244,550.22	-	244,550.22
Interest	3,329.44	-	3,329.44
Reimbursable agreements	-	-	-
Miscellaneous	41,704.85	-	41,704.85
Total receipts	289,584.51	-	289,584.51
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	511,147.55	-	511,147.55
<u>Expenditures:</u>			
Administrative	6,476.00	-	6,476.00
Minor equipment purchases	-	-	-
County aid payments	108,004.00	-	108,004.00
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	-	-	-
Highway construction and rebuilding projects	107,034.00	3.00	107,037.00
Miscellaneous	41,705.85	(1.00)	41,704.85
Total expenditures	263,219.85	2.00	263,221.85
Remaining funds available as of December 31, 2019	247,927.70	(2.00)	247,925.70

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

Approved future year receipts and expenditures

Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	58,720.00	-	58,720.00
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>
 Total approved future year receipts and expenditures	 58,720.00	 -	 58,720.00
	<hr/>	<hr/>	<hr/>
 Year end balance available for future years as of December 31, 2019	 \$ 189,207.70	 \$ (2.00)	 \$ 189,205.70
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2020	\$ 247,925.70	\$ -	\$ 247,925.70
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	209,892.66	-	209,892.66
Interest	1,231.99	-	1,231.99
Reimbursable agreements	-	-	-
Miscellaneous	-	39,804.02	39,804.02
Total receipts	<u>211,124.65</u>	<u>39,804.02</u>	<u>250,928.67</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>459,050.35</u>	<u>39,804.02</u>	<u>498,854.37</u>
<u>Expenditures:</u>			
Administrative	6,719.00	-	6,719.00
Minor equipment purchases	-	-	-
County aid payments	90,558.01	-	90,558.01
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	-	-	-
Highway construction and rebuilding projects	103,437.00	-	103,437.00
Miscellaneous	158.16	39,804.02	39,962.18
Total expenditures	<u>200,872.17</u>	<u>39,804.02</u>	<u>240,676.19</u>
Remaining funds available as of December 31, 2020	<u>258,178.18</u>	<u>-</u>	<u>258,178.18</u>

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

<u>Approved future year receipts and expenditures</u>			
Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	80,202.58	-	80,202.58
Unpaid county aid grants	-	-	-
	<hr/>	<hr/>	<hr/>
Total approved future year receipts and expenditures	80,202.58	-	80,202.58
	<hr/>	<hr/>	<hr/>
Year end balance available for future years as of December 31, 2020	\$ 177,975.60	\$ -	\$ 177,975.60
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MCKEAN COUNTY
LIQUID FUELS TAX FUND
2021 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2021	\$ 258,178.18	\$ -	\$ 258,178.18
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	213,115.52	-	213,115.52
Interest	247.39	-	247.39
Reimbursable agreements	-	-	-
Miscellaneous	-	42,234.21	42,234.21
	213,362.91	42,234.21	255,597.12
Total receipts	213,362.91	42,234.21	255,597.12
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	471,541.09	42,234.21	513,775.30
<u>Expenditures:</u>			
Administrative	10,348.00	-	10,348.00
Minor equipment purchases	-	-	-
County aid payments	123,200.20	-	123,200.20
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	-	-	-
Highway construction and rebuilding projects	103,569.00	-	103,569.00
Miscellaneous	-	42,234.21	42,234.21
	237,117.20	42,234.21	279,351.41
Total expenditures	237,117.20	42,234.21	279,351.41
Remaining funds available as of December 31, 2021	234,423.89	-	234,423.89

MCKEAN COUNTY
 LIQUID FUELS TAX FUND
 2021 FORM MS-991 WITH ADJUSTMENTS

<u>Approved future year receipts and expenditures</u>			
Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	62,795.38	-	62,795.38
Unpaid county aid grants	-	-	-
	62,795.38	-	62,795.38
 Total approved future year receipts and expenditures	 62,795.38	 -	 62,795.38
 Year end balance available for future years as of December 31, 2021	 \$ 171,628.51	 \$ -	 \$ 171,628.51

