



**BOROUGH OF LUZERNE
LUZERNE COUNTY**

40-418

**LIQUID FUELS TAX FUND
EXAMINATION REPORT**

**FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012**

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL





Commonwealth of Pennsylvania
Department of the Auditor General
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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Barry J. Schoch, P.E.
Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Form MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Borough of Luzerne, Luzerne County, for the period January 1, 2012 to December 31, 2012. The municipality's management is responsible for the Form MS-965. Our responsibility is to express an opinion on the Form MS-965 With Adjustments based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Borough of Luzerne, Luzerne County's Form MS-965 for the period January 1, 2012 to December 31, 2012 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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

As described in Note 4, the adjustments included on the Form MS-965 With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings and Recommendations section of this report:

- The municipality expended \$11,880.00 on February 1, 2012 from its Liquid Fuels Tax Fund for street lighting expenses incurred in 2011, which are retroactive expenditures (Finding No. 1).
- The municipality expended \$3,930.42 for Clearlane Deicer Enhanced bulk ice control from its Liquid Fuels Tax Fund which is a nonpermissible expenditure (Finding No. 2).

As discussed in the Comment Section of this report:

- During our prior examination we recommended that the municipality reimburse \$8,209.92 to its Liquid Fuels Tax Fund. This amount consists of \$6,373.47 for purchases of salt without maintaining documentation for price quotations and \$1,836.45 for nonpermissible expenditures. This amount was reimbursed to the municipality's Liquid Fuels Tax Fund on August 15, 2013, which was subsequent to our examination period.

In our opinion, except for the bulleted items above, the Form MS-965 With Adjustments presents, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Borough of Luzerne, Luzerne County, for the period January 1, 2012 to December 31, 2012, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Form MS-965 and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Form MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Form MS-965 or on compliance and other matters; accordingly, we express no such opinions.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough of Luzerne, Luzerne County's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the Borough of Luzerne, Luzerne County's Form MS-965 that is more than inconsequential will not be prevented or detected by the Borough of Luzerne, Luzerne County's internal control. A material

Independent Auditor's Report (Continued)

weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Form MS-965 will not be prevented or detected by the Borough of Luzerne, Luzerne County's internal control.

Our consideration of internal control over reporting on the Form MS-965 was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any significant deficiencies or material weaknesses, as defined above, in internal control over reporting on the Form MS-965.

The results of our tests disclosed the following instances of noncompliance that are required to be reported under *Government Auditing Standards*:

- Retroactive Expenditures.
- Nonpermissible Expenditure - Recurring.

We also noted another matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Late Receipt Of Allocation - Recurring.

We are concerned in light of the municipality's failure to correct previously reported findings regarding nonpermissible expenditures and the late receipt of its Liquid Fuels Tax Fund allocation. During our current examination, we noted that the municipality made retroactive expenditures, nonpermissible expenditures, and received its Liquid Fuels Tax Fund allocation late. The municipality should strive to implement the recommendations and corrective actions noted in this report.

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



February 25, 2014

EUGENE A. DEPASQUALE
Auditor General

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BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Background

The Liquid Fuels Tax Municipal Allocation Law, Title 72 P.S. § 2615.5, provides municipalities other than counties (townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state, and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

The Vehicle Code, Title 75 P.S. § 9511, provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit the Liquid Fuels Tax Fund money and annual maintenance payments that it receives into a special fund called the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In this case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. To qualify for its annual allocation, each municipality shall submit the following documents and information to the Department of Transportation:

1. Evidence that the treasurer is bonded in accordance with the law, or that its treasurer is a bank requiring no bond by January 31 of each year.
2. A report indicating the manner in which its liquid fuels tax allocation was expended in the previous year (Form MS-965) by January 31 of each year.
3. A report of elected and appointed officials by January 31 of each year.
4. A Survey of Financial Condition by March 15 of each year.

Department of Transportation *Publication 9* contains the policies and procedures that govern the use of Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

BOROUGH OF LUZERNE
 LUZERNE COUNTY
 LIQUID FUELS TAX FUND
 2012 FORM MS-965 – SECTION 1
 WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ 20,337.80	\$ 20,337.80
Minor equipment purchases	-	-	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	4,403.68	-	4,403.68
Traffic control devices	3,356.38	-	3,356.38
Street lighting	24,816.00	-	24,816.00
Storm sewers and drains	1,450.00	-	1,450.00
Repairs of tools and machinery	27,260.47	(18,337.80)	8,922.67
Maintenance and repair of roads and bridges	15,913.37	-	15,913.37
Highway construction and rebuilding projects	-	-	-
Miscellaneous (Bank service charges)	79.11	5.89	85.00
 Total (To Section 2, Line 5)	 <u>\$ 77,279.01</u>	 <u>\$ 2,005.89</u>	 <u>\$ 79,284.90</u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

