

ATTESTATION ENGAGEMENT

Luzerne County
Pennsylvania
40-000

Liquid Fuels, Act 44 and Act 89
Tax Funds, and County Fee
for Local Use Fund
For the Period
January 1, 2019 to December 31, 2020

March 2022



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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

TIMOTHY L. DEFOOR
AUDITOR GENERAL

Independent Auditor's Report

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

We examined the accompanying Forms MS-991 With Adjustments for the Liquid Fuels Tax Fund, the Reports of Act 44 and Act 89 Tax Funds With Adjustments, and the Reports of County Fee for Local Use Funds With Adjustments of Luzerne County for the period January 1, 2019 to December 31, 2020 (Forms). The county's management is responsible for presenting the Forms in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*. Our responsibility is to express an opinion on the Forms based on our examination.

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

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

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, the Act 89 Tax Fund, and the County Fee for Local Use Fund of Luzerne County for the period January 1, 2019 to December 31, 2020, in accordance with the criteria described in the Background section of this report and the Department of Transportation's *Publication 9*.

Independent Auditor's Report (Continued)

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.

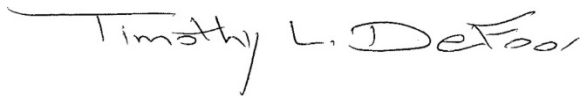
Our consideration of internal control over reporting on the Forms was for the limited purpose of expressing an opinion on whether the Forms are presented in accordance with the criteria described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses 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 Luzerne 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, Act 89 Tax Fund, and County Fee for Local Use Fund money is spent in accordance with the laws and regulations identified in the Background section of this report and the Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by Luzerne 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 24, 2022

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LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background

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

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

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

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

Criteria

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

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

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

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
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Background (Continued)

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

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

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

- County Engineer's salary and benefit costs for bridge work (that portion of the total calculated to be relevant to bridge work only).
 - Engineering fees related to bridge work (fees in excess of 10% of the total contract price must be documented and justified to the satisfaction of the District Municipal Services Office).
 - Liability insurance for bridge equipment and vehicles when the named beneficiary is the entity's Act 89 Fund.
 - Inspection costs associated with bridges.
 - Purchase of right-of-way for bridge construction, reconstruction, or maintenance.
- (3) For bridge maintenance/preservation activities, the county must confer with a District Municipal Services Representative to determine if Department of Transportation approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas requires the approval of the Department of Transportation.
- (4) In order to receive Act 89 funds as scheduled, each county must submit an annual report showing the receipts and expenditures for the preceding 12 months. The use of the funds must be in compliance with the Act. Failure to do so may result in the county's not receiving allocations until such deficiencies are resolved.
- D. *The Vehicle Code*, as amended by Act 89 of 2013 (November 25, 2013, P.L. 169), prescribes the Pennsylvania Department of Transportation with oversight authority of the County Fee for Local Use funds distributed to the counties from the Department of Transportation. The County Fee for Local Use Fund is used to account for the distribution made to the county from the Department of Transportation and the payments made for construction and maintenance of county-owned bridges.
- (1) Funds received by the counties must be deposited in a special fund. No other money may be deposited and commingled in this fund. Money should be invested to earn interest until expended.

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

Basis Of Presentation

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

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

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

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

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

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

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Background (Continued)

Basis Of Accounting

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

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Actual balance in county Liquid Fuels Tax Fund on January 1, 2019	\$ 367,814.62	\$ -	\$ 367,814.62
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	1,031,012.89	-	1,031,012.89
Interest	2,085.45	-	2,085.45
Reimbursable agreements	-	294,262.46	294,262.46
Miscellaneous	373,370.74	(294,262.46)	79,108.28
Total receipts	<u>1,406,469.08</u>	<u>-</u>	<u>1,406,469.08</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>1,774,283.70</u>	<u>-</u>	<u>1,774,283.70</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	-	-	-
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	313,003.89	-	313,003.89
Traffic control devices	-	-	-
Street lighting	90,098.61	-	90,098.61
Storm sewers and drains	-	-	-
Repairs of tools and machinery	71,273.51	-	71,273.51
Maintenance and repairs - roads and bridges	812,074.75	(312,832.50)	499,242.25
Highway construction and rebuilding projects	267,844.47	312,832.50	580,676.97
Miscellaneous	30,888.46	-	30,888.46
Total expenditures	<u>1,585,183.69</u>	<u>-</u>	<u>1,585,183.69</u>
Remaining funds available as of December 31, 2019	<u>\$ 189,100.01</u>	<u>\$ -</u>	<u>\$ 189,100.01</u>

