

INDEPENDENT AUDITOR'S REPORT

To the Borough Council
Borough of Macungie

Opinions

We have audited the accompanying 2023 Municipal Annual Audit and Financial Report (DCED-CLGS-30) of Borough of Macungie, which comprise the balance sheet as of December 31, 2023, and the related statement of revenues and expenditures, debt statement, and statement of capital expenditures and employee compensation for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the 2023 Municipal Annual Audit and Financial Report referred to above presents fairly, in all material respects, the assets, liabilities and fund balances of Borough of Macungie as of December 31, 2023, and its revenues and expenditures for the year then ended in accordance with the accounting principles prescribed by the Pennsylvania Department of Community and Economic Development.

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 2023 Municipal Annual Audit and Financial Report referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Borough of Macungie, as of December 31, 2023, or changes in net position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Borough of Macungie 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 opinion.

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

As described in the second paragraph of this report, the 2023 Municipal Annual Audit and Financial Report is prepared by Borough of Macungie, on the basis of the financial reporting provisions of the Pennsylvania Department of Community and Economic Development, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Pennsylvania Department of Community and Economic Development.

The effects on the 2023 Municipal Annual Audit and Financial Report of the variances between the regulatory basis of accounting described in the second paragraph 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

Management is responsible for the preparation and fair presentation of this report in accordance with the financial reporting provisions of the Pennsylvania Department of Community and Economic Development. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this report that is free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 and disclosures 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 Borough of Macungie'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 Borough of Macungie's ability to continue as a going concern for a reasonable period of time.

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.

Campbell, Rappold & Yarusita LLP

March 28, 2024

**2023 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

390423 MACUNGIE BORO, LEHIGH COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

MACUNGIE BORO, LEHIGH 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	1,262,698	128,054	1,439,614		2,949,268		3,904,386			9,684,020
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	709,425	1,409	79,636		610,846		1,700			1,403,016
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets					2,156,616		2,725,942			4,882,558
180-189	Other Debits								375,000		375,000
Total Assets and Other Debits		1,972,123	129,463	1,519,250		5,716,730		3,906,086	2,725,942	375,000	16,344,594

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities	1,402				3,676					5,078
230.00	Due To Other Funds	631,535				691,845		79,636			1,403,016

MACUNGIE BORO, LEHIGH 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
Liabilities and Other Credits											
260-269	Long-Term-Liabilities					1,279,000				303,000	1,582,000
240-259	Current Portion of Long-Term Debt and Other Credits					302,000				72,000	374,000
Total Liabilities and Other Credits		632,937				2,276,521		79,636		375,000	3,364,094
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets								2,725,942		2,725,942
270-289	Fund Balance / Retained Earnings on 12/31	1,339,186	129,463	1,519,250		3,440,209		3,826,450			10,254,558
291-299	Other Equity										
Total Fund and Account Group Equity		1,339,186	129,463	1,519,250		3,440,209		3,826,450	2,725,942		12,980,500
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											16,344,594

MACUNGIE BORO, LEHIGH 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	996,857						996,857
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	19,959						19,959
310.10	Real Estate Transfer Taxes	100,873						100,873
310.20	Earned Income Taxes / Wage Taxes	572,159						572,159
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	45,264						45,264
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other: _____							
	Other: _____							
Total Taxes		1,735,112						1,735,112

Licenses and Permits								
320-322	All Other Licenses and Permits	37,824						37,824
321.80	Cable Television Franchise Fees	39,573						39,573
Total Licenses and Permits		77,397						77,397

Fines and Forfeits								
330-332	Fines and Forfeits	3,854						3,854
Total Fines and Forfeits		3,854						3,854

MACUNGIE BORO, LEHIGH 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	39,327	2,472	24,083	60,543	468,654	595,079
342.00	Rents and Royalties	30,464					30,464
Total Interest, Rents and Royalties		69,791	2,472	24,083	60,543	468,654	625,543

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	All Other Federal Shared Revenue and Entitlements						
353.00	Federal Payments in Lieu of Taxes						
Total Federal							

State							
354.03	Highways and Streets		1,702				1,702
354.09	Community Development						
354.15	Recycling / Act 101	14,930					14,930
354.00	All Other State Capital and Operating Grants	787					787
355.01	Public Utility Realty Tax (PURTA)	1,575					1,575
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		84,334				84,334
355.04	Alcoholic Beverage Licenses	1,300					1,300
355.05	General Municipal Pension System State Aid	49,695			14,411		64,106
355.07	Foreign Fire Insurance Tax Distribution	19,750					19,750
355.08	Local Share Assessment/Gaming Proceeds						
355.09	Marcellus Shale Impact Fee Distribution						

MACUNGIE BORO, LEHIGH 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		88,037	86,036			14,411		188,484

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							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	11,489						11,489
Total Local Government Units		11,489						11,489

Charges for Service								
361.00	General Government	31,179						31,179
362.00	Public Safety	55,515					193,525	249,040
363.20	Parking							
363.00	All Other Charges for Highway & Street Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				1,154,036			1,154,036
364.30	Solid Waste Collection and Disposal Charge (trash)				609,706			609,706
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							

