

BOROUGH OF IRWIN

IRWIN, PENNSYLVANIA

**FINANCIAL STATEMENTS – CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

BOROUGH OF IRWIN
YEAR ENDED DECEMBER 31, 2022

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Zelenkofske Axelrod LLC
CERTIFIED PUBLIC ACCOUNTANTS
EXPERIENCE | EXPERTISE | ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

To the Members of Council
Borough of Irwin
Irwin, Pennsylvania 15642

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis balance sheet, statement of revenues and expenditures and statement of capital expenditures and employee compensation, and the related notes to the financial statements (the "financial statements"), of the Borough of Irwin, which are included in the Pennsylvania Department of Community and Economic Development's (DCED) prescribed form as of December 31, 2022, for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis assets, liabilities, and fund balances of the Borough of Irwin, as of December 31, 2022, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions of the Pennsylvania Department of Community and Economic Development's prescribed form as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Irwin 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.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting in the Pennsylvania Department of Community and Economic Development's (DCED) prescribed form, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



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Members of Council
Borough of Irwin
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Responsibilities of Management for the Financial Statements

Borough of Irwin's management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 opinions. 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 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, 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 Irwin'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 the Borough of Irwin'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.



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Members of Council
Borough of Irwin
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Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Borough's financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance- Cash Basis – Budget and Actual – General Fund on page 32, Schedule of Revenues, Expenditures, and Changes in Fund Balance-Cash Basis-Budget and Actual-Liquid Fuels Fund on page 33, the combining special revenue fund financial statements on pages 34 through 35, the proprietary fund financial states on pages 36 through 37, and the combining fiduciary fund statements on pages 38 through 39, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

December 7, 2023
Greensburg, Pennsylvania

2022 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

650693 IRWIN BORO, WESTMORELAND COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

IRWIN BORO, WESTMORELAND County BALANCE SHEET December 31, 2022

	Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		General Fixed Assets	General Long Term Debt	
Assets and Other Debits										
100-120 Cash and Investments	967,133	491,126	565,921	15	366,455		1,939,679			4,330,329
140-144 Tax Receivable										
121-129, 145-149 Accounts Receivable (excluding taxes)										
130-00 Due From Other Funds										
131-139, 150-159 Other Current Assets										
160-169 Fixed Assets								10,133,709		10,133,709
180-189 Other Debits									2,239,216	2,239,216
Total Assets and Other Debits	967,133	491,126	565,921	15	366,455		1,939,679	10,133,709	2,239,216	16,703,254

Liabilities and Other Credits										
210-229 Payroll Taxes and Other Payroll Withholdings	99									99
200-209, 231-239 All Other Current Liabilities	11,590									11,590
230-00 Due To Other Funds										

IRWIN BORO, WESTMORELAND County
BALANCE SHEET
December 31, 2022

	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									1,969,005	1,969,005
240-259									270,211	270,211
Total Liabilities and Other Credits	11,689								2,239,216	2,250,905
Fund and Account Group Equity										
281-284										
290.00								10,133,709		10,133,709
270-289	955,444	491,126	565,921	15	366,455		1,939,679			4,318,640
291-299										
Total Fund and Account Group Equity	955,444	491,126	565,921	15	366,455		1,939,679	10,133,709		14,452,349

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											16,703,254
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IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2022

	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

REVENUES

Taxes								
301.00	Real Estate Taxes	659,808	28,747					688,555
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	10,556						10,556
310.10	Real Estate Transfer Taxes	51,396						51,396
310.20	Earned Income Taxes / Wage Taxes	548,924						548,924
310.30	Business Gross Receipts Taxes	126,696						126,696
310.40	Occupation Taxes (levied under Act 511)	13,628						13,628
310.50	Local Services Tax **	63,325						63,325
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes	1,320						1,320
310.90	Other: _____							
	Other: _____							
Total Taxes		1,475,653	28,747					1,504,400

Licenses and Permits								
320-322	All Other Licenses and Permits	11,780						11,780
321.80	Cable Television Franchise Fees	79,746						79,746
Total Licenses and Permits		91,526						91,526

Fines and Forfeits								
330-332	Fines and Forfeits	24,692						24,692
Total Fines and Forfeits		24,692						24,692