BOROUGH OF LUZERNE
 LUZERNE COUNTY
 LIQUID FUELS TAX FUND
 2012 FORM MS-965 – SECTION 2
 WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2012	\$ 64,454.69	\$ -	\$ 64,454.69
Receipts:			
2. State allocation	55,749.65	-	55,749.65
2a. Turnback allocation	-	-	-
2b. Interest on investments (Note 3)	52.48	5.12	57.60
2c. Miscellaneous (Note 5)	734.41	-	734.41
3. Total receipts	<u>56,536.54</u>	<u>5.12</u>	<u>56,541.66</u>
4. Total funds available	<u>120,991.23</u>	<u>5.12</u>	<u>120,996.35</u>
5. Expenditures (Section 1)	<u>77,279.01</u>	<u>2,005.89</u>	<u>79,284.90</u>
6. Balance, December 31, 2012	<u><u>\$ 43,712.22</u></u>	<u><u>\$ (2,000.77)</u></u>	<u><u>\$ 41,711.45</u></u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

BOROUGH OF LUZERNE
 LUZERNE COUNTY
 LIQUID FUELS TAX FUND
 2012 FORM MS-965 – SECTION 3
 WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 55,866.65	\$ -	\$ 55,866.65
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	11,149.93	-	11,149.93
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	67,016.58	-	67,016.58
5. Less: Major equipment expenditures	<u>-</u>	<u>20,337.80</u>	<u>20,337.80</u>
6. Remainder	<u>67,016.58</u>	<u>(20,337.80)</u>	<u>46,678.78</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 43,712.22</u>	<u>\$ (2,000.77)</u>	<u>\$ 41,711.45</u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria

Section 1

This section of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

- Major equipment purchases are purchases of road machinery and road equipment that cost in excess of \$4,000.00 prior to 2012 and in excess of \$10,000.00 during 2012 and subsequent years.
- Minor equipment purchases are purchases of road machinery and road equipment that cost \$4,000.00 or less prior to 2012 and \$10,000.00 or less during 2012 and subsequent years.
- Agility projects are exchanges of services with the Department of Transportation.

Section 2

This section of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is generally received from the Department of Transportation during the first week in April of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- The turnback allocation is generally received from the Department of Transportation during the first week in April of each year. A municipality receives a yearly turnback allocation based on road mileage for all roads that were transferred to the municipality from the Commonwealth of Pennsylvania through the Highway Transfer Program.
- Expenditures include the total transferred from Section 1.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria (Continued)

Section 3

This section of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

Basis Of Presentation

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

Basis Of Accounting

The accompanying Form MS-965 With Adjustments is 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.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria (Continued)

General Fixed Assets

General fixed assets are recognized as expenditures at the time of purchase. No depreciation has been provided on the heavy equipment used to maintain and repair roads and bridges.

2. Deposits

The Borough Code, Title 53 P.S § 46316, authorizes the borough to deposit its funds in the following:

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

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

There were no deposits exposed to custodial credit risk as of December 31, 2012. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

2. Deposits (Continued)

Fund Balance

The fund balance consists of the following:

Cash	\$41,711.45
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3. Interest On Investments

Our examination disclosed that the municipality deposited idle liquid fuels tax money in an interest-bearing account which earned \$57.60 during 2012, thus providing additional funds for road maintenance and repairs.

4. Adjustments

Section 1

An adjustment of \$20,337.80 was made to “Major equipment purchases” because these expenditures were misclassified as repairs of tools and machinery.

An adjustment of \$(18,337.80) was made to “Repairs of tools and machinery” because expenditures of \$20,337.80 for major equipment purchases were misclassified and an expenditure relating to check No. 2267 was reported as voided, but was issued on March 4, 2012 for \$2,000.00.

An adjustment of \$5.89 was made to “Miscellaneous” because bank service charges were understated.

Section 2

An adjustment of \$5.12 was made to “Interest on investments” because interest earnings were understated.

Section 3

An adjustment of \$20,337.80 was made to “Major equipment expenditures” to reflect the adjustment made to major equipment purchases in 2012 - Section 1.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

5. Miscellaneous Receipts

On April 30, 2012, the municipality deposited \$734.41 into its Liquid Fuels Tax Fund that was received from the Commonwealth of Pennsylvania for a gas tax refund.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 1 - Retroactive Expenditures

Our examination disclosed that on February 1, 2012, the municipality expended \$11,880.00 from its Liquid Fuels Tax Fund for street lighting expenses incurred in 2011.

The Department of Transportation's *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states, in relevant part:

Examples of what Liquid Fuels Tax Fund monies may not be expended for are:

- 8. Repayments of prior year's expenditures.
- 17. Retroactive expenditures or repayment of other funds for prior period expenditures.

Because these expenditures were incurred in 2011 and were not paid until February 1, 2012, the expenditures incurred were not paid in a reasonable period of time. Therefore, the municipality did not comply with the Department of Transportation's *Publication 9*.

