

# ATTESTATION ENGAGEMENT

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## Township of Lower Paxton

Dauphin County, Pennsylvania

22-208

Liquid Fuels Tax Fund

For the Period

January 1, 2021 to December 31, 2023

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June 2025



Commonwealth of Pennsylvania  
Department of the Auditor General

Timothy L. DeFoor • Auditor General



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TIMOTHY L. DEFOOR  
AUDITOR GENERAL

### Independent Auditor's Report

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

We have examined the accompanying Forms MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Lower Paxton, Dauphin County, for the period January 1, 2021 to December 31, 2023. The municipality's management is responsible for presenting the Forms MS-965 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 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Forms MS-965 are presented in accordance with the criteria described above, in all material respects. An examination involves performing procedures to obtain evidence about the Forms MS-965. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Forms MS-965, 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 MS-965 With Adjustments are made by the Department of the Auditor General.

### Independent Auditor's Report (Continued)

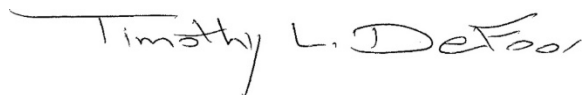
In our opinion, the Forms MS-965 With Adjustments present, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Lower Paxton, Dauphin County, for the period January 1, 2021 to December 31, 2023, in accordance 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, regulations, contracts, or grant agreements that have a material effect on the Form MS-965; and any other instances that warrant the attention of those charged with governance. 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 Form MS-965 is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on internal control over the Form MS-965 or on compliance and other matters; accordingly, we express no such opinions. The results of our tests did not disclose any matters that are required to be reported under *Government Auditing Standards*. However, we did note a matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Noncompliance With Advertising And Bidding Requirements.

The purpose of this report is to provide information related to the municipality's Liquid Fuels Tax Fund to assist the Pennsylvania Department of Transportation in fulfilling its regulatory authority as described in the laws and regulations identified in the Background section of this report and the Pennsylvania Department of Transportation's *Publication 9*. This report is not suitable for any other purpose.

We appreciate the courtesy extended by the Township of Lower Paxton, Dauphin 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.



Timothy L. DeFoor  
Auditor General  
May 16, 2025

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TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Background

The Liquid Fuels Tax Municipal Allocation Law<sup>1</sup> provides municipalities other than counties (i.e., 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 upon: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage maintained by all political subdivisions making application in the county; and (2) 50 percent on the proportion of a municipality's population to the total population of all municipalities making application in the state.<sup>2</sup>

Section 9511 (relating to Allocation of proceeds) of the Pennsylvania Vehicle Code provides municipalities with annual maintenance payments to be received from the Motor License Fund.<sup>3</sup>

Each municipality must deposit the allocation of Liquid Fuels Tax funds and annual maintenance payments that it receives into a special fund called either 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 such a 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. Department of Transportation's *Publication 9* includes the policies and procedures for the administration of Act 655, as amended, and the Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

To qualify for the annual allocation of Liquid Fuels Tax funds, *Publication 9* indicates that each municipality shall:

1. Submit annual reports (MS-965, Actual Use Report, MS-965P, Project and Miscellaneous Receipts, and MS-965S, Record of Checks).

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<sup>1</sup> 72 P.S. § 2615.1 *et seq.*, Act 655 of 1956, as amended.

<sup>2</sup> 75 Pa.C.S. § 9010(c)(1)-(2) as last amended by Act 89 of 2013.

<sup>3</sup> 75 Pa.C.S. § 9511, as last amended by Act 89 of 2013 and Act 101 of 2016, *See also* 72 P.S. § 2615.4, as last amended by Act 42 of 2013.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Background (Continued)

2. Make deposits and payments or expenditures in compliance with Act 655, as amended. Failure to do so may result in not receiving allocations from PennDOT until all discrepancies are resolved. *Publication 9*, Section 2.6, includes information about investing Liquid Fuels Tax monies, using loan or bond proceeds, and types of receipts that can be placed into the Liquid Fuels Tax Fund.
3. Submit the Pennsylvania Department of Community and Economic Development's (DCED) Report of Elected and Appointed Officials by January 31<sup>st</sup> and the Survey of Financial Condition By March 15<sup>th</sup>.
4. Ensure resolution of all Contractor Responsibility Program (CRP) holds and blocks imposed by the Department of Revenue and the Department of Labor and Industry.
5. Ensure resolution of all reimbursements required as a result of audits performed by the Department of the Auditor General or monitoring reviews performed by the Department of Transportation's Financial Consultants.