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	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	4,346	1,606	2,769	1,246		9,967
342.00	Rents and Royalties	21,000					21,000
	Total Interest, Rents and Royalties	25,346	1,606	2,769	1,246		30,967

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		196,560				196,560
353.00	Federal Payments in Lieu of Taxes						
	Total Federal		196,560				196,560

State							
354.03	Highways and Streets	82,992		139,393			222,385
354.09	Community Development						
354.15	Recycling / Act 101						
354.00	All Other State Capital and Operating Grants						
355.01	Public Utility Realty Tax (PURTA)	1,447					1,447
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		119,618				119,618
355.04	Alcoholic Beverage Licenses	2,050					2,050
355.05	General Municipal Pension System State Aid					74,383	74,383
355.07	Foreign Fire Insurance Tax Distribution	20,491					20,491
355.08	Local Share Assessment/Gaming Proceeds						
355.09	Marcellus Shale Impact Fee Distribution			6,324			6,324

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only
106,980	119,618	145,717				74,383	446,698

REVENUES

State		
355.00	All Other State Shared Revenues and Entitlements	
356.00	State Payments in Lieu of Taxes	
	Total State	
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	29,950
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	357
	Total Local Government Units	30,307

Charges for Service									
361.00	General Government	7,761							7,761
362.00	Public Safety	180,595							180,595
363.20	Parking	49,992							49,992
363.00	All Other Charges for Highway & Street Services								
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	1,610,703							1,610,703
364.30	Solid Waste Collection and Disposal Charge (trash)	649,930							649,930
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	7,870				14,650			22,520
368.00	Airports								

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

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

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	229					229
Total Charges for Service		2,507,080		14,650			2,521,730

Unclassified Operating Revenues							
383.00	Special Assessments						
386.00	Escheats (sale of personal property)						
387.00	Contributions and Donations from Private Sectors	22,206					22,206
388.00	Fiduciary Fund Pension Contributions					15,137	15,137
389.00	All Other Unclassified Operating Revenues	15,566					15,566
Total Unclassified Operating Revenues		15,566	22,206			15,137	52,909

Other Financing Sources							
391.00	Proceeds of General Fixed Asset Disposition	126					126
392.00	Interfund Operating Transfers		372,187	156,226	464,391		992,804
393.00	Proceeds of General Long-Term Debt						
394.00	Proceeds of Short Term-Debt						

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

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

REVENUES

Other Financing Sources							
395.00	Refunds of Prior Year Expenditures	28,703					28,703
Total Other Financing Sources							
		28,829	372,187	156,226	464,391		1,021,633

TOTAL REVENUES	4,305,979	740,924	304,712	480,287		89,520	5,921,422
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EXPENDITURES

General Government							
400.00	Legislative (Governing) Body	275,053			32		275,085
401.00	Executive (Manager or Mayor)	56,155					56,155
402.00	Auditing Services / Financial Administration	9,513					9,513
403.00	Tax Collection	44,812					44,812
404.00	Solicitor / Legal Services						
405.00	Secretary / Clerk						
406.00	Other General Government Administration						
407.00	IT-Networking Services-Data Processing	4,327					4,327
408.00	Engineering Services						
409.00	General Government Buildings and Plant	40,283					40,283
Total General Government							
		430,143			32		430,175

Public Safety							
410.00	Police	561,878		46,875			608,753
411.00	Fire	96,340					96,340
412.00	Ambulance / Rescue						
413.00	UCC and Code Enforcement	47,622					47,622

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2022

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

EXPENDITURES

Public Safety							
414.00	Planning and Zoning	4,880					4,880
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	3,155					3,155
Total Public Safety		713,875	46,875				760,750

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)	553,230					553,230
428.00	Weed Control						
429.00	Wastewater / Sewage Treatment and Collection	941,743					941,743
Total Public Works - Sanitation		1,494,973					1,494,973

Public Works - Highways and Streets							
430.00	General Services - Administration	388,705	6,682				395,387
431.00	Cleaning of Streets and Gutters						
432.00	Winter Maintenance -- Snow Removal	74,942					74,942
433.00	Traffic Control Devices	10,014					10,014
434.00	Street Lighting	51,665					51,665

