

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

230843 MORTON BORO, DELAWARE COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

MORTON BORO, DELAWARE County BALANCE SHEET December 31, 2023

	Governmental Funds					Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only	
Assets and Other Debits											
100-120	Cash and Investments	388,688	108,808			145,701		3,354,692		3,997,889	
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130-00	Due From Other Funds	51,979								51,979	
131-139, 150-159	Other Current Assets						29,407			29,407	
160-169	Fixed Assets										
180-189	Other Debits										
Total Assets and Other Debits		440,667	108,808			145,701	3,384,099			4,079,275	
Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	1,810								1,810	
200-209, 231-239	All Other Current Liabilities										
230-00	Due To Other Funds					51,979				51,979	

BALANCE SHEET

December 31, 2023

	Governmental Funds				Proprietary Funds		Fid. Fund		Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only	
Liabilities and Other Credits											
260-269	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits	1,810				51,979						53,789

Fund and Account Group Equity									
281-284	Contributed Capital								
290.00	Investment in General Fixed Assets								
270-289	Fund Balance / Retained Earnings on 12/31	438,857	108,808		93,722		3,384,099		4,025,486
291-299	Other Equity								
Total Fund and Account Group Equity		438,857	108,808		93,722		3,384,099		4,025,486

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	4,079,275
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MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes							
301.00	Real Estate Taxes	1,523,039					1,523,039
305.00	Occupation Taxes (levied under municipal code)						
308.00	Residence Taxes (levied by cities of the 3rd Class)						
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)						
310.00	Per Capita Taxes						
310.10	Real Estate Transfer Taxes	55,580					55,580
310.20	Earned Income Taxes / Wage Taxes						
310.30	Business Gross Receipts Taxes	122,501					122,501
310.40	Occupation Taxes (levied under Act 511)						
310.50	Local Services Tax **	51,091					51,091
310.60	Amusement / Admission Taxes						
310.70	Mechanical Device Taxes						
310.90	Other: _____						
	Other: _____						
Total Taxes		1,752,211					1,752,211

Licenses and Permits							
320-322	All Other Licenses and Permits	103,831					103,831
321.80	Cable Television Franchise Fees	48,226					48,226
Total Licenses and Permits		152,057					152,057

Fines and Forfeits							
330-332	Fines and Forfeits	20,685					20,685
Total Fines and Forfeits		20,685					20,685

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties							
341.00	Interest Earnings	23,481	1,001		2,448		26,930
342.00	Rents and Royalties	51,791					51,791
Total Interest, Rents and Royalties		75,272	1,001		2,448		78,721

Federal							
351.03	Highways and Streets						
351.09	Community Development	2,500					2,500
351.00	All Other Federal Capital and Operating Grants						
352.01	National Forest						
352.00	All Other Federal Shared Revenue and Entitlements						
353.00	Federal Payments in Lieu of Taxes						
Total Federal		2,500					2,500

State							
354.03	Highways and Streets						
354.09	Community Development						
354.15	Recycling / Act 101						
354.00	All Other State Capital and Operating Grants	74,587					74,587
355.01	Public Utility Realty Tax (PURTA)						
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		72,546				72,546
355.04	Alcoholic Beverage Licenses	450					450
355.05	General Municipal Pension System State Aid	52,451					52,451
355.07	Foreign Fire Insurance Tax Distribution	16,799					16,799
355.08	Local Share Assessment/Gaming Proceeds						
355.09	Marcellus Shale Impact Fee Distribution						

MORTON BORO, DELAWARE County

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State							
355.00	All Other State Shared Revenues and Entitlements						
356.00	State Payments in Lieu of Taxes						
	Total State	144,287	72,546				216,833

Local Government Units							
357.03	Highways and Streets						
357.00	All Other Local Governmental Units Capital and Operating Grants	111,531					111,531
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services	23,882					23,882
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes						
	Total Local Government Units	135,413					135,413

Charges for Service							
361.00	General Government	1,580					1,580
362.00	Public Safety	22,302					22,302
363.20	Parking	15,686					15,686
363.00	All Other Charges for Highway & Street Services						
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				780,699		780,699
364.30	Solid Waste Collection and Disposal Charge (trash)	172,503					172,503
364.60	Host Municipality Benefit Fee for Solid Waste Facility						
364.00	All Other Charges for Sanitation Services						
365.00	Health						
366.00	Human Services						
367.00	Culture and Recreation						
368.00	Airports						

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2023

Governmental Funds				Proprietary Funds			Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only	