*Criteria*

The criteria for the Form MS-965 With Adjustment are described below.

Section 1 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 with varying yearly costs in excess of the amounts indicated below:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

- Minor equipment purchases are purchases of road machinery and road equipment with varying yearly costs that are less than or equal to the amounts indicated below:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$11,300.00</u>	<u>\$11,500.00</u>	<u>\$11,800.00</u>	<u>\$12,200.00</u>

- Agility projects are exchanges of services with the Department of Transportation.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
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Background (Continued)

Section 2 of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is available from the Department of Transportation in March of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- Municipalities that transferred roads from the Commonwealth of Pennsylvania to the municipality through the Highway Transfer Program receive annual turnback allocations in March of each year from the Department of Transportation. Turnback allocations are based on the mileage of the roads transferred.
- Expenditures include the total transferred from Section 1.

Section 3 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.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
BACKGROUND  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Background (Continued)

*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, 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's financial activities.

*Basis Of Accounting*

The accompanying Forms 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.

*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.



TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	250,670.07	-	250,670.07
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	212,081.24	-	212,081.24
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	76,086.14	-	76,086.14
Highway construction and rebuilding projects	1,522,942.32	(198,541.64)	1,324,400.68
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 2,061,779.77</u>	<u>\$ (198,541.64)</u>	<u>\$ 1,863,238.13</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2021	\$ 655,060.65	\$ -	\$ 655,060.65
Receipts:			
2. State allocation	1,487,526.69	-	1,487,526.69
2a. Turnback allocation	3,680.00	-	3,680.00
2b. Interest on investments	731.99	-	731.99
2c. Miscellaneous	132,174.47	-	132,174.47
3. Total receipts	1,624,113.15	-	1,624,113.15
4. Total funds available	2,279,173.80	-	2,279,173.80
5. Expenditures (Section 1)	2,061,779.77	(198,541.64)	1,863,238.13
6. Balance, December 31, 2021	<u>\$ 217,394.03</u>	<u>\$ 198,541.64</u>	<u>\$ 415,935.67</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2021 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 364,535.34	\$ -	\$ 364,535.34
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	298,241.34	-	298,241.34
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	662,776.68	-	662,776.68
5. Less: Major equipment expenditures	<u>250,670.07</u>	<u>-</u>	<u>250,670.07</u>
6. Remainder	<u>412,106.61</u>	<u>-</u>	<u>412,106.61</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 217,394.03</u>	<u>\$ 194,712.58</u>	<u>\$ 412,106.61</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	246,632.63	-	246,632.63
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	199,949.20	-	199,949.20
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	93,727.08	-	93,727.08
Highway construction and rebuilding projects	806,122.86	198,541.64	1,004,664.50
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 1,346,431.77</u>	<u>\$ 198,541.64</u>	<u>\$ 1,544,973.41</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2022	\$ 217,394.03	\$ 198,541.64	\$ 415,935.67
Receipts:			
2. State allocation	1,590,951.28	-	1,590,951.28
2a. Turnback allocation	3,680.00	-	3,680.00
2b. Interest on investments	6,366.80	-	6,366.80
2c. Miscellaneous	-	-	-
3. Total receipts	1,600,998.08	-	1,600,998.08
4. Total funds available	1,818,392.11	198,541.64	2,016,933.75
5. Expenditures (Section 1)	1,346,431.77	198,541.64	1,544,973.41
6. Balance, December 31, 2022	<u>\$ 471,960.34</u>	<u>\$ -</u>	<u>\$ 471,960.34</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2022 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 217,394.03	\$ 194,712.58	\$ 412,106.61
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	318,926.26	-	318,926.26
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	536,320.29	194,712.58	731,032.87
5. Less: Major equipment expenditures	<u>246,632.63</u>	<u>-</u>	<u>246,632.63</u>
6. Remainder	<u>289,687.66</u>	<u>194,712.58</u>	<u>484,400.24</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 289,687.66</u>	<u>\$ 182,272.68</u>	<u>\$ 471,960.34</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 1  
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
Minor equipment purchases	\$ -	\$ -	\$ -
Computer/Computer related training	-	-	-
Major equipment purchases	336,287.35	-	336,287.35
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	101,389.04	-	101,389.04
Traffic control devices	-	-	-
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	100,644.09	-	100,644.09
Highway construction and rebuilding projects	1,020,172.73	-	1,020,172.73
Miscellaneous	7.19	-	7.19
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total (To Section 2, Line 5)	<u>\$ 1,558,500.40</u>	<u>\$ -</u>	<u>\$ 1,558,500.40</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 2  
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2023	\$ 471,960.34	\$ -	\$ 471,960.34
Receipts:			
2. State allocation	1,653,442.44	-	1,653,442.44
2a. Turnback allocation	3,680.00	-	3,680.00
2b. Interest on investments	61,730.12	-	61,730.12
2c. Miscellaneous	5,000.00	-	5,000.00
3. Total receipts	1,723,852.56	-	1,723,852.56
4. Total funds available	2,195,812.90	-	2,195,812.90
5. Expenditures (Section 1)	1,558,500.40	-	1,558,500.40
6. Balance, December 31, 2023	<u>\$ 637,312.50</u>	<u>\$ -</u>	<u>\$ 637,312.50</u>



TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
2023 FORM MS-965 – SECTION 3  
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 289,687.66	\$ 182,272.68	\$ 471,960.34
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	331,424.49	-	331,424.49
3. PENNDOT approved adjustments	<u>5,000.00</u>	<u>-</u>	<u>5,000.00</u>
4. Total funds available for equipment acquisition	626,112.15	182,272.68	808,384.83
5. Less: Major equipment expenditures	<u>336,287.35</u>	<u>-</u>	<u>336,287.35</u>
6. Remainder	<u>289,824.80</u>	<u>182,272.68</u>	<u>472,097.48</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 289,824.80</u>	<u>\$ 182,272.68</u>	<u>\$ 472,097.48</u>

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

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

Adjustments

2021 - Section 1

An adjustment of \$(198,541.64) was made to “Highway construction and rebuilding projects” because check No. 120591, which was issued in 2022, was incorrectly reported as an expenditure in 2021.

2022 - Section 1

An adjustment of \$198,541.64 was made to “Highway construction and rebuilding projects” because check No. 120591, which was issued in 2022, was incorrectly reported as an expenditure in 2021.

2022 - Section 2

An adjustment of \$198,541.64 was made to “Balance, January 1, 2022” to reflect the adjustment made to the fund balance in 2021 - Section 2.

2022 - Section 3

An adjustment of \$194,712.58 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2021 - Section 3.

2023 - Section 3

An adjustment of \$182,272.68 was made to “Prior year equipment balance” to reflect the adjustment made to the equipment balance in 2022 - Section 3.

TOWNSHIP OF LOWER PAXTON  
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AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
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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>2021</u>	<u>2023</u>
Sewer Authority	Reimbursement for project costs	\$132,174.47	\$ -
Vendor	Refund for trade-in on 2009 Freightliner	-	5,000.00
Totals		<u>\$132,174.47</u>	<u>\$5,000.00</u>

Miscellaneous Expenditures

On March 23, 2023, the municipality expended \$7.19 from the Liquid Fuels Tax Fund for bank service charges.

Lease-Purchase Agreement

On March 15, 2018, the municipality entered into a lease-purchase agreement with KS State Bank to purchase a Volvo wheel loader for \$137,000.00. The agreement was for a term of four years at an interest rate of 3.45 percent. Principal and interest payments of \$36,715.79 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$101,298.14 and \$8,849.23, respectively.

During the current examination period, the municipality paid principal of \$35,701.86 and interest of \$1,013.93 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021 Form MS-965 - Section 1. On February 16, 2021, the lease-purchase agreement was paid-in-full.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
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AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Lease-Purchase Agreement

On February 12, 2019, the municipality entered into a lease-purchase agreement with Santander Bank NA to purchase a Takeuchi loader for \$57,066.00. The agreement was for a term of three years at an interest rate of 5.082 percent. Principal and interest payments of \$20,970.45 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$37,109.75 and \$4,831.15, respectively.

