

NORTH WALES BOROUGH
MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT
(DCED-CLGS-30) AND SINGLE AUDIT REPORT

Year Ended December 31, 2023

NORTH WALES BOROUGH
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023

	Page
Independent Auditors' Report	2
Financial Statements	
Balance Sheet	10
Statement of Revenues and Expenditures--All Funds	12
Debt Statement	24
Statement of Capital Expenditures and Employee Compensation	25
Supplementary Information	
Other Supplementary Information to the Financial Statements	26
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	27
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	29
Supplementary Information – Major Federal Award Programs Audit	
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs	34

Independent Auditors' Report

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Opinions

We have audited the accompanying municipal annual audit and financial report ("financial statements") included in the Pennsylvania Department of Community and Economic Development ("DCED") prescribed form of North Wales Borough as of and for the year ended December 31, 2023.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the respective financial position of North Wales Borough, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the DCED as described in Item A in the Other Supplementary Information to the Financial Statements.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of North Wales Borough as of December 31, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Qualified Opinion

North Wales Borough's financial statements do not present an accounting of General Fixed Assets and General Long-Term Debt, which are required to be reported in the DCED prescribed form under the General Fixed Assets Account Group and General Long-Term Debt Group.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Wales Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Item A in the Other Supplementary Information to the Financial Statements, the financial statements are prepared on the basis of accounting prescribed or permitted by the DCED to demonstrate compliance with the DCED's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Item A of the Other Supplementary Information to the Financial Statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

North Wales Borough's management is responsible for the preparation and fair presentation of the financial statements in accordance the financial reporting provisions prescribed or permitted by the Pennsylvania Department of Community and Economic Development (DCED), and 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Wales Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Wales Borough's ability to continue as a going concern for a reasonable period of time.

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise North Wales Borough’s financial statements. The Other Supplementary Information to the Financial Statements and the Schedule of Expenditures of Federal Awards are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information to the Financial Statements and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information to the Financial Statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2024 on our consideration of North Wales Borough’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Wales Borough’s internal control over financial reporting and compliance.

Limerick, Pennsylvania
March 25, 2024



2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
ph: 888-223-6837 | fax: 717-783-1402

Borough of: North Wales Borough

County: Montgomery County

Section I - Introduction

Statutory Requirements

- State law, under the provisions of the Borough Code, First Class Township Code and Second Class Township Code, requires that either the borough controller, elected auditors or appointed auditors file an Annual Audit and Financial Report.
- State law, under the provisions of the Third Class City Code, requires a city's Director of Accounts and Finance to file an Annual Audit and Financial Report.
- The state's Administrative Code requires home rule municipalities to file an Annual Audit and Financial Report.
- The Annual Audit and Financial Report forms, supplied by the Pennsylvania Department of Community and Economic Development (DCED), were developed and approved by a Uniform Forms Committee composed of representatives of the respective municipal associations.
- Form DCED-CLGS-30 (See Section IV) is the form adopted by the Committee for use by all municipalities in Pennsylvania to fulfill their statutory reporting requirements.

One Form

All municipalities are required to submit forms electronically to the DCED. The online form contains the same categories as in previous years: assets, liabilities, revenues and expenditures. Enter data only for those funds that your municipality uses. Leave the remaining columns blank. The online form will automatically calculate the amounts in the "Total" column.

Submitting the Report

- File one copy by the designated date at each of the places listed on page 9.
- DO NOT submit a paper copy of this report to the DCED. Reports must be submitted online at: munstats.pa.gov/forms (Please see the e-filing instructions on page 7.)
- The online system will automatically round all figure to the nearest whole dollar. The system will also add all rows and columns, following basic accounting principles.
- Appointed independent auditors should attach their own opinion in the "Final Review" step of the online form. Additionally, appointed independent auditors should place a checkmark in Section II at the bottom of the "Final Review" step, then choose the "Appointed Auditor/CPA" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected controllers should place a checkmark in the box in Section I at the bottom of the "Final Review" step of the online form then choose the "Controller" title from the dropdown and provide a name and contact number in order to submit the form online.
- Elected Auditors must place a check mark in the box in Section I of the "Final Review" step of the online form, then choose the "Elected Auditor" title from the dropdown and provide the name and phone number for **at least 2 of the 3 elected auditors**. If you appointed an auditor to fill an elected auditor position, please choose the "Elected Auditor" title, not the "Appointed Auditor/CPA" title when submitting online.
- If you need assistance or have any questions when completing this report, please contact the Governor's Center for Local Government Services (GCLGS) toll-free at 888-223-6837.