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

2019 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
	-	-	-
 Total approved future year receipts and expenditures	 -	 -	 -
 Year end balance available for future years as of December 31, 2019	 \$ 189,100.01	 \$ -	 \$ 189,100.01
	\$ 189,100.01	\$ -	\$ 189,100.01

LUZERNE 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	\$ 189,100.01	\$ -	\$ 189,100.01
<u>Receipts:</u>			
Liquid Fuels Tax Funds received from Commonwealth	924,740.98	-	924,740.98
Interest	278.86	-	278.86
Reimbursable agreements	-	250,673.22	250,673.22
Miscellaneous	297,307.96	(250,673.22)	46,634.74
Total receipts	<u>1,222,327.80</u>	<u>-</u>	<u>1,222,327.80</u>
Total Liquid Fuels Tax Funds available for expenditures and encumbrances	<u>1,411,427.81</u>	<u>-</u>	<u>1,411,427.81</u>
<u>Expenditures:</u>			
Administrative	-	-	-
Minor equipment purchases	231.11	-	231.11
County aid payments	-	-	-
Major equipment expenditures	-	-	-
Street cleaning and gutters	-	-	-
Winter maintenance services	168,407.14	-	168,407.14
Traffic control devices	1,477.51	-	1,477.51
Street lighting	91,457.72	-	91,457.72
Storm sewers and drains	-	-	-
Repairs of tools and machinery	42,526.13	-	42,526.13
Maintenance and repairs - roads and bridges	661,351.46	(119,786.50)	541,564.96
Highway construction and rebuilding projects	-	119,786.50	119,786.50
Miscellaneous	836.74	-	836.74
Total expenditures	<u>966,287.81</u>	<u>-</u>	<u>966,287.81</u>
Remaining funds available as of December 31, 2020	<u>\$ 445,140.00</u>	<u>\$ -</u>	<u>\$ 445,140.00</u>

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

2020 Form MS-991 With Adjustments (Continued)

	Reported	Adjustments	Adjusted Amount
<u>Approved future year receipts and expenditures</u>			
Accounts receivable	\$ -	\$ -	\$ -
Accounts payable	-	-	-
Unpaid encumbrances	-	-	-
Unpaid county aid grants	-	-	-
Total approved future year receipts and expenditures	-	-	-
Year end balance available for future years as of December 31, 2020	\$ 445,140.00	\$ -	\$ 445,140.00

LUZERNE COUNTY
2019 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 52,586.97	\$ -	\$ 52,586.97
<u>Receipts:</u>			
Act 44 Funds	151,430.56	-	151,430.56
Interest	361.55	-	361.55
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>151,792.11</u>	<u>-</u>	<u>151,792.11</u>
Total funds available	<u>204,379.08</u>	<u>-</u>	<u>204,379.08</u>
<u>Expenditures:</u>			
Construction	3,007.28	-	3,007.28
Maintenance and repair	35,354.34	-	35,354.34
Miscellaneous	-	-	-
Total expenditures	<u>38,361.62</u>	<u>-</u>	<u>38,361.62</u>
Balance, December 31, 2019	<u><u>\$ 166,017.46</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,017.46</u></u>

LUZERNE COUNTY
2020 REPORT OF ACT 44 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 166,017.46	\$ -	\$ 166,017.46
<u>Receipts:</u>			
Act 44 Funds	151,482.10	-	151,482.10
Interest	117.63	-	117.63
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>151,599.73</u>	<u>-</u>	<u>151,599.73</u>
Total funds available	<u>317,617.19</u>	<u>-</u>	<u>317,617.19</u>
<u>Expenditures:</u>			
Construction	-	118,323.40	118,323.40
Maintenance and repair	165,725.90	(118,323.40)	47,402.50
Miscellaneous	-	-	-
Total expenditures	<u>165,725.90</u>	<u>-</u>	<u>165,725.90</u>
Balance, December 31, 2020	<u><u>\$ 151,891.29</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 151,891.29</u></u>