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	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	262,578	239,040				501,618
439.00	Highway Construction and Rebuilding Projects						
	Total Public Works - Highways and Streets	525,326	245,722				1,033,626

Other Public Works Enterprises							
440.00	Airports						
441.00	Cemeteries						
442.00	Electric System						
443.00	Gas System						
444.00	Markets						
445.00	Parking	20,364					20,364
446.00	Storm Water and Flood Control	2,464			1,067		3,531
447.00	Transit System	5,644					5,644
448.00	Water System						
449.00	Water Transport and Terminals						
	Total Other Public Works Enterprises	28,472			1,067		29,539

Culture and Recreation							
451.00	Culture-Recreation Administration	3,000			2,720		5,720
452.00	Participant Recreation						
453.00	Spectator Recreation						
454.00	Parks	40,318					40,318

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2022

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

EXPENDITURES

Culture and Recreation							
455.00	Shade Trees						
456.00	Libraries						
457.00	Civil and Military Celebrations						
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
	Total Culture and Recreation	43,318		2,720			46,038

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)	150,000	263,979				413,979
472.00	Debt Interest (short-term and long-term)	1,192	60,209				61,401
475.00	Fiscal Agent Fees						
	Total Debt Service	151,192	324,188				475,380

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						

IRWIN BORO, WESTMORELAND County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2022

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

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							

Insurance							
486.00	Insurance, Casualty, and Surety	73,858					73,858
Total Insurance							
		73,858					73,858

Unclassified Operating Expenditures							
488.00	Fiduciary Fund Benefits and Refunds Paid					87,977	87,977
489.00	All Other Unclassified Expenditures		790			24,291	25,081
Total Unclassified Operating Expenditures							
			790			112,268	113,058

Other Financing Uses							
491.00	Refund of Prior Year Revenues	2,777					2,777
492.00	Interfund Operating Transfers	620,617	48,000		324,187		992,804
493.00	All Other Financing Uses					277,424	277,424
Total Other Financing Uses							
		623,394	48,000		324,187	277,424	1,273,005

TOTAL EXPENDITURES							
		4,084,551	586,766	341,387	328,006	389,692	5,730,402

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES							
		221,428	154,158	-36,675	152,281	-300,172	191,020

IRWIN BORO

December 31, 2022

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											
Revenue Bonds and Notes											
Tax Anticipation Note 2022	Note	2021	2022	150,000	150,000		150,000		0		0
Lease Rental Debt											
Other											
PennVest Loan #74133	Note	2007	2027	768,000	262,237		41,453		220,784		220,784
PennVest Loan #P330000770-102	Note	2008	2028	5,250,000	2,240,958		222,526		2,018,432		2,018,432

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding

2,239,216

Capitalized lease obligations

0

Net debt

2,239,216

IRWIN BORO, WESTMORELAND County
STATEMENT OF CAPITAL EXPENDITURES
December 31, 2022

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police	35,124		35,124
Recreation			
Sewer			
Solid Waste			
Streets / Highways	6,682		6,682
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	41,806		41,806

EMPLOYEE COMPENSATION

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

754,916

ELECTED CONTROLLER'S/AUDITOR'S 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 IRWIN BORO have audited, adjusted and settled the various funds and account groups of the IRWIN BORO for the year ended December 31, 2022. 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.

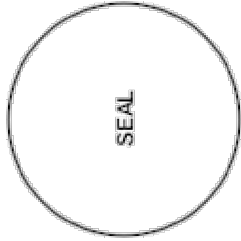
These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In my/our opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the municipality of IRWIN BORO for the year ended December 31, 2022, and the results of operations of such funds in accordance with the law.

SIGNATURE AND VERIFICATION

Signed: Zelenkofske Axelrod LLC Appointed Auditor/CPA

Subscribed and sworn to before me this 29 day of March, 2023.



Signed: _____
Witness (Controller)/Auditor (Auditors)

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

The Borough of Irwin is incorporated under the laws of the Commonwealth of Pennsylvania. The Borough operates under a Mayor-Council form of government. The Borough provides the following services: public safety, streets, health and social services, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services. The Borough regularly maintains its books on the cash receipts and disbursements method. The Borough has not made any provisions for uncollectible taxes, as all real estate taxes unpaid by the due date are liened and will be collected.