BALANCE SHEET

December 31, 2023

GOVERNMENTAL FUNDS				
ASSETS AND OTHER DEBITS	General Fund	Special Revenue	Capital Projects	Debt Service
		<i>(Including State Liquid Fuels)</i>		
100-120 Cash and Investments.....	3,649,111	892,890	3,161,783	141,038
140-144 Tax Receivable.....	35,956	4,788	-	2,352
121-129				
145-149 Accounts Receivable (excluding taxes).....	17,136	4,785	-	-
130 Due From Other Funds.....	-	-	-	-
131-139				
150-159 Other Current Assets.....	-	-	-	-
160-169 Fixed Assets.....	-	-	-	-
180-189 Other Debits.....	-	-	115	-
TOTAL ASSETS AND OTHER DEBITS.....	\$ 3,702,203	\$ 902,463	\$ 3,161,898	\$ 143,390

LIABILITIES AND OTHER CREDITS				
210-229 Payroll Taxes and Other Payroll Withholdings.....	13,109	-	-	-
200-209				
231-239 All Other Current Liabilities.....	56,022	3,413	735,246	631
230 Due To Other Funds.....	-	-	-	-
260-269 Long-Term Liabilities.....	-	-	-	-
240-259 Current Portion of Long-Term Debt & Other Credits.....	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS.....	69,131	3,413	735,246	631

FUND AND ACCOUNT GROUP EQUITY				
281-284 Contributed Capital.....	-	-	-	-
290 Investment in General Fixed Assets.....	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31.....	3,633,072	899,050	2,426,652	142,759
291-299 Other Equity.....	-	-	-	-
TOTAL FUND AND ACCOUNT GROUP EQUITY.....	3,633,072	899,050	2,426,652	142,759

Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | BALANCE SHEET

ASSETS AND OTHER DEBITS	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
	100-120 Cash and Investments.....	-	-	2,121,373	-	-
140-144 Tax Receivable.....	-	-	-	-	-	43,096
121-129						
145-149 Accounts Receivable (excluding taxes).....	-	-	-	-	-	21,921
130 Due From Other Funds.....	-	-	-	-	-	-
131-139						
150-159 Other Current Assets.....	-	-	-	-	-	-
160-169 Fixed Assets.....	-	-	-	-	-	-
180-189 Other Debits.....	-	-	-	-	-	115
TOTAL ASSETS AND OTHER DEBITS.....	\$ -	\$ -	\$ 2,121,373	\$ -	\$ -	\$ 10,031,327

LIABILITIES AND OTHER CREDITS	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
210-229 Payroll Taxes and Other Payroll Withholdings.....	-	-	-	-	-	13,109
200-209						
231-239 All Other Current Liabilities.....	-	-	37	-	-	795,349
230 Due To Other Funds.....	-	-	-	-	-	-
260-269 Long-Term Liabilities.....	-	-	-	-	-	-
240-259 Current Portion of Long-Term Debt & Other Credits.....	-	-	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS.....	-	-	37	-	-	808,458

FUND AND ACCOUNT GROUP EQUITY	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
281-284 Contributed Capital.....	-	-	-	-	-	-
290 Investment in General Fixed Assets.....	-	-	-	-	-	-
270-289 Fund Balance/Retained Earnings on 12/31.....	-	-	2,121,336	-	-	9,222,869
291-299 Other Equity.....	-	-	-	-	-	-
TOTAL FUND AND ACCOUNT GROUP EQUITY.....	-	-	2,121,336	-	-	9,222,869

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY.....	\$ 10,031,327
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Total Assets and Other Debits minus Total Liabilities and Other Credits must equal the Total Fund and Account Group Equity.

STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2023

REVENUES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
TAXES				
301.00 Real Estate Taxes.....	678,274	165,240	-	81,080
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.....	98,769	-	-	-
310.20 Earned Income Taxes/Wage Taxes.....	612,839	-	-	-
310.30 Business Gross Receipts Taxes.....	-	-	-	-
310.40 Occupation Taxes (levied under Act 511).....	-	-	-	-
310.50 Local Services Tax**.....	55,184	-	-	-
310.60 Amusement/Admission Taxes.....	-	-	-	-
310.70 Mechanical Device Taxes.....	-	-	-	-
310.90 Other Local Tax Enabling Act/Act 511 Taxes.....	-	-	-	-
.....				
.....				
TOTAL TAXES.....	\$ 1,445,066	\$ 165,240	\$ -	\$ 81,080

LICENSES & PERMITS				
320-322 All Other Licenses and Permits.....	22,225	-	-	-
321.80 Cable Television Franchise Fees.....	53,095	-	-	-
TOTAL LICENSES & PERMITS.....	75,320	-	-	-

FINES & FORFEITS				
330-332 Fines and Forfeits.....	18,690	-	-	-
TOTAL FINES & FORFEITS.....	18,690	-	-	-

INTEREST, RENTS & ROYALTIES				
341.00 Interest Earnings.....	108,399	12,365	65,980	2,127
342.00 Rents and Royalties.....	6,991	-	-	35,061
TOTAL INTEREST, RENTS & ROYALTIES.....	115,390	12,365	65,980	37,188

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
TAXES					
301.00	Real Estate Taxes.....	-	-	-	924,594
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.....	-	-	-	98,769
310.20	Earned Income Taxes/Wage Taxes.....	-	-	-	612,839
310.30	Business Gross Receipts Taxes.....	-	-	-	-
310.40	Occupation Taxes (levied under Act 511).....	-	-	-	-
310.50	Local Services Tax**.....	-	-	-	55,184
310.60	Amusement/Admission Taxes.....	-	-	-	-
310.70	Mechanical Device Taxes.....	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511 Taxes.....	-	-	-	-
				
				
				
TOTAL TAXES		\$ -	\$ -	\$ -	\$ 1,691,386

LICENSES & PERMITS					
320-322	All Other Licenses and Permits.....	-	-	-	22,225
321.80	Cable Television Franchise Fees.....	-	-	-	53,095
TOTAL LICENSES & PERMITS		-	-	-	75,320

FINES & FORFEITS					
330-332	Fines and Forfeits.....	-	-	-	18,690
TOTAL FINES & FORFEITS		-	-	-	18,690

INTEREST, RENTS & ROYALTIES					
341.00	Interest Earnings.....	-	-	263,971	452,842
342.00	Rents and Royalties.....	-	-	-	42,052
TOTAL INTEREST, RENTS & ROYALTIES		-	-	263,971	494,894

**This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		Special Revenue <i>(Including State Liquid Fuels)</i>		Capital Projects	Debt Service
FEDERAL		General Fund			
351.03	Highways and Streets.....	-	-	-	-
351.09	Community Development.....	-	-	-	-
351.00	All Other Federal Capital and Operating Grants.....	-	-	-	-
352.01	National Forest.....	-	-	-	-
352.00	All Other Federal Shared Revenue & Entitlements.....	308,201	-	464,754	-
353.00	Federal Payments in Lieu of Taxes.....	-	-	-	-
TOTAL FEDERAL		308,201	-	464,754	-

STATE					
354.03	Highways and Streets.....	-	-	-	-
354.09	Community Development.....	-	-	-	-
354.15	Recycling/Act 101.....	-	-	-	-
354.00	All Other State Capital and Operating Grants.....	-	-	305,805	-
355.01	Public Utility Realty Tax (PURTA).....	1,504	-	-	-
355.02 - 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback.....	-	98,328	-	-
355.04	Alcoholic Beverage Licenses.....	600	-	-	-
355.05	General Municipal Pension System State Aid.....	62,119	-	-	-
355.07	Foreign Fire Insurance Tax Distribution.....	22,827	-	-	-
355.08	Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution.....	-	-	-	-
355.00	All Other State Shared Revenues & Entitlements.....	1,305	4,786	-	-
356.00	State Payments in Lieu of Taxes.....	-	-	-	-
TOTAL STATE		88,355	103,114	305,805	-