During the current examination period, the municipality paid principal of \$19,956.25 and interest of \$1,014.20 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021 Form MS-965 - Section 1. On January 19, 2021, the lease-purchase agreement was paid-in-full.

Lease-Purchase Agreement

On March 1, 2019, the municipality entered into a lease-purchase agreement with Santander Bank NA to purchase a 2019 Mack dump truck for \$193,639.00. The agreement was for a term of four years at an interest rate of 4.45 percent. Principal and interest payments of \$52,877.01 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$94,553.58 and \$11,200.44, respectively.

During the current examination period, the municipality paid principal of \$99,085.42 and interest of \$6,668.60 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021 and 2022 Forms MS-965 - Section 1. On February 2, 2022, the lease-purchase agreement was paid-in-full.

Lease-Purchase Agreement

On November 7, 2019, the municipality entered into a lease-purchase agreement with Santander Bank NA to purchase a 2019 Ford F-550 with a spreader and snowplow for \$87,044.95. The agreement was for a term of three years at an interest rate of 3.80 percent. Principal and interest payments of \$31,276.75 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$27,888.55 and \$3,388.20, respectively.

During the current examination period, the municipality paid principal of \$59,156.40 and interest of \$3,397.10 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021 and 2022 Forms MS-965 - Section 1. On November 30, 2022, the lease-purchase agreement was paid-in-full.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Lease-Purchase Agreement

On October 16, 2020, the municipality entered into a lease-purchase agreement with Mercedes Benz Financial to purchase a 2021 Freightliner dump truck for \$234,864.00. The agreement was for a term of five years at an interest rate of 3.9 percent. Principal and interest payments of \$52,736.08 are due annually.

During the current examination period, the municipality paid principal of \$135,378.81 and interest of \$22,829.43 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021, 2022, and 2023 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$99,485.19, plus interest.

Lease-Purchase Agreement

On August 8, 2020, the municipality entered into a lease-purchase agreement with Ford Motor Credit Company to purchase a 2020 Ford F-550 for \$42,647.00. The agreement was for a term of three years at an interest rate of 6.15 percent. Principal and interest payments of \$15,072.05 are due annually. A prior year's principal payment from the Liquid Fuels Tax Fund was \$15,072.05.

During the current examination period, the municipality paid principal of \$27,574.95 and interest of \$2,569.15 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021 and 2022 Forms MS-965 - Section 1. On August 11, 2022, the lease-purchase agreement was paid-in-full.

Lease-Purchase Agreement

On January 10, 2020, the municipality entered into a lease-purchase agreement with Mercedes-Benz Financial to purchase a 2020 Freightliner dump truck for \$148,241.00. The agreement was for a term of four years at an interest rate of 4.19 percent. Principal and interest payments of \$41,021.94 are due annually. Prior years' principal and interest payments from the Liquid Fuels Tax Fund were \$34,810.65 and \$6,211.29, respectively.

During the current examination period, the municipality paid principal of \$113,430.35 and interest of \$9,635.47 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2021, 2022, and 2023 Forms MS-965 - Section 1. On December 19, 2023, the lease-purchase agreement was paid-in-full.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

Lease-Purchase Agreement

On November 3, 2022, the municipality entered into a lease-purchase agreement to purchase a 2021 Ford F-550 for \$48,107.00 and a Western 9' snow plow for \$42,058.00. The municipality traded in a 2012 Ford F-550 and received a trade in allowance of \$32,000.00. The municipality borrowed the remaining \$58,165.00 from Santander Bank. The agreement was for a term of four years at an interest rate of 3.73 percent. Principal and interest payments of \$15,922.00 are due annually.

During the current examination period, the municipality paid principal of \$28,017.97 and interest of \$3,826.03 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2022 and 2023 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$30,147.03, plus interest.

Lease-Purchase Agreement

On November 16, 2022, the municipality entered into a lease-purchase agreement with Santander Bank to purchase a 2022 International dump truck for \$170,435.00. The agreement was for a term of five years at an interest rate of 3.48 percent. Principal and interest payments of \$37,726.80 are due annually.

During the current examination period, the municipality paid principal of \$64,697.81 and interest of \$10,755.79 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2022 and 2023 Forms MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$105,737.19, plus interest.