A. Reporting Entity

Consistent with the guidance contained in GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*", the criteria used by the Borough to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Borough reviews the applicability of the following criteria.

The Borough is financially accountable for:

- a. Organizations that make up the legal Borough entity.
- b. Legally separate organizations if the Borough's officials appoint a voting majority of the organization's governing body and the Borough is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Borough as defined below:

Impose Its Will – If the Borough can significantly influence the programs, projects, or activities of, or the level of services performed or provided by the organization.

Financial Benefit or Burden – Exists if the Borough (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

- c. Organizations that are fiscally dependent on the Borough. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issued bonded debt without approval by the Borough.

Based upon the application of these criteria, the Borough of Irwin has no component units, and the reporting entity is all inclusive.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

B. Basis of Presentation

Governmental Fund Types

General Fund – The General Fund is the general operating fund of the Borough. It is used to account for all activities except those required to be accounted for in another fund.

Capital Projects Fund - Capital Projects funds are used to account for financial resources to be used for the acquisition of capital assets other than those financed by proprietary fund types.

Debt Service Fund - Debt Service funds are used to account for resources set aside to pay interest and principal on long-term debt.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.

<u>Fund</u>	<u>Description</u>
Liquid Fuels	Liquid Fuels funds are used to account for revenues and expenditures of state liquid fuels grant funds.
Neighborhood Association And Recreation Board	Accounts for revenues and expenditures used for recreation program in the Borough
Phase I Combined Sewer Separation Project	Accounts for expenditures used for sewer repairs and replacement.
Phase II and III Combined Sewer Separation Project	Accounts for expenditures used for sewer repairs and replacement.
CARES Act Fund	Accounts for revenues and expenditures of CARES Act funding.
Irwin VFD Real Estate Fund	Accounts for the collection of real estate taxes collected for the purpose of supporting the volunteer fire department.

Proprietary Fund Types

Enterprise Funds – Enterprise Funds are used to account for activities in which the governing body intends that the costs of providing goods or services will be recovered primarily through user charges or where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, managerial control, accountability, or other purposes.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

B. Basis of Presentation (Continued)

Fiduciary Fund Types

The Fiduciary Funds function to account for the activities related to the Police and Employees' Pension Funds which are held for the benefit of employees and retirees. These funds are restricted as to their use and are not available to the Borough to finance its operations.

C. Basis of Accounting

All governmental, proprietary, and fiduciary funds of the Borough demonstrate compliance with the cash basis and budget laws of Pennsylvania. The cash basis method of accounting, which is another comprehensive basis of accounting, recognizes receipts as revenues when cash or its equivalent is actually received rather than when earned, and recognizes a purchase for goods acquired or a service rendered to the Borough as an expenditure when the goods or services are actually paid for rather than when incurred. Accordingly, the accounting policies of the Borough do not conform to generally accepted accounting principles as applicable to governments and as promulgated by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The Borough did not adopt the accounting and recording model under GASB 34. In the future, implementation of GASB 34 will require prior period adjustments and the effect could be material.

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

The Borough of Irwin maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments" under each fund's caption. For deposits, custodial credit risk is the risk that, in the event of bank failure, the Borough's deposits may not be returned to it. The Borough's deposits are in two financial institutions and are carried at cost plus accrued interest.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

D. Assets, Liabilities, and Net Position or Fund Balance (CONTINUED)

Cash and Cash Equivalents (Continued)

Custodial Credit Risk - For deposits custodial credit risk is the risk that in the event of the failure of the counterparty, the Borough will be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2022, the Borough's cash balances were \$2,390,650 and its bank balances were \$2,573,287. Of these bank balances, \$250,000 was insured by the FDIC, \$70,443 was in an external investment pool through PLGIT, and \$2,252,844 was collateralized with securities held by the pledging financial institutions, or by their trust departments or agents, but not in the Borough's name.

The Borough uses an external investment pool to ensure safety and to maximize efficiency, liquidity, and yield for Borough funds. At December 31, 2022, PLGIT carried an AAAM rating with an average maturity of less than one year. PLGIT separately issues audited financial statements that are available to the public. The fair value of the Borough's position in the external investment pool is equivalent to the value of the pool shares and amounted to \$70,443 as of December 31, 2022. The Commonwealth of Pennsylvania provides external regulatory oversight of the external investment pool.