MCKEAN COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-991 WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Actual balance in county Liquid Fuels Tax Fund on January 1, 2022	\$ 234,425.89	\$ (2.00)	\$ 234,423.89
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	214,672.14	-	214,672.14
Interest	139.88	-	139.88
Reimbursable agreements	-	-	-
Miscellaneous	-	28,228.68	28,228.68
	214,812.02	28,228.68	243,040.70
Total receipts			
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	449,237.91	28,226.68	477,464.59
<u>Expenditures:</u>			
Administrative	9,556.00	-	9,556.00
Minor equipment purchases	-	-	-
County aid payments	76,982.30	-	76,982.30
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	-	-	-
Highway construction and rebuilding projects	-	101,362.50	101,362.50
Miscellaneous	101,362.50	(73,133.82)	28,228.68
	187,900.80	28,228.68	216,129.48
Total expenditures			
Remaining funds available as of December 31, 2022	261,337.11	(2.00)	261,335.11

MCKEAN COUNTY
LIQUID FUELS TAX FUND
2022 FORM MS-991 WITH ADJUSTMENTS

Approved future year receipts and expenditures

Accounts receivable	-	-	-
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	83,705.95	(51.79)	83,654.16
	<u>83,705.95</u>	<u>(51.79)</u>	<u>83,654.16</u>
 Total approved future year receipts and expenditures	 <u>83,705.95</u>	 <u>(51.79)</u>	 <u>83,654.16</u>
 Year end balance available for future years as of December 31, 2022	 <u>\$ 177,631.16</u>	 <u>\$ 49.79</u>	 <u>\$ 177,680.95</u>

MCKEAN COUNTY
2018 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2018	\$ 16,924.32	\$ -	\$ 16,924.32
<u>Receipts:</u>			
Act 44 Funds	14,401.44	-	14,401.44
Interest	19.89	-	19.89
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>14,421.33</u>	<u>-</u>	<u>14,421.33</u>
Total funds available	<u>31,345.65</u>	<u>-</u>	<u>31,345.65</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	14,431.51	-	14,431.51
Miscellaneous	-	-	-
Total expenditures	<u>14,431.51</u>	<u>-</u>	<u>14,431.51</u>
Balance, December 31, 2018	<u>\$ 16,914.14</u>	<u>\$ -</u>	<u>\$ 16,914.14</u>

MCKEAN COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2019	\$ 16,909.04	\$ 5.10	\$ 16,914.14
<u>Receipts:</u>			
Act 44 Funds	14,401.44	-	14,401.44
Interest	48.90	(5.10)	43.80
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>14,450.34</u>	<u>(5.10)</u>	<u>14,445.24</u>
Total funds available	<u>31,359.38</u>	<u>-</u>	<u>31,359.38</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	14,000.00	-	14,000.00
Miscellaneous	-	-	-
Total expenditures	<u>14,000.00</u>	<u>-</u>	<u>14,000.00</u>
Balance, December 31, 2019	<u>\$ 17,359.38</u>	<u>\$ -</u>	<u>\$ 17,359.38</u>

MCKEAN COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 17,364.48	\$ (5.10)	\$ 17,359.38
<u>Receipts:</u>			
Act 44 Funds	14,342.32	-	14,342.32
Interest	13.28	-	13.28
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>14,355.60</u>	<u>-</u>	<u>14,355.60</u>
Total funds available	<u>31,720.08</u>	<u>(5.10)</u>	<u>31,714.98</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and Rebuilding Projects	-	15,000.00	15,000.00
Miscellaneous	15,005.10	(15,005.10)	-
Total expenditures	<u>15,005.10</u>	<u>(5.10)</u>	<u>15,000.00</u>
Balance, December 31, 2020	<u><u>\$ 16,714.98</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,714.98</u></u>

MCKEAN COUNTY
2021 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 16,714.98	\$ -	\$ 16,714.98
<u>Receipts:</u>			
Act 44 Funds	14,361.60	-	14,361.60
Interest	6.18	-	6.18
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>14,367.78</u>	<u>-</u>	<u>14,367.78</u>
Total receipts	<u>14,367.78</u>	<u>-</u>	<u>14,367.78</u>
Total funds available	<u>31,082.76</u>	<u>-</u>	<u>31,082.76</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	14,500.00	14,500.00
Miscellaneous	14,500.00	(14,500.00)	-
	<u>14,500.00</u>	<u>-</u>	<u>14,500.00</u>
Total expenditures	<u>14,500.00</u>	<u>-</u>	<u>14,500.00</u>
Balance, December 31, 2021	<u>\$ 16,582.76</u>	<u>\$ -</u>	<u>\$ 16,582.76</u>