LUZERNE COUNTY
2019 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ 211,486.62	\$ -	\$ 211,486.62
<u>Receipts:</u>			
Act 89 Funds	289,247.82	-	289,247.82
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	<u>1,134,458.06</u>	<u>-</u>	<u>1,134,458.06</u>
Total receipts	<u>1,423,705.88</u>	<u>-</u>	<u>1,423,705.88</u>
Total funds available	<u>1,635,192.50</u>	<u>-</u>	<u>1,635,192.50</u>
<u>Expenditures:</u>			
Construction	1,352,392.17	-	1,352,392.17
Maintenance and repair	29,702.00	-	29,702.00
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,382,094.17</u>	<u>-</u>	<u>1,382,094.17</u>
Balance, December 31, 2019	<u><u>\$ 253,098.33</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 253,098.33</u></u>

LUZERNE COUNTY
2020 REPORT OF ACT 89 TAX FUND
WITH ADJUSTMENTS

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 253,098.33	\$ -	\$ 253,098.33
<u>Receipts:</u>			
Act 89 Funds	269,620.58	-	269,620.58
Interest	15.57	-	15.57
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>269,636.15</u>	<u>-</u>	<u>269,636.15</u>
Total funds available	<u>522,734.48</u>	<u>-</u>	<u>522,734.48</u>
<u>Expenditures:</u>			
Construction	196,274.32	11,627.72	207,902.04
Maintenance and repair	169,634.87	(11,627.72)	158,007.15
Miscellaneous	-	-	-
Total expenditures	<u>365,909.19</u>	<u>-</u>	<u>365,909.19</u>
Balance, December 31, 2020	<u><u>\$ 156,825.29</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 156,825.29</u></u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2019	\$ -	\$ -	\$ -
<u>Receipts:</u>			
Local Use Funds	1,132,860.00	-	1,132,860.00
Interest	-	-	-
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>1,132,860.00</u>	<u>-</u>	<u>1,132,860.00</u>
Total funds available	<u>1,132,860.00</u>	<u>-</u>	<u>1,132,860.00</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	1,108,351.00	(1,000,776.00)	107,575.00
County-Owned bridge construction	-	1,000,776.00	1,000,776.00
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
Total expenditures	<u>1,108,351.00</u>	<u>-</u>	<u>1,108,351.00</u>
Balance, December 31, 2019	<u>\$ 24,509.00</u>	<u>\$ -</u>	<u>\$ 24,509.00</u>

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

	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Balance, January 1, 2020	\$ 24,509.00	\$ -	\$ 24,509.00
<u>Receipts:</u>			
Local Use Funds	1,493,630.00	-	1,493,630.00
Interest	147.96	-	147.96
Reimbursable agreements	-	-	-
Miscellaneous	-	-	-
	<u>1,493,777.96</u>	<u>-</u>	<u>1,493,777.96</u>
Total receipts	<u>1,493,777.96</u>	<u>-</u>	<u>1,493,777.96</u>
Total funds available	<u>1,518,286.96</u>	<u>-</u>	<u>1,518,286.96</u>
<u>Expenditures:</u>			
County-Owned road maintenance	-	-	-
County-Owned road construction	-	-	-
County-Owned bridge maintenance	-	-	-
County-Owned bridge construction	152,964.02	-	152,964.02
Administrative expenditures	-	-	-
Miscellaneous	-	-	-
Grants to political subdivisions	-	-	-
	<u>152,964.02</u>	<u>-</u>	<u>152,964.02</u>
Total expenditures	<u>152,964.02</u>	<u>-</u>	<u>152,964.02</u>
Balance, December 31, 2020	<u><u>\$ 1,365,322.94</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,365,322.94</u></u>

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

Adjustments

2019 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$294,262.46 were misclassified.