LOCAL GOVERNMENT UNITS					
357.03	Highways and Streets.....	-	-	-	-
357.00	All Other Local Governmental Units Capital and Operating Grants.....	-	-	-	-
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services.....	9,521	-	-	-
359.00	Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes.....	-	-	-	-
TOTAL LOCAL GOVERNMENT UNITS		9,521	-	-	-

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
FEDERAL				
351.03 Highways and Streets.....	-	-	-	-
351.09 Community Development.....	-	-	-	-
351.00 All Other Federal Capital and Operating Grants.....	-	-	-	-
352.01 National Forest.....	-	-	-	-
352.00]	-	-	-	772,955
353.00 Federal Payments in Lieu of Taxes.....	-	-	-	-
TOTAL FEDERAL	-	-	-	772,955

STATE				
354.03 Highways and Streets.....	-	-	-	-
354.09 Community Development.....	-	-	-	-
354.15 Recycling/Act 101.....	-	-	-	-
354.00 All Other State Capital and Operating Grants.....	-	-	-	305,805
355.01 Public Utility Realty Tax (PURTA).....	-	-	-	1,504
355.02 - 355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback.....	-	-	-	98,328
355.04 Alcoholic Beverage Licenses.....	-	-	-	600
355.05 General Municipal Pension System State Aid.....	-	-	-	62,119
355.07 Foreign Fire Insurance Tax Distribution.....	-	-	-	22,827
355.08 Local Share Assessment/Gaming Proceeds.....	-	-	-	-
355.09 Marcellus Shale Impact Fee Distribution.....	-	-	-	-
355.00 All Other State Shared Revenues & Entitlements.....	-	-	-	6,091
356.00 State Payments in Lieu of Taxes.....	-	-	-	-
TOTAL STATE	-	-	-	497,274

LOCAL GOVERNMENT UNITS				
357.03 Highways and Streets.....	-	-	-	-
357.00 All Other Local Governmental Units Capital and Operating Grants.....	-	-	-	-
358.00 Local Government Unit Shared Payments for Contracted Intergovernmental Services.....	-	-	-	9,521
359.00 Local Governmental Units, Authorities Payments and Payments in Lieu of Taxes.....	-	-	-	-
TOTAL LOCAL GOVERNMENT UNITS	-	-	-	9,521

TOTAL INTERGOVERNMENTAL REVENUES	1,279,750
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2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		GOVERNMENTAL FUNDS			
CHARGES FOR SERVICE		General Fund	Special Revenue	Capital	Debt Service
			(Including State Liquid Fuels)	Projects	
361.00	General Government.....	14,953	-	-	-
362.00	Public Safety.....	70,266	-	-	-
363.20	Parking.....	-	-	-	-
363.00	All Other Charges for Highway & Streets Services.....	-	-	-	-
364.10	Wastewater/Sewage Charges.....	-	-	-	-
364.30	Solid Waste Collection & Disposal Charge (trash).....	-	-	-	-
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.....	1,084	-	-	-
368.00	Airports.....	-	-	-	-
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.....		86,303	-	-	-

UNCLASSIFIED OPERATING REVENUES					
383.00	Assessments.....	900	-	-	-
386.00	Escheats (sale of personal property).....	-	-	-	-
387.00	Contributions & Donations from Private Sectors.....	7,725	16,087	-	-
388.00	Fiduciary Fund Pension Contributions.....	 	 	 	
389.00	All Other Unclassified Operating Revenues***.....	14,582	60	-	-
TOTAL UNCLASSIFIED OPERATING REVENUES.....		23,207	16,147	-	-

OTHER FINANCING SOURCES					
391.00	Proceeds of General Fixed Asset Disposition.....	-	-	-	-
392.00	Interfund Operating Transfers**.....	-	-	125,000	-
393.00	Proceeds of General Long-Term Debt.....	-	-	-	-
394.00	Proceeds of Short-Term Debt.....	-	-	-	-
395.00	Refunds of Prior Year Expenditures.....	6,150	-	-	-
TOTAL OTHER FINANCING SOURCES.....		6,150	-	125,000	-