REVENUES

Charges for Service								
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		212,071				780,699		992,770

Unclassified Operating Revenues								
383.00	Special Assessments	17,414						17,414
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	10,300						10,300
388.00	Fiduciary Fund Pension Contributions						558,083	558,083
389.00	All Other Unclassified Operating Revenues	14,587						14,587
Total Unclassified Operating Revenues		42,301					558,083	600,384

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers		5,329					5,329
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources							
395.00	Refunds of Prior Year Expenditures	8,540					8,540
	Total Other Financing Sources	8,540	5,329				13,869

TOTAL REVENUES

2,545,337	78,876			783,147		558,083	3,965,443
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EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	17,228					17,228
401.00	Executive (Manager or Mayor)	3,300					3,300
402.00	Auditing Services / Financial Administration	25,875					25,875
403.00	Tax Collection	7,792					7,792
404.00	Solicitor / Legal Services	63,814					63,814
405.00	Secretary / Clerk	107,062					107,062
406.00	Other General Government Administration	154,474			37,869		192,343
407.00	IT-Networking Services-Data Processing						
408.00	Engineering Services	20,876			1,636	8,900	31,412
409.00	General Government Buildings and Plant	172,077			29,893		201,970
	Total General Government	572,498			69,398	8,900	650,796

Public Safety

410.00	Police	1,037,991					1,037,991
411.00	Fire	108,399					108,399
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	75,753					75,753

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety							
414.00	Planning and Zoning	1,163					1,163
415.00	Emergency Management and Communications						
416.00	Militia and Armories						
417.00	Examination of Licensed Occupations						
418.00	Public Scales (weights and measures)						
419.00	Other Public Safety						
Total Public Safety		1,223,306					1,223,306

Health and Human Services							
420.00-425.00	Health and Human Services						
Total Health and Human Services							

Public Works - Sanitation							
426.00	Recycling Collection and Disposal						
427.00	Solid Waste Collection and Disposal (garbage)	182,239					182,239
428.00	Weed Control						
429.00	Wastewater / Sewage Treatment and Collection					815,733	815,733
Total Public Works - Sanitation		182,239				815,733	997,972

Public Works - Highways and Streets							
430.00	General Services - Administration	2,693					2,693
431.00	Cleaning of Streets and Gutters		670				670
432.00	Winter Maintenance -- Snow Removal						
433.00	Traffic Control Devices		942				942
434.00	Street Lighting		18,243				18,243

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets							
435.00	Sidewalks and Crosswalks						
436.00	Storm Sewers and Drains						
437.00	Repairs of Tools and Machinery						
438.00	Maintenance and Repairs of Roads and Bridges	255,509	1,386				256,895
439.00	Highway Construction and Rebuilding Projects	16,300					16,300
Total Public Works - Highways and Streets		274,502	21,241				295,743

Other Public Works Enterprises							
440.00	Airports						
441.00	Cemeteries						
442.00	Electric System						
443.00	Gas System						
444.00	Markets						
445.00	Parking						
446.00	Storm Water and Flood Control						
447.00	Transit System						
448.00	Water System						
449.00	Water Transport and Terminals						
Total Other Public Works Enterprises							

Culture and Recreation							
451.00	Culture-Recreation Administration						
452.00	Participant Recreation						
453.00	Spectator Recreation						
454.00	Parks	52,302					52,302

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation							
455.00	Shade Trees						
456.00	Libraries						
457.00	Civil and Military Celebrations	37,969					37,969
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
Total Culture and Recreation		90,271					90,271

Community Development							
461.00	Conservation of Natural Resources						
462.00	Community Development and Housing						
463.00	Economic Development						
464.00	Economic Opportunity						
465-469	All Other Community Development						
Total Community Development							

Debt Service							
471.00	Debt Principal (short-term and long-term)	160,961			25,352		186,313
472.00	Debt Interest (short-term and long-term)	5,380			3,615		8,995
475.00	Fiscal Agent Fees						
Total Debt Service		166,341			28,967		195,308

Employer Paid Benefits and Withholding Items							
481.00	Employer Paid Withholding Taxes and Unemployment Compensation						
482.00	Judgments and Losses						
483.00	Pension / Retirement Fund Contributions	84,301					84,301

MORTON BORO, DELAWARE County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2023

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items							
484.00	Worker Compensation Insurance						
487.00	Other Group Insurance Benefits						
Total Employer Paid Benefits and Withholding Items		84,301					84,301

Insurance							
486.00	Insurance, Casualty, and Surety	154,661					154,661
Total Insurance		154,661					154,661