MCKEAN COUNTY
2022 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2022	\$ 16,582.76	\$ -	\$ 16,582.76
<u>Receipts:</u>			
Act 44 Funds	14,378.18	-	14,378.18
Interest	8.43	-	8.43
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	14,386.61	-	14,386.61
Total receipts	14,386.61	-	14,386.61
Total funds available	30,969.37	-	30,969.37
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	14,000.00	14,000.00
Miscellaneous	14,000.00	(14,000.00)	-
	14,000.00	-	14,000.00
Total expenditures	14,000.00	-	14,000.00
Balance, December 31, 2022	\$ 16,969.37	\$ -	\$ 16,969.37

MCKEAN COUNTY
2018 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2018	\$ 29,804.71	\$ -	\$ 29,804.71
<u>Receipts:</u>			
Act 89 Funds	29,386.00	-	29,386.00
Interest	24.47	-	24.47
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	29,410.47	-	29,410.47
Total receipts			
	59,215.18	-	59,215.18
Total funds available			
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	27,308.51	-	27,308.51
Miscellaneous	-	-	-
	27,308.51	-	27,308.51
Total expenditures			
Balance, December 31, 2018	\$ 31,906.67	\$ -	\$ 31,906.67

MCKEAN COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 31,903.15	\$ 3.52	\$ 31,906.67
<u>Receipts:</u>			
Act 89 Funds	27,303.41	-	27,303.41
Interest	40.83	1.48	42.31
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>27,344.24</u>	<u>1.48</u>	<u>27,345.72</u>
Total funds available	<u>59,247.39</u>	<u>5.00</u>	<u>59,252.39</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	25,000.00	-	25,000.00
Miscellaneous	-	5.00	5.00
Total expenditures	<u>25,000.00</u>	<u>5.00</u>	<u>25,005.00</u>
Balance, December 31, 2019	<u>\$ 34,247.39</u>	<u>\$ -</u>	<u>\$ 34,247.39</u>

MCKEAN COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 34,250.91	\$ (3.52)	\$ 34,247.39
<u>Receipts:</u>			
Act 89 Funds	25,461.70	-	25,461.70
Interest	27.69	-	27.69
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>25,489.39</u>	<u>-</u>	<u>25,489.39</u>
Total funds available	<u>59,740.30</u>	<u>(3.52)</u>	<u>59,736.78</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	30,000.00	30,000.00
Miscellaneous	<u>30,003.52</u>	<u>(30,003.52)</u>	<u>-</u>
Total expenditures	<u>30,003.52</u>	<u>(3.52)</u>	<u>30,000.00</u>
Balance, December 31, 2020	<u>\$ 29,736.78</u>	<u>\$ -</u>	<u>\$ 29,736.78</u>

MCKEAN COUNTY
2021 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2021	\$ 29,736.78	\$ -	\$ 29,736.78
<u>Receipts:</u>			
Act 89 Funds	27,872.61	-	27,872.61
Interest	20.68	-	20.68
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>27,893.29</u>	<u>-</u>	<u>27,893.29</u>
Total receipts	<u>27,893.29</u>	<u>-</u>	<u>27,893.29</u>
Total funds available	<u>57,630.07</u>	<u>-</u>	<u>57,630.07</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	27,500.00	27,500.00
Miscellaneous	27,500.00	(27,500.00)	-
	<u>27,500.00</u>	<u>-</u>	<u>27,500.00</u>
Total expenditures	<u>27,500.00</u>	<u>-</u>	<u>27,500.00</u>
Balance, December 31, 2021	<u>\$ 30,130.07</u>	<u>\$ -</u>	<u>\$ 30,130.07</u>