TOTAL REVENUES.....	2,176,203	296,866	961,539	118,268
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** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
CHARGES FOR SERVICE				
361.00 General Government.....	-	-	-	14,953
362.00 Public Safety.....	-	-	-	70,266
363.20 Parking.....	-	-	-	-
363.00 All Other Charges for Highway & Streets Services.....	-	-	-	-
364.10 Wastewater/Sewage Charges.....	-	-	-	-
364.30 Solid Waste Collection & Disposal Charge (trash).....	-	-	-	-
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.....	-	-	-	1,084
368.00 Airports.....	-	-	-	-
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.....	-	-	-	86,303

UNCLASSIFIED OPERATING REVENUES				
383.00 Assessments.....	-	-	-	900
386.00 Escheats (sale of personal property).....	-	-	-	-
387.00 Contributions & Donations from Private Sectors.....	-	-	-	23,812
388.00 Fiduciary Fund Pension Contributions.....	-	-	70,718	70,718
389.00 All Other Unclassified Operating Revenues***.....	-	-	-	14,642
TOTAL UNCLASSIFIED OPERATING REVENUES.....	-	-	70,718	110,072

OTHER FINANCING SOURCES				
391.00 Proceeds of General Fixed Asset Disposition.....	-	-	-	-
392.00 Interfund Operating Transfers**.....	-	-	-	125,000
393.00 Proceeds of General Long-Term Debt.....	-	-	-	-
394.00 Proceeds of Short-Term Debt.....	-	-	-	-
395.00 Refunds of Prior Year Expenditures.....	-	-	-	6,150
TOTAL OTHER FINANCING SOURCES.....	-	-	-	131,150

TOTAL REVENUES.....	-	-	334,689	3,887,565
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** The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
GENERAL GOVERNMENT					
400.00	Legislative (Governing) Body.....	11,238	-	-	-
401.00	Executive (Manager or Mayor).....	214,462	-	-	-
402.00	Auditing Services/Financial Administration.....	17,966	-	-	-
403.00	Tax Collection.....	13,987	-	-	-
404.00	Solicitor/Legal Services.....	43,731	-	-	-
405.00	Secretary/Clerk.....	-	-	-	-
406.00	Other General Government Administration.....	15,656	-	-	-
407.00	IT-Networking Services-Data Processing.....	-	-	-	-
408.00	Engineering Services.....	28,693	72,428	-	-
409.00	General Government Buildings and Plant.....	34,545	-	1,923	-
TOTAL GENERAL GOVERNMENT.....		380,278	72,428	1,923	-

PUBLIC SAFETY					
410.00	Police.....	710,086	-	5,000	-
411.00	Fire.....	49,386	40,010	-	-
412.00	Ambulance/Rescue.....	-	-	-	-
413.00	UCC and Code Enforcement.....	32,113	-	-	-
414.00	Planning and Zoning.....	7,885	-	-	-
415.00	Emergency Management & 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.....		799,470	40,010	5,000	-

HEALTH AND HUMAN SERVICES					
420.00-425.00	Health and Human Services.....	-	-	-	-

PUBLIC WORKS - SANITATION					
426.00	Recycling Collection and Disposal.....	-	-	-	-
427.00	Solid Waste Collection and Disposal (trash).....	-	-	-	-
428.00	Weed Control.....	-	-	-	-
429.00	Wastewater/Sewage Collection & Treatment.....	-	-	-	-
TOTAL PUBLIC WORKS - SANITATION.....		-	-	-	-

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only	
GENERAL GOVERNMENT					
400.00 Legislative (Governing) Body.....	-	-	-	-	11,238
401.00 Executive (Manager or Mayor).....	-	-	-	-	214,462
402.00 Auditing Services/Financial Administration.....	-	-	-	-	17,966
403.00 Tax Collection.....	-	-	-	-	13,987
404.00 Solicitor/Legal Services.....	-	-	-	-	43,731
405.00 Secretary/Clerk.....	-	-	-	-	-
406.00 Other General Government Administration.....	-	-	-	-	15,656
407.00 IT-Networking Services-Data Processing.....	-	-	-	-	-
408.00 Engineering Services.....	-	-	-	-	101,121
409.00 General Government Buildings and Plant.....	-	-	-	-	36,468
TOTAL GENERAL GOVERNMENT.....	-	-	-	-	454,629