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid					380,367	380,367
489.00	All Other Unclassified Expenditures						
Total Unclassified Operating Expenditures						380,367	380,367

Other Financing Uses							
491.00	Refund of Prior Year Revenues						
492.00	Interfund Operating Transfers	5,329					5,329
493.00	All Other Financing Uses						
Total Other Financing Uses		5,329					5,329

TOTAL EXPENDITURES	2,753,448	21,241			914,096	389,267	4,078,054
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-208,111	57,835			-130,951	168,816	-112,611
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MORTON BORO
December 31, 2023

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (YYYY)	Maturity Year (YYYY)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
DVRFA	Note	2007	2010	250,000	83,000		15,000		68,000		68,000
PA Dept of Transportation	Note	2013	2023	478,250	101,915		101,915		0		0
Univest Bank & Trust	Note	2017	2027	88,460	40,507		9,639		30,868		30,868
Revenue Bonds and Notes											
Lease Rental Debt											
Santander - police car	Capital Leases	2022	2024	38,965	24,621		12,700		11,921		11,921
Rocoh - copier	Capital Leases	2022	2026	12,523	9,887		2,679		7,208		7,208
Citadel - police car 65	Capital Leases	2023	2026	46,514	0	46,514	16,514		30,000		30,000
Citadel - police care 97	Capital Leases	2023	2026	47,514	0	47,514	17,514		30,000		30,000
Other											
Pennvest Authority	Note	2003	2023	313,182	10,352		10,352		0		0

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	177,997
Capitalized lease obligations	0
Net debt	177,997

MORTON BORO, DELAWARE County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2023

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	38,778		38,778
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	94,028		94,028
Recreation			
Sewer			
Solid Waste			
Streets / Highways		215,600	215,600
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	132,806	215,600	348,406

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

901,662

ELECTED CONTROLLER'S/AUDITORS CERTIFIED OPINION

To the:

Governing Body of the Municipality
President Judge of the Court of Common Pleas
Secretary of the Department of Community & Economic Development

I/We, the undersigned, the duly elected (or appointed replacement), qualified, and Acting Controller/Auditors of the MORTON BORO have audited, adjusted and settled the various funds and account groups of the MORTON BORO for the year ended December 31, 2023. My/Our audit, adjustment and settlement was made in accordance with law rather than with generally accepted auditing standards

(PLEASE CROSS OUT ONLY IF ON MODIFIED ACCRUAL/ACCRUAL BASIS)

This municipality's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of this municipality in conformity with generally accepted accounting principles.

These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In my/our opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the municipality of MORTON BORO for the year ended December 31, 2023, and the results of operations of such funds in accordance with the law.

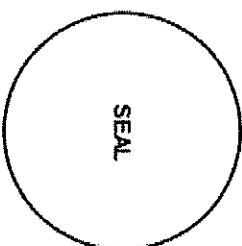
SIGNATURE AND VERIFICATION

Signed: Ronald Woodworth Appointed Auditor/CPA

Subscribed and sworn to before me this 28 day of March, 2024.

Signed:

Witness (Controller)/Auditor (Auditors)



December 31, 2023

NOTES / COMMENTS

**Annual Audit and Financial Report
of the Borough of Morton
of Delaware County, Pennsylvania
for the year ended December 31, 2023**

The consolidated and condensed presentation is published in accordance with Section 1043 of the Borough Code. A complete copy of the audit report for the year ended December 31, 2023 is on file and available for inspection at the Borough office.

FUND BALANCE, All Funds, January 1, 2023 **\$4,138,097**

REVENUES AND OTHER FINANCING SOURCES:

Taxes	1,752,211	
Licenses and Permits	152,057	
Fines and Forfeits	20,685	
Interest, Rent, and Royalties	78,721	
Intergovernmental Revenues	354,746	
Charges for Services	992,770	
Contributions to & Earnings within the Pension Fund	558,083	
Miscellaneous Revenues	42,301	
Other Financing Sources	13,869	
Total Revenue & Other Financing Sources		\$3,965,443

EXPENDITURES AND OTHER FINANCING USES:

General Government	650,796	
Public Safety	1,223,306	
Health and Welfare		
Public Works		
- Sanitation	997,972	
- Highway, Road, & Street	295,743	
Culture - Recreation	90,271	
Debt Service	195,308	
Employer Paid Benefits	84,301	
Insurances	154,661	
Fiduciary Fund Benefits	380,367	
Miscellaneous Expenditures	5,329	
Total Expenditures or Expenses and Other Financing Uses		\$4,078,054