Investments

Custodial Credit Risk – Investments: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Borough has no investments subject to custodial credit risk.

Credit Risk - The Borough has no investment policy that would limit its choices to certain credit ratings. As of December 31, 2022, the Borough had investments concerning the Fiduciary Fund.

Concentration of Credit Risk – Investments: Investments totaling \$1,939,679 are reported by the Borough in the Fiduciary Funds. These investments are held in a trust at the Pennsylvania State Association of Borough's Municipal Retirement Trust for the Borough of Irwin Employees' and Police Retirement Plan. For further information concerning these investments, see Note 7.

Property Taxes

Taxes are levied on March 1 and are due and payable at that time. All unpaid taxes levied on March 1 become delinquent December 31 of the same year. Borough property tax revenues are recognized when received. Property taxes delinquent as of December 31 are passed on to Westmoreland County for collection.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

D. Assets, Liabilities, and Net Position or Fund Balance (CONTINUED)

Compensated Absences

As of December 31, 2022, the Borough's policy on compensated absences is that unused sick and vacation time do not accumulate. Consequently, sick and vacation time are expensed when used by employees and the Borough has not established an accrual for compensated absences.

Budgets

The Borough budget must be officially enacted before December 31 preceding the new year. The proposed budget shall be made available for public inspection for a period of ten days.

The Council in its reasonable discretion may, in any year, by motion, modify the budget after its final adoption. New appropriations, supplementary appropriations, and transfers from one appropriation to another may be made during the fiscal year, either before or after the expenditure is authorized or ratified after the expenditure is made, provided it is within the current year's revenues, or the money, therefore promptly made available through borrowing, as allowed by law. The Borough budget is prepared and presented on the cash basis.

Expenditures for sanitation and highways and streets, culture and recreation exceeded the budgeted amount; however, these overages were absorbed by surpluses in other areas and higher than expected tax, intergovernmental and charges for services revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 2: CAPITAL ASSETS

Capital asset purchases are expensed when paid and retirements are recorded as revenue to the extent cash is received upon disposition.

The following is a schedule of capital assets of the Borough of Irwin. The capital assets acquired prior to 2003 are valued at appraisal value as determined by Industrial Appraisals for 2002. Capital assets acquired after 2002 are recorded at cost.

	Balance 12/31/21	Additions	Disposals	Balance 12/31/22
Buildings	\$ 2,058,872	\$ -	\$ -	\$ 2,058,872
Equipment	799,945	41,806	(5,000)	836,751
Infrastructure	<u>7,238,086</u>	<u>-</u>	<u>-</u>	<u>7,238,086</u>
Total	<u>\$ 10,096,903</u>	<u>\$ 41,806</u>	<u>\$ (5,000)</u>	<u>\$ 10,133,709</u>

NOTE 3: SHORT TERM DEBT

In December 2021, the Borough Council authorized the Borough to enter into a loan agreement with S&T Bank for a tax anticipation note for the year ended December 31, 2022. The note had an interest rate of 2.75% and was paid in full in April 2022.

In December 2022, the Borough Council authorized the Borough to enter into a loan agreement with S&T Bank for a tax anticipation note for the year ended December 31, 2023. The note has an interest rate of 5%, and the final payment is due on December 31, 2023. The note proceeds were not received until January 2023, and therefore is not reflected in the financial statements.

The following schedule represents activity affecting short term debt during 2022:

	Balance January 1, 2022	New Issues	Principal Repaid	Balance December 31, 2022
Note Payable S&T Bank-2022	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>
Total	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 4: LONG TERM DEBT

The following schedule represents activity affecting long term debt during 2022:

	Balance January 1, 2022	New Issues	Principal Repaid	Balance December 31, 2022	Amounts Due Within One Year
PennVest Loan #74133	\$ 262,237	\$ -	\$ 41,453	\$ 220,784	\$ 42,434
PennVest Loan #P33000770-102	<u>2,240,958</u>	<u>-</u>	<u>222,526</u>	<u>2,018,432</u>	<u>227,777</u>
Total	<u>\$ 2,503,195</u>	<u>\$ -</u>	<u>\$ 263,979</u>	<u>\$ 2,239,216</u>	<u>\$ 270,211</u>

The following represents the Borough's future debt service requirements.