PUBLIC SAFETY					
410.00 Police.....	-	-	-	-	715,086
411.00 Fire.....	-	-	-	-	89,396
412.00 Ambulance/Rescue.....	-	-	-	-	-
413.00 UCC and Code Enforcement.....	-	-	-	-	32,113
414.00 Planning and Zoning.....	-	-	-	-	7,885
415.00 Emergency Management & 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.....	-	-	-	-	844,480

HEALTH AND HUMAN SERVICES					
420.00-425.00 Health and Human Services.....	-	-	-	-	-

PUBLIC WORKS - SANITATION					
426.00 Recycling Collection and Disposal.....	-	-	-	-	-
427.00 Solid Waste Collection and Disposal (garbage).....	-	-	-	-	-
428.00 Weed Control.....	-	-	-	-	-
429.00 Wastewater/Sewage Collection & Treatment.....	-	-	-	-	-
TOTAL PUBLIC WORKS - SANITATION.....	-	-	-	-	-

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
PUBLIC WORKS - HIGHWAYS & STREETS					
430.00	General Services - Administration.....	134,583	-	31,019	-
431.00	Cleaning of Streets and Gutters.....	-	-	-	-
432.00	Winter Maintenance - Snow Removal.....	-	3,794	-	-
433.00	Traffic Control Devices.....	-	100	-	-
434.00	Street Lighting.....	-	23,144	-	-
435.00	Sidewalks and Crosswalks.....	-	-	-	-
436.00	Storm Sewers and Drains.....	306,025	-	-	-
437.00	Repairs of Tools and Machinery.....	-	-	-	-
438.00	Maintenance & Repairs of Roads & Bridges.....	-	3,020	12,571	-
439.00	Highway Construction and Rebuilding Projects.....	372	-	-	-
TOTAL PUBLIC WORKS - HIGHWAYS & STREETS		440,980	30,058	43,590	-

PUBLIC WORKS - OTHER SERVICES					
440.00	Airports.....	-	-	-	-
441.00	Cemeteries.....	-	10	-	-
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 PUBLIC WORKS - OTHER SERVICES		-	10	-	-

CULTURE AND RECREATION					
451.00	Culture-Recreation Administration.....	-	-	-	-
452.00	Participant Recreation.....	-	-	-	-
453.00	Spectator Recreation.....	-	-	-	-
454.00	Parks.....	9,026	12,751	-	-
455.00	Shade Trees.....	-	1,090	-	-
456.00	Libraries.....	-	20,010	-	-
457.00	Civil and Military Celebrations.....	-	-	-	-
458.00	Senior Citizens' Centers.....	-	-	-	-
459.00	All Other Culture and Recreation.....	900	-	464,701	-
TOTAL CULTURE AND RECREATION		9,926	33,851	464,701	-

COMMUNITY DEVELOPMENT					
461.00	Conservation of Natural Resources.....	-	900	-	-
462.00	Community Development and Housing.....	-	-	-	-
463.00	Economic Development.....	-	-	-	-
464.00	Economic Opportunity.....	-	-	-	-
465.00 - 469.00	All Other Community Development.....	-	-	-	-
TOTAL COMMUNITY DEVELOPMENT		-	900	-	-

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
PUBLIC WORKS - HIGHWAYS & STREETS				
430.00 General Services - Administration.....	-	-	-	165,602
431.00 Cleaning of Streets and Gutters.....	-	-	-	-
432.00 Winter Maintenance - Snow Removal.....	-	-	-	3,794
433.00 Traffic Control Devices.....	-	-	-	100
434.00 Street Lighting.....	-	-	-	23,144
435.00 Sidewalks and Crosswalks.....	-	-	-	-
436.00 Storm Sewers and Drains.....	-	-	-	306,025
437.00 Repairs of Tools and Machinery.....	-	-	-	-
438.00 Maintenance & Repairs of Roads & Bridges.....	-	-	-	15,591
439.00 Highway Construction and Rebuilding Projects.....	-	-	-	372
TOTAL PUBLIC WORKS - HIGHWAYS & STREETS.....	-	-	-	514,628