MCKEAN COUNTY
2022 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	Reported	Adjustments	Adjusted Amount
Balance, January 1, 2022	\$ 30,130.07	\$ -	\$ 30,130.07
<u>Receipts:</u>			
Act 89 Funds	27,142.20	-	27,142.20
Interest	24.01	-	24.01
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>27,166.21</u>	<u>-</u>	<u>27,166.21</u>
Total funds available	<u>57,296.28</u>	<u>-</u>	<u>57,296.28</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor Equipment Purchases	-	-	-
Major Equipment Purchases	-	-	-
Street Cleaning and Gutters	-	-	-
Traffic Control Devices	-	-	-
Street Lighting	-	-	-
Storm Sewers and Drains	-	-	-
Repairs of Tools and Machinery	-	-	-
Maintenance and Repairs-			
Roads and Bridges	-	-	-
Highway Construction and			
Rebuilding Projects	-	27,000.00	27,000.00
Miscellaneous	<u>27,000.00</u>	<u>(27,000.00)</u>	<u>-</u>
Total expenditures	<u>27,000.00</u>	<u>-</u>	<u>27,000.00</u>
Balance, December 31, 2022	<u><u>\$ 30,296.28</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,296.28</u></u>

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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

Adjustments

2019 Form MS-991

An adjustment of \$3.00 was made to “Highway construction and rebuilding projects” because check No. 1484 was reported as \$107,034.00 but was issued for \$107,037.00.

An adjustment of \$(1.00) was made to “Miscellaneous” because check No. 1487 was reported as \$12,579.46 but was issued for \$12,578.46.

2020 Form MS-991

An adjustment of \$39,804.02 was made to “Miscellaneous” because deposits in error were not reported.

An adjustment of \$39,804.02 was made to “Miscellaneous” because the corrections of deposits in error were not reported.

2021 Form MS-991

An adjustment of \$42,234.21 was made to “Miscellaneous” because deposits in error were not reported.

An adjustment of \$42,234.21 was made to “Miscellaneous” because the corrections of deposits in error were not reported.

2022 Form MS-991

An adjustment of \$(2.00) was made to “Balance, January 1, 2022” because an incorrect fund balance was reported.

An adjustment of \$28,228.68 was made to “Miscellaneous” because deposits in error were not reported.

An adjustment of \$101,362.50 was made to “Highway construction and rebuilding projects” because these expenditures were misclassified as miscellaneous.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Adjustments (Continued)

An adjustment of \$(73,133.82) was made to “Miscellaneous” because corrections of deposits in error totaling \$28,228.68 were not reported and expenditures of \$101,362.50 for highway construction and rebuilding projects were misclassified.

An adjustment of \$(51.79) was made to “Unpaid encumbrances” because the balances of the following encumbrances were reported incorrectly:

<u>Encumbrance No.</u>	<u>Actual Amount</u>	<u>Reported Amount</u>	<u>Adjustment</u>
20-42210-01	\$ -	\$ 860.40	\$(860.40)
22-42406-01	-	.60	(.60)
22-42210-01	-	4,308.79	(4,308.79)
22-42402-01	5,686.52	568.52	5,118.00
Totals	<u>\$5,686.52</u>	<u>\$5,738.31</u>	<u>\$(51.79)</u>

2019 Report of Act 44 Tax Fund

An adjustment of \$5.10 was made to “Balance, January 1, 2019” because an incorrect fund balance was reported.

An adjustment of \$(5.10) was made to “Interest” because interest earned was overstated.

2020 Report of Act 44 Tax Fund

An adjustment of \$(5.10) was made to “Balance, January 1, 2020” because an incorrect fund balance was reported.

An adjustment of \$15,000.00 was made to “Highway construction and rebuilding projects” because expenditures these were misclassified as miscellaneous.

An adjustment of \$(15,005.10) was made to “Miscellaneous” because expenditures of \$15,000.00 for highway construction and rebuilding projects were misclassified and miscellaneous expenditures were overstated by \$5.10.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

2021 Report of Act 44 Tax Fund

Adjustments were made to “Highway construction and rebuilding projects” and “Miscellaneous” because expenditures of \$14,500.00 were misclassified.

2022 Report of Act 44 Tax Fund

Adjustments were made to “Highway construction and rebuilding projects” and “Miscellaneous” because expenditures of \$14,000.00 were misclassified.

2019 Report of Act 89 Tax Fund

An adjustment of \$3.52 was made to “Balance, January 1, 2019” because an incorrect fund balance was reported.

An adjustment of \$1.48 was made to “Interest” because interest earned was understated.

An adjustment of \$5.00 as made to “Miscellaneous” because bank service charges were not reported.

2020 Report of Act 89 Tax Fund

An adjustment of \$(3.52) was made to “Balance, January 1, 2020” because an incorrect fund balance was reported.