Year Ended December 31,	Principal	Interest	Total
2023	\$ 270,211	\$ 53,976	\$ 324,187
2024	277,179	47,008	324,187
2025	284,326	39,861	324,187
2026	291,656	32,531	324,187
2027	299,177	25,010	324,187
2028-2030	<u>816,667</u>	<u>35,387</u>	<u>852,054</u>
Total Debt	<u>\$ 2,239,216</u>	<u>\$ 233,773</u>	<u>\$ 2,472,989</u>

General long-term debt of the Borough of Irwin consists of the following:

On September 13, 2006, the Borough entered into loan agreement Number 74133 with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the sum of \$768,000. The terms of the loan call for 240 consecutive monthly installments. Sixty principal and interest installments beginning January 1, 2008, of \$3,628.06 through December 31, 2012, at an annual interest rate of 1.278 percent. The remaining one hundred eighty (180) installments will bear interest at 2.556 percent. At December 31, 2022, the outstanding balance was:

\$ 220,784

On August 13, 2008, the Borough Council authorized the Borough to enter into a loan agreement with the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the sum of \$5,250,000. The terms of the loan will call for 240 consecutive payments. The first sixty (60) installments will bear interest at 1.274 percent and the remaining installments will bear interest at 2.547 percent. At December 31, 2022, the outstanding balance was:

2,018,432

\$ 2,239,216

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 5: INTERFUND OPERATING TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Fund Types</u>		
General Fund	\$ -	\$ 620,617
Capital Projects Fund	156,226	48,000
Liquid Fuels Fund	48,000	-
Phase I Combined Sewer Project Fund	47,650	-
Phase II and III Combined Sewer Project Fund	276,537	-
Irwin Recreation Board	-	-
Total Governmental Funds	<u>\$ 528,413</u>	<u>\$ 668,617</u>
<u>Proprietary Fund Types</u>		
Sewer Project Fund	\$ 464,391	\$ 324,187
Total Proprietary Funds	<u>\$ 464,391</u>	<u>\$ 324,187</u>
Total Interfund Transfers	<u>\$ 992,804</u>	<u>\$ 992,804</u>

NOTE 6: LEGAL MATTERS

The Borough of Irwin is involved in various legal matters in the normal course of business of a local municipality. None of the aforementioned legal matters require contingency disclosure in the December 31, 2022, financial statements.

NOTE 7: PENSION PLANS

Plan Description

The Borough has two single-employer defined benefit pension plans: The Police Pension Plan and the Employee Pension Plan. The Police Pension Plan was established by Ordinance No. 3-1958, effective May 12, 1958, (adopted pursuant to Act 600 of 1956) and entered into a Joinder Agreement with Pennsylvania State Association of Borough's Municipal Retirement Trust (PSABMRT) dated June 2, 1986. The Employee Pension Plan was established January 1, 1984, and entered into a Joinder Agreement with PSABMRT dated December 28, 1990. Both plans are governed by Borough Council of the Borough of Irwin which may amend plan provisions, and which is responsible for the management of each plan's assets. The Borough Council has delegated the Authority to manage certain Plan assets to the PSABMRT for both plans.

The Plans are administered by the Pennsylvania State Association of Borough's Municipal Retirement Trust and are not considered Pension Trust Funds of the Borough of Irwin. Accordingly, these plans are not presented in the Borough's financial statements as Pension Trust Funds.

As a result of the Borough's cash basis method of accounting, the new accounting and reporting model for pensions, GASB Statements 67 and 68 were not adopted. In the future, implementation of GASB 67 and 68 will require prior period adjustments and the effect could be material.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 7: PENSION PLANS (CONTINUED)

Plan Memberships

As of December 31, 2021, the date of the most recent actuarial report, membership in the plans consisted of the following:

	<u>Police Plan</u>	<u>Employee Plan</u>
Active employees	6	7
Retirees and beneficiaries currently receiving benefits	2	3
Terminated employees entitled to benefits but not yet receiving them	-	-
	<u>8</u>	<u>10</u>

Benefit Provisions

The Plans pay benefits in the event of death, disability or retirement of participants who meet the eligibility requirements.