PUBLIC WORKS - OTHER SERVICES				
440.00 Airports.....	-	-	-	-
441.00 Cemeteries.....	-	-	-	10
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 PUBLIC WORKS - OTHER SERVICES.....	-	-	-	10

CULTURE AND RECREATION				
451.00 Culture-Recreation Administration.....	-	-	-	-
452.00 Participant Recreation.....	-	-	-	-
453.00 Spectator Recreation.....	-	-	-	-
454.00 Parks.....	-	-	432	22,209
455.00 Shade Trees.....	-	-	-	1,090
456.00 Libraries.....	-	-	-	20,010
457.00 Civil and Military Celebrations.....	-	-	-	-
458.00 Senior Citizens' Centers.....	-	-	-	-
459.00 All Other Culture and Recreation.....	-	-	-	465,601
TOTAL CULTURE AND RECREATION.....	-	-	432	508,910

COMMUNITY DEVELOPMENT				
461.00 Conservation of Natural Resources.....	-	-	-	900
462.00 Community Development and Housing.....	-	-	-	-
463.00 Economic Development.....	-	-	-	-
464.00 Economic Opportunity.....	-	-	-	-
465.00 - 469.00 All Other Community Development.....	-	-	-	-
TOTAL COMMUNITY DEVELOPMENT.....	-	-	-	900

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
DEBT SERVICE				
471.00 Debt Principal (short-term and long-term).....	-	-	-	92,000
472.00 Debt Interest (short-term and long-term).....	-	-	-	20,780
475.00 Fiscal Agent Fees.....	-	-	-	9
TOTAL DEBT SERVICE.....	-	-	-	112,789

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation.....	84,058	-	-	-
482.00 Judgments and Losses.....	-	-	-	-
483.00 Pension/Retirement Fund Contributions.....	58,706	-	-	-
484.00 Worker Compensation Insurance.....	23,749	-	-	-
487.00 Group Insurance and Other Benefits.....	121,318	-	-	-
EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS.....	287,831	-	-	-

INSURANCE				
486.00 Insurance, Casualty and Surety.....	76,808	-	-	-

UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid.....				
489.00 All Other Unclassified Expenditures***.....	2,684	10	-	-
TOTAL UNCLASSIFIED OPERATING EXPENDITURES.....	2,684	10	-	-

OTHER FINANCING USES				
491.00 Refund of Prior Year Revenues.....	-	-	-	-
492.00 Interfund Operating Transfers**.....	125,000	-	-	-
493.00 All Other Financing Uses.....	-	-	-	-
TOTAL OTHER FINANCING USES.....	125,000	-	-	-

TOTAL EXPENDITURES.....	2,122,977	177,267	515,214	112,789
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES.....	53,226	119,599	446,325	5,479
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** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

2023 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust and Agency	Memorandum Only
DEBT SERVICE				
471.00 Debt Principal (short-term and long-term).....	-	-	-	92,000
472.00 Debt Interest (short-term and long-term).....	-	-	-	20,780
475.00 Fiscal Agent Fees.....	-	-	-	9
TOTAL DEBT SERVICE.....	-	-	-	112,789

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS				
481.00 Employer Paid Withholding Taxes and Unemployment Compensation.....	-	-	-	84,058
482.00 Judgments and Losses.....	-	-	-	-
483.00 Pension/Retirement Fund Contributions.....	-	-	-	58,706
484.00 Worker Compensation Insurance.....	-	-	-	23,749
487.00 Group Insurance and Other Benefits.....	-	-	-	121,318
EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS.....	-	-	-	287,831

INSURANCE				
486.00 Insurance, Casualty and Surety.....	-	-	-	76,808

UNCLASSIFIED OPERATING EXPENDITURES				
488.00 Fiduciary Fund Benefits and Refunds Paid.....			108,942	108,942
489.00 All Other Unclassified Expenditures***.....	-	-	-	2,694
TOTAL UNCLASSIFIED OPERATING EXPENDITURES.....	-	-	108,942	111,636