The failure to follow the Department of Transportation's *Publication 9* as noted above could result in the municipality having to reimburse \$11,880.00 to its Liquid Fuels Tax Fund.

Recommendations

We recommend that the municipality reimburse \$11,880.00 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that, in the future, the municipality comply with the Department of Transportation's *Publication 9* as noted above.

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

We strongly recommend that the municipality comply with our recommendations. During our next examination we will determine if the municipality complied with our recommendations.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 2 - Nonpermissible Expenditure - Recurring

We cited the municipality for nonpermissible expenditures in our prior examination for the period January 1, 2010 to December 31, 2011. However, our current examination again disclosed that the municipality expended \$3,930.42 during 2012 from the Liquid Fuels Tax Fund for Clearlane Deicer Enhanced bulk ice control, which is a nonpermissible expenditure.

The Liquid Fuels Tax Municipal Allocation Law, 72 P.S. § 2615.4, provides, in part, that monies herein allocated may be used only for construction, reconstruction, maintenance, and repairs of such public roads or streets, including bridges, culverts and drainage structures, for which they are legally responsible. Also permitted are expenditures involving acquisition, maintenance, repairs and operation of street signs, traffic signs, traffic signal control systems, road equipment, and snow fences.

The Department of Transportation has been statutorily authorized to promulgate regulations concerning the administration of Liquid Fuels Tax Fund money and has determined that certain items, including Clearlane Deicer Enhanced bulk ice control, are outside the scope of permissible expenditures.

The failure to follow the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations as noted above could result in the municipality having to reimburse \$3,930.42 to its Liquid Fuels Tax Fund.

This condition occurred because the municipality failed to comply with our prior recommendation to comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

Recommendations

We recommend that the municipality reimburse \$3,930.42 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We again recommend that, in the future, the municipality comply with the Liquid Fuels Tax Municipal Allocation Law and the Department of Transportation's Regulations regarding permissible expenditures.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 2 - Nonpermissible Expenditure - Recurring (Continued)

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the municipality review the Department of Transportation's Regulations to become familiar with permissible expenditures. During our next examination we will determine if the municipality complied with our recommendations.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 3 - Late Receipt Of Allocation - Recurring

We cited the municipality for receiving its allocation late in our prior report for the period January 1, 2010 to December 31, 2011. However, our current examination again disclosed that the 2012 Liquid Fuels Tax Fund allocation of \$55,749.65, which should have been distributed from the Department of Transportation to the municipality during the first week of April of that year, was not received until September 25, 2012, because the municipality failed to comply with the Department of Transportation's *Publication 9*, Chapter Two, Section 2.4, which states:

To qualify for the annual liquid fuels tax allocation, a municipality shall:

- Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).
- Make deposits and payments or expenditures in compliance with the Act 655. Failure to do so may result in not receiving allocations from PENNDOT until all discrepancies are resolved.
- Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31st and the Survey of Financial Condition by March 15th.
- Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.

Because the municipality failed to file documents and information timely as noted above, the municipality did not have use of the 2012 allocation for more than five months. Furthermore, had the allocation been received timely, money may have been available for investment purposes, potentially earning interest income which could have been used for road maintenance and repairs.

This condition occurred because the municipality failed to comply with our prior examination recommendation to comply with the Department of Transportation's *Publication 9* to ensure that the allocations are received during the first week in April.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 3 - Late Receipt Of Allocation - Recurring (Continued)

Recommendation

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

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the municipality implement procedures to ensure all its documents and information are filed timely to receive its allocation during the first week in April. During our next examination we will determine if the municipality complied with our recommendation.

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
COMMENT
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Comment - Summary Of Prior Examination Recommendations

In our prior report we recommended that the Department of Transportation review our examination findings to determine if the municipality should reimburse \$8,209.92 to its Liquid Fuels Tax Fund. This amount consists of \$6,373.47 for purchases of salt without maintaining documentation for price quotations and \$1,836.45 for nonpermissible expenditures.

During our current examination we reviewed a letter dated July 7, 2013, from the Department of Transportation informing the municipality to reimburse \$8,209.92 to its Liquid Fuels Tax Fund. We noted that the county reimbursed this amount to its Liquid Fuels Tax Fund on August 15, 2013, which was subsequent to our examination period.

In our prior report we also recommended that the municipality comply with *The Borough Code* and the Department of Transportation's *Publication 9* regarding documentation for price quotations.

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

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

An exit conference was held November 18, 2013. Those participating were:

BOROUGH OF LUZERNE

Ms. Linda Booth, Secretary

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Robert A. Bauder, Auditor

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

BOROUGH OF LUZERNE
LUZERNE COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

This report was initially distributed to:

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

Borough of Luzerne
Luzerne County
144 Academy Street
Luzerne, PA 18709

The Honorable Michael Jancuska	President of Council
William M. Balavage, C.P.A.	Treasurer
Ms. Linda Booth	Secretary

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.