**EXCESS (DEFICIENCY) OF REVENUES AND OTHER
FINANCING SOURCES, OVER EXPENDITURES OR
& OTHER FINANCING USES FOR 2023**

(\$112,611)

FUND BALANCE, All Funds, December 31, 2023

\$4,025,486

The Net Debt of the Borough at December 31, 2023

\$177,997

The Taxable Assessed Valuation of the Borough At December 31, 2023

\$234,896,528

R. Woodworth, CPA, PC
Certified Public Accountants

Members: AICPA & PICPA

Tel: 610-353-0883

3501 West Chester Pike, Ste. 200
Newtown Square, PA 19073

Fax: 610-353-6146

Communication with Those Charged with Governance at the Conclusion of the Audit

March 27, 2024

Council of Morton Borough
500 Highland Avenue
Morton, PA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Morton for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15th, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Borough of Morton are described only in my checklists to the financial statements from which the DCED report is based upon. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Borough of Morton during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the individual fund's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties, although delays were experienced in receiving information from management in performing and completing our audit. It would seem this is a staffing matter.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, considered minor. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

R. Woodworth, CPA, PC
Certified Public Accountants

Members: AICPA & PICPA

Tel: 610-353-0883

3501 West Chester Pike, Ste. 200
Newtown Square, PA 19073

Fax: 610-353-6146

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Borough of Morton's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Borough of Morton's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on combining statements, individual fund statements, which are part of the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on financial matters beyond the five funds comprising all financial activity of the Borough, which are included in the DCED annual report.

Restriction on Use

This information is intended solely for the information and use of the Council Members and management of the Borough of Morton and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



R Woodworth, CPA PC

BOROUGH OF MORTON

500 Highland Avenue
Morton, PA 19070
610-543-4565 • Fax 610-543-8392
www.mortonpa.org

Sent Via Email

March 28, 2024

R Woodworth, CPA PC
3501 West Chester Pike, Ste 200
Newtown Square, PA 19073

Mr. Woodworth:

This representation letter is provided in connection with your audit of the primary government financial statements of Borough of Morton, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the respective changes in financial position 12 months then ended, for the purpose of expressing opinions as to whether the primary government financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 27th, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 15, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with a regulatory basis of accounting.
- 2) The financial statements referred to above are fairly presented in conformity with a regulatory basis of accounting and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable, when applicable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with a regulatory basis of accounting.
- 7) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 8) Guarantees, whether written or oral, under which the Borough of Morton is contingently liable, if any, have been properly noted.

Information Provided

- 9) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Borough of Morton from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Council of the Borough of Morton or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) All material transactions have been recorded in the accounting records and are reflected in the financial statements, *except for the determination of reportable Trash income in the General Fund. An amount was determined after procedures enabling reconciling subsidiary ledger to the general ledger. The adjustment to the Borough's Financial Statements came from additional audit procedures for which Management has accepted responsibility of and reliance from reports provided from MuniBilling program.*
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the Borough of Morton and involves—
 - Management,
 - Employees who have significant roles in internal control, or

- Others where fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the Borough of Morton's financial statements communicated by employees, former employees, regulators, or others.
- 14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 16) We have disclosed to you the names of the Borough of Morton's related parties and all the related party relationships and transactions, including any side agreements, when occurring.

Government-specific

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 19) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 20) The Borough of Morton has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statements. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an

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individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements

- 25) The Borough of Morton has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The Borough of Morton has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 29) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 30) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 31) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 32) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 33) Capital assets, including infrastructure and intangible assets, are properly capitalized, and reported on the DCED annual report.
- 34) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 35) With respect to federal and/or state award programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

- b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system for this purpose is adequate and is functioning as intended.
- g) We have made available to you all federal and/or state awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* (including its [Addendum OR Addenda]), relating to federal awards and [have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards OR confirm that there were no amounts

questioned and no known noncompliance with the direct and material compliance requirements of federal awards].

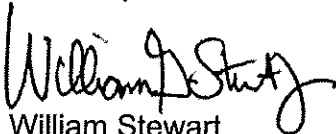
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable, when applicable.
- t) We have charged costs to federal and/or state awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the

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follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- y) In connection with your audit of the financial statements of Borough of Morton as of December 31, 2022 and for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Morton and the respective changes in financial position no information has come to our attention that would cause us to believe that any of those previous representations should be modified.
- z) No events have occurred subsequent to December 31, 2023 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,



William Stewart
Borough Manager

cc: DCED Audit File