An adjustment of \$30,000.00 was made to “Highway construction and rebuilding projects” because these expenditures were misclassified as miscellaneous.

An adjustment of \$(30,003.52) was made to “Miscellaneous” because expenditures of \$30,000.00 for highway construction and rebuilding projects were misclassified and miscellaneous expenditures were overstated by \$3.52.

2021 Report of Act 89 Tax Fund

Adjustments were made to “Highway construction and rebuilding projects” and “Miscellaneous” because expenditures of \$27,500.00 were misclassified.

2022 Report of Act 89 Tax Fund

Adjustments were made to “Highway construction and rebuilding projects” and “Miscellaneous” because expenditures of \$27,000.00 were misclassified.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Commonwealth of Pennsylvania	Deposits in error	<u>\$218,667.40</u>	<u>\$41,704.85</u>	<u>\$39,804.02</u>	<u>\$42,234.21</u>	<u>\$28,228.68</u>

Miscellaneous Expenditures

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

<u>Payee</u>	<u>Description</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund	Correction of deposits in error	\$189,516.00	\$ -	\$ -	\$ -	\$ -
Act 44 Fund	Correction of deposits in error	14,401.44	14,401.44	14,342.32	14,361.60	14,378.18
Act 89 Fund	Correction of deposit in error	<u>14,749.96</u>	<u>27,303.41</u>	<u>25,461.70</u>	<u>27,872.61</u>	<u>13,850.50</u>
Totals		<u>\$218,667.40</u>	<u>\$41,704.85</u>	<u>\$39,804.02</u>	<u>\$42,234.21</u>	<u>\$28,228.68</u>

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Deposits In Error

2018 Deposits In Error

On August 20, 2018, September 7, 2018 and September 17, 2018, the municipality deposited \$55,931.59, \$104,351.64 and \$29,232.77, respectively into its Liquid Fuels Tax Fund in error. On September 5, 2018, September 14, 2018 and September 17, 2018, the municipality transferred \$55,931.59, 104,351.64 and \$29,232.77 respectively from its Liquid Fuels Tax Fund into its General Fund to correct the deposits in error.

On December 6, 2018, the municipality deposited \$14,749.96 of Act 89 Funds and \$14,401.44 of Act 44 Funds into its Liquid Fuels Tax Fund in error. On December 7, 2018, the municipality transferred \$14,749.96 to its Act 89 Tax Fund and \$14,401.44 to its Act 44 Tax Fund from its Liquid Fuels Tax Fund to correct the deposits in error.

2019 Deposits In Error

On June 7, 2019, the municipality deposited \$14,724.95 of Act 89 Tax Funds into its Liquid Fuels Tax Fund in error. On June 7, 2019, the municipality transferred this amount from its Liquid Fuels Tax Fund to its Act 89 Fund to correct the deposit in error.

On December 9, 2019, the municipality deposited \$12,578.46 of Act 89 Tax Funds and \$14,401.44 of Act 44 Tax Funds in into its Liquid Fuels Tax Fund in error. On December 9, 2019, the municipality transferred \$12,578.46 to its Act 89 Tax Fund and \$14,401.44 to its Act 44 Tax Fund from its Liquid Fuels Tax Fund to correct the deposits in error.

2020 Deposits In Error

On June 5, 2020, the municipality deposited \$12,560.79 of Act 89 Tax Funds into its Liquid Fuels Tax Fund in error. On June 5, 2020, the municipality transferred this amount from its Liquid Fuels Tax Fund to its Act 89 Fund to correct the deposit in error.

On December 16, 2020, the municipality deposited \$12,900.91 of Act 89 Tax Funds and \$14,342.32 of Act 44 Tax Funds in into its Liquid Fuels Tax Fund in error. On December 16, 2020, the municipality transferred \$12,900.91 to its Act 89 Tax Fund and \$14,342.32 to its Act 44 Tax Fund from its Liquid Fuels Tax Fund to correct the deposits in error.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Deposits In Error (Continued)

2021 Deposits In Error

On June 3, 2021, the municipality deposited \$14,510.58 of Act 89 Tax Funds into its Liquid Fuels Tax Fund in error. On June 3, 2021, the municipality transferred this amount from its Liquid Fuels Tax Fund to its Act 89 Fund to correct the deposit in error.