OTHER FINANCING USES				
491.00 Refund of Prior Year Revenues.....	-	-	-	-
492.00 Interfund Operating Transfers**.....	-	-	-	125,000
493.00 All Other Financing Uses.....	-	-	-	-
TOTAL OTHER FINANCING USES.....	-	-	-	125,000

TOTAL EXPENDITURES.....	-	-	109,374	3,037,621
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES.....	-	-	225,315	849,944
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** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

NORTH WALES BOROUGH
OTHER SUPPLEMENTARY INFORMATION
TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

ITEM A - BASIS OF ACCOUNTING

The accompanying financial statements conform to the financial reporting provisions prescribed or permitted by the Pennsylvania Department of Community and Economic Development (DCED), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

As permitted by the DCED, North Wales Borough prepares its financial statements on the modified accrual basis of accounting for its governmental fund types. Under this basis, revenues primarily are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Trust and Agency fund types utilize the accrual basis of accounting. Under this basis, revenue is recorded when earned and expenditures, are recorded when the liability is incurred. Additionally, in accordance with the prescribed accounting practices permitted by the DCED, the North Wales Borough financial statements are presented without statement of cash flows, component unit financial information, government-wide financial statements, Management's Discussion and Analysis, budgetary comparisons, and without historical pension and post-employment benefit liability information, and require all funds to be aggregated by fund type on the Schedules.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements in accordance with the financial reporting provisions prescribed or permitted by the Pennsylvania Department of Community and Economic Development (DCED) of the North Wales Borough as of and for the year ended December 31, 2023, and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Wales Borough's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Wales Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of North Wales Borough's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Wales Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Wales Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Wales Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Limerick, Pennsylvania
March 25, 2024

***Independent Auditors' Report on Compliance for Each Major Federal Program and
and Report on Internal Control Over Compliance in
Accordance with the Uniform Guidance***

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Wales Borough's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of North Wales Borough's major federal programs for the year ended December 31, 2023. North Wales Borough's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Wales Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Wales Borough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of North Wales Borough's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to North Wales Borough's federal programs.

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Wales Borough's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Wales Borough's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding North Wales Borough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Wales Borough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of North Wales Borough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Borough Council
North Wales Borough
North Wales, Pennsylvania

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Limerick, Pennsylvania
March 25, 2024

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

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NORTH WALES BOROUGH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Grantor Pass-Through Number</u>	<u>Grant Period</u>
U.S. DEPARTMENT OF TREASURY			
Passed through Pennsylvania Department of Community & Economic Development			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	March 26, 2021 to December 31, 2026
Passed through the Montgomery County			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	March 26, 2021 to December 31, 2026
TOTAL U.S. DEPARTMENT OF TREASURY AND TOTAL FEDERAL AWARDS			

See notes to the Schedule of Expenditures of Federal Awards.

<u>Program or Award Amount</u>	<u>Total Received</u>	<u>Accrued or (Deferred) Revenue at January 1, 2023</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>	<u>Accrued or (Deferred) Revenue at December 31, 2023</u>	<u>Passed Through to Sub-Recipients</u>
\$ 341,745	\$ -	\$ (308,201)	\$ 308,201	\$ 308,201	\$ -	\$ -
\$ 1,200,000	\$ <u>1,200,000</u>	\$ <u>-</u>	\$ <u>464,755</u>	\$ <u>464,755</u>	\$ <u>(735,245)</u>	\$ <u>-</u>
	\$ <u><u>1,200,000</u></u>	\$ <u><u>(308,201)</u></u>	\$ <u><u>772,956</u></u>	\$ <u><u>772,956</u></u>	\$ <u><u>(735,245)</u></u>	\$ <u><u>-</u></u>

NORTH WALES BOROUGH
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE A - GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of North Wales Borough. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule.

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE C - INDIRECT COST RATES

The Borough has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

NORTH WALES BOROUGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses a qualified opinion on the financial statements of North Wales Borough in relation to the DCED special purpose framework and an adverse opinion on the financial statements in relation to Generally Accepted Accounting Principles.
2. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance that are material to the financial statements of the North Wales Borough were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the federal programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major award programs for the North Wales Borough expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.
7. The program tested as major program include:

Program Name	CFDA #
Coronavirus State and Local Fiscal Recovery Funds	21.027
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. North Wales Borough was determined to not be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.