Lease-Purchase Agreement

On March 18, 2023, the municipality entered into a lease-purchase agreement to purchase a Volvo wheel loader for \$230,933.00. The municipality traded in a Volvo L90 and received a trade in amount of \$55,000.00. The municipality borrowed the remaining \$175,933.00 from Bci Capital, Inc. The agreement was for a term of four years at an interest rate of 2.75 percent. Principal and interest payments of \$47,050.00 are due annually.

During the current examination period, the municipality paid principal of \$42,208.89 and interest of \$4,841.11 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2023 Form MS-965 - Section 1. The outstanding balance of the lease-purchase agreement as of December 31, 2023, was \$133,724.11, plus interest.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
AUDITOR DESCRIPTION OF SELECT TRANSACTIONS  
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JANUARY 1, 2021 TO DECEMBER 31, 2023

General Obligation Bond

On April 1, 2023, the municipality opened a general obligation bond to purchase a 2023 International dump truck for \$182,677.00. The municipality traded in a 2009 Freightliner truck and received a trade-in allowance of \$15,000.00. The municipality borrowed the remaining \$167,677.00 from Wilmington Trust. The bond is for a term of five years at variable interest rates. Principal and interest payments are due annually.

During the current examination period, the municipality paid principal of \$34,635.78 and interest of \$2,724.75 from the Liquid Fuels Tax Fund. These amounts are reflected in major equipment purchases on the 2023 Form MS-965 - Section 1. The outstanding balance of the bond as of December 31, 2023, was \$133,041.22, plus interest.

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
FINDING AND RECOMMENDATIONS  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

**Finding - Noncompliance With Advertising And Bidding Requirements**

We tested 14 expenditures during 2021 that were required to be bid and found that the township expended \$71,106.34 during 2021 from the Liquid Fuels Tax Fund for line painting without advertising for bids.

The above expenditures were not made in compliance with the advertising, bidding, and contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(a), (also found at § 3102(a) of *The Second Class Township Code* as published by the Local Government Commission), which requires that purchases over \$18,500.00 during 2012 must be advertised, bid, and awarded by contract. The bidding threshold increased to purchases over \$21,300.00 for 2021, \$21,900.00 for 2022, \$22,500.00 for 2023, \$23,200.00 for 2024, and \$23,800.00 for 2025. *The Second Class Township Code*, 53 P.S. § 68104(a), (also found at § 3104(a) of *The Second Class Township Code* as published by the Local Government Commission) further states that advertising, bidding, and contract requirements should not be evaded through piecemeal purchases.

We could not determine the cause of this condition.

The failure to comply with *The Second Class Township Code* could result in the township having to reimburse \$71,106.34 to its Liquid Fuels Tax Fund.

**Recommendations**

We recommend that the township reimburse \$71,106.34 to its Liquid Fuels Tax Fund upon official notification by the Department of Transportation.

We further recommend that the township comply with *The Second Class Township Code* as noted in this finding.

**Management's Response**

The finance director/assistant township manager stated:

Staff apparently used CapCOG municipal bidding as match for utilized vendor, however, staff were not able to locate the CapCOG bidding documents and could not access said information during audit fieldwork.

**Auditor's Conclusion**

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



TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
SUMMARY OF ONSITE CLOSEOUT MEETING  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

An onsite closeout meeting was held March 24, 2025. Those participating were:

TOWNSHIP OF LOWER PAXTON

R. Samuel Miller, CPA, Finance Director/Assistant Township Manager

Jada Dunlap, CPA, Finance Manager

DEPARTMENT OF THE AUDITOR GENERAL

Mr. Ryan W. Shrauder, Audit Supervisor

TOWNSHIP OF LOWER PAXTON  
DAUPHIN COUNTY  
LIQUID FUELS TAX FUND  
REPORT DISTRIBUTION  
FOR THE PERIOD  
JANUARY 1, 2021 TO DECEMBER 31, 2023

This report was initially distributed to:

**The Honorable Michael Carroll**  
Secretary  
Department of Transportation

**Township of Lower Paxton**  
Dauphin County  
425 Prince Street  
Harrisburg, PA 17109

**The Honorable Allen J. McCormack, Jr.**  
Supervisor

**R. Samuel Miller, CPA**  
Finance Director/Assistant Township Manager

**Jada Dunlap, CPA**  
Finance Manager

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://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](mailto:news@PaAuditor.gov).