On December 6, 2021, the municipality deposited \$13,362.03 of Act 89 Tax Funds and \$14,361.60 of Act 44 Tax Funds in into its Liquid Fuels Tax Fund in error. On December 6, 2021, the municipality transferred \$13,362.03 to its Act 89 Tax Fund and \$14,361.60 to its Act 44 Tax Fund from its Liquid Fuels Tax Fund to correct the deposits in error.

2022 Deposits In Error

On December 6, 2022, the municipality deposited \$13,850.50 of Act 89 Tax Funds and \$14,378.18 of Act 44 Tax Funds in into its Liquid Fuels Tax Fund in error. On December 6, 2021, the municipality transferred \$13,850.50 to its Act 89 Tax Fund and \$14,378.18 to its Act 44 Tax Fund from its Liquid Fuels Tax Fund to correct the deposits in error.

Encumbrances

As of December 31, 2022, \$83,654.16 was encumbered for grants to political subdivisions.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89 TAX FUNDS
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

Bank Loan

On February 19, 2008, the county borrowed \$1,310,000.00 from the Department of Transportation for bridge project No. 06-42000-01. The term of the loan was for ten years at an interest rate of 2.75 percent. Principal and interest payments of \$151,744.69 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$1,026,858.64 and \$138,006.48, respectively. Additionally, the municipality paid principal of \$108,501.94 and interest of \$34,233.99 from the Act 44 Fund. Furthermore, the municipality paid principal of \$26,956.01 and interest of \$31,145.15 from the Act 89 Fund.

During the current examination period, the county paid principal of \$110,004.67 from the Liquid Fuels Tax Fund. This amount is reflected in Highway construction and rebuilding projects on the 2018 Form MS-991 With Adjustments. Additionally, the county paid principal of \$10,370.23 and interest of \$4,061.28 from the Act 44 Tax Fund. These amounts are reflected in Highway Construction and Rebuilding Projects on the 2018 Report Of Act 44 Tax Fund With Adjustments. Furthermore, the county paid principal of \$27,308.51 from the Act 89 Tax Fund. This amount is reflected in Highway Construction and Rebuilding Projects on the 2018 Report Of Act 89 Tax Fund With Adjustments. The loan was paid-in-full on February 28, 2018.

Bond Issue

On October 15, 2012, the county refinanced a previous bond issue for \$1,355,000.00 from PNC Capital Markets which was for construction project 08-42000-01. The term of the loan was for ten years at a variable interest rate. Principal and interest payments fluctuate annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$25,000.00 and \$12,475.00, respectively. Additionally, the municipality paid principal of \$650,000.00 and interest of \$62,075.00 from the General Fund.

During the current examination period, the county paid principal of \$415,405.50 from the Liquid Fuels Tax Fund. This amount is reflected in Highway Construction and Rebuilding Projects on the 2019, 2020, 2021 and 2022 Forms MS-991 With Adjustments. Additionally, the county paid principal of \$52,500.00 and interest of \$5,000.00 from the Act 44 Tax Fund. These amounts are reflected in Highway Construction and Rebuilding Projects on the 2019, 2020, 2021 and 2022 Reports Of Act 44 Tax Fund With Adjustments. Furthermore, the county paid principal of \$67,094.50 and interest of \$42,405.50 from the Act 89 Tax Fund. These amounts are reflected in Highway Construction and Rebuilding Projects on the 2019, 2020, 2021 and 2022 Reports Of Act 89 Tax Fund With Adjustments. Also, the county paid \$1.75 in interest from the General Fund. The outstanding balance of the bond issue as of December 31, 2022, was \$145,000.00, plus interest.

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
SUMMARY OF ONSITE CLOSEOUT MEETING
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

An onsite closeout meeting was held August 24, 2023. Those participating were:

MCKEAN COUNTY

Mr. Shawn Hutchings, Chief Clerk

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Christopher Heglen, Audit Supervisor

Mrs. Cynthia Stebick, Auditor

MCKEAN COUNTY
LIQUID FUELS, ACT 44 AND ACT 89
TAX FUNDS
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2018 TO DECEMBER 31, 2022

This report was initially distributed to:

The Honorable Michael Carroll
Secretary
Department of Transportation

McKean County
500 West Main Street
Smethport, PA 16749

Mr. Shawn Hutchings
Chief Clerk

The Honorable Thomas F. Kreiner
Chairman of the Board of Commissioners

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.