Police Pension benefits are calculated as 50 percent of final monthly average salary averaged over the last 36 months of employment. Participants hired after June 1, 1998, also receive a service increment equal to \$100 per month for service in excess of 25 years, up to a maximum of \$500 per month. Killed in Service benefits are calculated at 50% of retirement benefit. Disability benefits are calculated as the greater of 50% of the members salary at the date of disability less Social Security disability benefit for the same injury or 50% of the final monthly average salary less Social Security disability benefit for the same injury.

Employee pension benefits are calculated as 1.8 percent of compensation averaged over the last 36 months of employment, multiplied by years of credited service. Years of credited service are limited to a maximum of 25 years.

Summary of Significant Accounting Policies

1. Basis of Accounting

Both plans' statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period when they are due.

2. Valuation of Investments

Plan investments are listed at fair value as reported by the PSABMRT.

3. Contributions

Act 205 requires that annual contributions be based upon the Plan's minimum municipal obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation.

Employees covered under the Employee Pension Plan are required to contribute 5.0 percent of covered payroll to the Plan, which is currently eliminated. The contribution is governed by the Plan's governing ordinances and collective bargaining. Active members may elect to contribute up to 10 percent of wages.

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 7: PENSION PLANS (CONTINUED)

Employees covered under the Police Pension Plan are required to contribute 5.0 percent of covered payroll to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining. Full-time employees are currently not required to contribute to the plan.

Both plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO are excess of employee contributions and State Aid must be funded by the Borough.

Administrative fees which may include, but are not limited to, investment management fees and actuarial services are charged to the Plan and funded through the MMO and/or Plan earnings.

Contributions Required and Contributions Made

The actuarial computed minimum municipal obligation of contributions required to the pension plans for 2022 was \$54,298 for the Police Pension Plan and \$20,085 for the Employee Pension Plan. Actual contributions made for the year ended December 31, 2022, were as follows:

	<u>Police Pension Plan</u>	<u>Employee Pension Plan</u>
Employee	\$ -	\$ 15,137
Borough of Irwin	-	-
State	<u>54,298</u>	<u>20,085</u>
Total Contributions to the Plans	<u>\$ 54,298</u>	<u>\$ 35,222</u>

Police Pension Plan
Schedule of Funding Progress

Actual Valuation Date	Actuarial Accrued Value of Assets (a)	Unfunded Liability (UAAL) Entry Age (b)	AAL— (UAAL) (b-a)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2011	\$ 1,065,345	\$ 1,143,393	\$ 87,048	92.40%	\$ 124,323	70.00%
1/1/2013	927,083	1,081,218	154,135	85.70%	117,298	131.40%
1/1/2015	931,416	1,067,973	136,557	87.20%	153,393	89.02%
1/1/2017	969,084	1,213,588	244,504	79.90%	197,031	124.10%
1/1/2019	979,342	1,309,445	330,103	74.80%	223,530	147.70%
1/1/2021	1,203,390	1,072,019	(131,371)	112.30%	145,431	(90.30)%

Note: Cash value of life insurance is not reflected in Actuarial Value of Assets or Actuarial Accrued Liability

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 7: PENSION PLANS (CONTINUED)

Police Pension Plan
Schedule of Contributions from Employer
and Other Contributing Entities

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2014	\$ 36,984	112%
2015	59,870	100%
2016	60,371	100%
2017	63,089	100%
2018	78,028	100%
2019	85,602	100%
2020	98,872	100%
2021	106,956	100%
2022	54,298	101%

Employee Pension Plan
Schedule of Funding Progress

<u>Actual Valuation Date</u>	<u>Actuarial Accrued Value of Assets (a)</u>	<u>Unfunded Liability (UAAL) Entry Age (b)</u>	<u>AAL— (UAAL) (b-a)</u>	<u>Funded Ratio (b/a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a/c)</u>
1/1/2011	\$ 444,325	\$ 503,940	\$ 59,705	88.20%	\$ 162,917	33.60%
1/1/2013	478,609	511,847	33,238	93.50%	190,599	17.40%
1/1/2015	570,796	548,736	(22,060)	104.00%	199,201	(11.10)%
1/1/2017	655,035	634,501	(20,534)	103.20%	174,978	(11.70)%
1/1/2019	657,203	658,631	1,428	99.80%	207,168	00.70%
1/1/2021	740,937	682,205	(58,732)	108.60%	251,215	(23.40)%