Adjustments were made to “Maintenance and repairs - roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$312,832.50 were misclassified.

2019 Report of County Fee For Local Use Funds

Adjustments were made to “County-owned bridge maintenance” and “County-owned bridge construction” because expenditures of \$1,000,776.00 were misclassified.

2020 Form MS-991

Adjustments were made to “Reimbursable agreements” and “Miscellaneous” because receipts of \$250,673.22 were misclassified.

Adjustments were made to “Maintenance and repairs - roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$119,786.50 were misclassified.

2020 Report of Act 44 Tax Fund

Adjustments were made to “Construction” and “Maintenance and repair” because expenditures of \$118,323.40 were misclassified.

2020 Report of Act 89 Tax Fund

Adjustments were made to “Construction” and “Maintenance and repair” because expenditures of \$11,627.72 were misclassified.

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Reimbursable Agreements

During our examination, we noted that the county entered into reimbursable agreements with the Commonwealth of Pennsylvania for bridge inspections and street lighting. During our current examination period, the county received \$458,552.28 for bridge inspections and \$86,383.40 for street lighting as a result of these agreements and deposited this money into its Liquid Fuels Tax Fund.

Miscellaneous Receipts

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

<u>Source</u>	<u>Description</u>	<u>2019</u>	<u>2020</u>
Department of Transportation	Turnback allocation	\$43,880.00	\$43,880.00
Local Business	Scrap	696.40	568.00
Local Business	Fees and licenses	575.00	800.00
Insurance Company	Damages	2,153.60	500.00
Vendor	Credit refund	914.82	836.74
Vendor	Lighting	-	50.00
Commonwealth of Pennsylvania	Deposit in error	<u>30,888.46</u>	<u>-</u>
Totals		<u>\$79,108.28</u>	<u>\$46,634.74</u>

Deposit In Error

On April 26, 2019, \$30,888.46 of state funds was deposited into the county's Liquid Fuels Tax Fund in error. On April 29, 2019, the county transferred this amount from its Liquid Fuels Tax Fund to its General Fund to correct the deposit in error.

Miscellaneous Receipts Act 89

On various dates during 2019, the county deposited a total of \$1,134,458.06 into its Act 89 Fund that was received from the county Office of Community Development for engineering projects on various county bridges.

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF PRIOR EXAMINATION RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

Summary Of Prior Examination Recommendations

In our prior report, we recommended that the Department of Transportation review our examination finding to determine if the county should reimburse \$34,000.00 to its Liquid Fuels Tax Fund for purchases over \$20,100.00 without advertising for bids.

During our current examination, we reviewed a letter dated December 4, 2020, from the Department of Transportation directing the county to reimburse \$34,000.00 to its Liquid Fuels Tax Fund. We noted that the county reimbursed this amount to its Liquid Fuels Tax Fund on January 4, 2021, which was subsequent to our examination period.

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

- Applies for and obtains prior approval for projects, and when the project is completed it obtains approval for the completed work.
- Comply with *The County Code* by advertising for bids for all purchases over \$20,100.00. The threshold for advertising for bids increased to purchases over \$20,600.00 for 2019, \$21,000.00 for 2020, and \$21,300.00 for 2021.
- Officials comply with the Department of Transportation's *Publication 9* by reassessing their fiscal policy and consider investing money in excess of current needs in investments outlined in *The County Code* as published by the Local Government Commission.

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

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

LUZERNE COUNTY

Mr. Larry Plesh, County Engineer

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Raymond J. Insalaco, Audit Supervisor

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

LUZERNE COUNTY
LIQUID FUELS, ACT 44, AND ACT 89 TAX FUNDS
AND COUNTY FEE FOR LOCAL USE FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2019 TO DECEMBER 31, 2020

This report was initially distributed to:

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

Luzerne County
200 North River Street
Wilkes-Barre, PA 18711

The Honorable Tim McGinley
Chairman of the Board of Commissioners

Ms. Romilda P. Crocamo
County Manager

Mr. Larry Plesh
County Engineer

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.