MACUNGIE BORO, LEHIGH 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	12,123						12,123
Total Charges for Service		98,817			1,763,742		193,525	2,056,084

Unclassified Operating Revenues								
383.00	Special Assessments							
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors	881						881
388.00	Fiduciary Fund Pension Contributions					119,018		119,018
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues		881				119,018		119,899

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	27,681					53,571	81,252
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

MACUNGIE BORO, LEHIGH 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	92,482			486		92,968
Total Other Financing Sources		120,163			486	53,571	174,220

TOTAL REVENUES

2,205,541	88,508	24,083		1,839,182		834,768	4,992,082
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EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	13,160					13,160
401.00	Executive (Manager or Mayor)	45,227			45,227		90,454
402.00	Auditing Services / Financial Administration	6,617			6,617		13,234
403.00	Tax Collection	2,497					2,497
404.00	Solicitor / Legal Services	71,068					71,068
405.00	Secretary / Clerk	20,854			20,854		41,708
406.00	Other General Government Administration	41,862	25	128	38,621		80,636
407.00	IT-Networking Services-Data Processing						
408.00	Engineering Services	113,854					113,854
409.00	General Government Buildings and Plant	118,941			12,019		130,960
Total General Government		434,080	25	128	123,338		557,571

Public Safety

410.00	Police	560,167					560,167
411.00	Fire	36,860					36,860
412.00	Ambulance / Rescue	17,500					17,500
413.00	UCC and Code Enforcement						

MACUNGIE BORO, LEHIGH 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	57,126						393,908	451,034
415.00	Emergency Management and Communications	559							559
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		672,212						393,908	1,066,120

Health and Human Services									
420.00- 425.00	Health and Human Services	1,025							1,025
Total Health and Human Services		1,025							1,025

Public Works - Sanitation									
426.00	Recycling Collection and Disposal	250							250
427.00	Solid Waste Collection and Disposal (garbage)				609,900				609,900
428.00	Weed Control								
429.00	Wastewater / Sewage Treatment and Collection				428,357				428,357
Total Public Works - Sanitation		250			1,038,257				1,038,507

Public Works - Highways and Streets									
430.00	General Services - Administration	106,039			14,156				120,195
431.00	Cleaning of Streets and Gutters	4,464							4,464
432.00	Winter Maintenance -- Snow Removal	1,292	5,568						6,860
433.00	Traffic Control Devices	12,843	3,597						16,440
434.00	Street Lighting		43,167						43,167

MACUNGIE BORO, LEHIGH 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	1,330					1,330
437.00	Repairs of Tools and Machinery						
438.00	Maintenance and Repairs of Roads and Bridges	4,705	7,500				12,205
439.00	Highway Construction and Rebuilding Projects	117,664					117,664
Total Public Works - Highways and Streets		248,337	59,832		14,156		322,325

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	6,915					6,915

MACUNGIE BORO, LEHIGH 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	26,132					26,132
457.00	Civil and Military Celebrations	4,211					4,211
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation	22,030					22,030
Total Culture and Recreation		59,288					59,288

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)	71,000			295,000		366,000
472.00	Debt Interest (short-term and long-term)	10,438			42,877		53,315
475.00	Fiscal Agent Fees						
Total Debt Service		81,438			337,877		419,315

Employer Paid Benefits and Withholding Items							
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	33,908			25,764		59,672
482.00	Judgments and Losses						
483.00	Pension / Retirement Fund Contributions	92,927					92,927

MACUNGIE BORO, LEHIGH 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	17,426			4,058		21,484
487.00	Other Group Insurance Benefits	97,788			49,790		147,578
Total Employer Paid Benefits and Withholding Items		242,049			79,612		321,661

Insurance

486.00	Insurance, Casualty, and Surety	17,221			1,720		18,941
Total Insurance		17,221			1,720		18,941

Unclassified Operating Expenditures

488.00	Fiduciary Fund Benefits and Refunds Paid					167,377	167,377
489.00	All Other Unclassified Expenditures					35,289	35,289
Total Unclassified Operating Expenditures						202,666	202,666

Other Financing Uses

491.00	Refund of Prior Year Revenues						
492.00	Interfund Operating Transfers	53,571			27,681		81,252
493.00	All Other Financing Uses						
Total Other Financing Uses		53,571			27,681		81,252

TOTAL EXPENDITURES

1,809,471	59,857	128		1,622,641		596,574	4,088,671
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES

396,070	28,651	23,955		216,541		238,194	903,411
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MACUNGIE 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											
General Obligation Note 2021	Note	2021	2028	3,000,000	2,322,000		366,000		1,956,000		1,956,000
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	1,956,000
Capitalized lease obligations	0
Net debt	1,956,000

MACUNGIE BORO, LEHIGH County
STATEMENT OF CAPITAL EXPENDITURES
December 31, 2023

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government		75,700	75,700
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	51,329		51,329
Recreation			
Sewer			
Solid Waste			
Streets / Highways	7,012		7,012
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	58,341	75,700	134,041

EMPLOYEE COMPENSATION

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

977,307

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Paul G. Mack, CPA Appointed Auditor/CPA

December 31, 2023

NOTES / COMMENTS