Employee Pension Plan
Schedule of Contributions from Employer
and Other Contributing Entities

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 23,564	100%
2014	21,617	100%
2015	22,130	100%
2016	11,976	100%
2017	11,749	100%
2018	21,763	185%
2019	12,248	100%
2020	19,811	100%
2021	25,625	100%
2022	20,085	100%

BOROUGH OF IRWIN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022
(CONTINUED)

NOTE 7: PENSION PLANS (CONTINUED)

4. Actuarial Valuations and Other Inputs

	<u>Police Pension Plan</u>	<u>Employee Pension Plan</u>
Actuarial valuation date	January 1, 2021	January 1, 2021
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	N/A	N/A
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	6.75 percent	6.75 percent
Projected salary increases	4.50 percent	4.50 percent
Includes inflation at	2.75 percent	2.75 percent

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using MP-2020..

NOTE 8 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, September XX, 2023. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

BOROUGH OF IRWIN
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CASH BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Cash Basis)	Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 1,400,390	\$ 1,400,390	\$ 1,475,653	\$ 75,263
Licenses and Permits	121,800	121,800	91,526	(30,274)
Fines and Forfeits	27,100	27,100	24,692	(2,408)
Interest, Rents and Royalties	21,150	21,150	25,346	4,196
Intergovernmental Revenues	113,100	113,100	137,287	24,187
Charges for Services	2,329,100	2,329,100	2,507,080	177,980
Miscellaneous Revenues	<u>10,000</u>	<u>10,000</u>	<u>15,566</u>	<u>5,566</u>
Total Revenue	<u>4,022,640</u>	<u>4,022,640</u>	<u>4,277,150</u>	<u>254,510</u>
Expenditures:				
General Government	641,436	641,436	430,143	211,293
Public Safety	721,681	721,681	713,875	7,806
Public Works:				
Sanitation	1,452,890	1,452,890	1,494,973	(42,083)
Highways and Streets	486,072	486,072	525,326	(39,254)
Other Public Works Enterprises	30,190	30,190	28,472	1,718
Culture and Recreation	38,250	38,250	43,318	(5,068)
Insurance	96,800	96,800	73,858	22,942
Debt Service:				
Principal	150,000	150,000	150,000	-
Interest	<u>1,600</u>	<u>1,600</u>	<u>1,192</u>	<u>408</u>
Total Expenditures	<u>3,618,919</u>	<u>3,618,919</u>	<u>3,461,157</u>	<u>157,762</u>
Excess Revenue Over Expenditures	<u>403,721</u>	<u>403,721</u>	<u>815,993</u>	<u>412,272</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenses	21,000	21,000	28,703	7,703
Proceeds of General Fixed Asset Disposition	-	-	126	126
Tax Anticipation Note Proceeds	150,000	150,000	-	(150,000)
Refund of Prior Year Revenues	(96,000)	(96,000)	(2,777)	93,223
Operating Transfers Out	<u>(449,992)</u>	<u>(449,992)</u>	<u>(620,617)</u>	<u>(170,625)</u>
Total Other Financing Sources (Uses)	<u>(374,992)</u>	<u>(374,992)</u>	<u>(594,565)</u>	<u>(219,573)</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	28,729	28,729	221,428	192,699
Fund Balance, January 1, 2022	<u>734,016</u>	<u>734,016</u>	<u>734,016</u>	-
Fund Balance, December 31, 2022	<u>\$ 762,745</u>	<u>\$ 762,745</u>	<u>\$ 955,444</u>	<u>\$ 192,699</u>

BOROUGH OF IRWIN
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CASH BASIS
 BUDGET AND ACTUAL - LIQUID FUELS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Cash Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenue:				
Interest, Rents and Royalties	\$ 800	\$ 800	\$ 1,391	\$ 591
Intergovernmental Revenues	<u>121,371</u>	<u>121,371</u>	<u>119,618</u>	<u>(1,753)</u>
Total Revenue	<u>122,171</u>	<u>122,171</u>	<u>121,009</u>	<u>(1,162)</u>
Expenditures:				
General Government	1,000	1,000	-	1,000
Public Works:				
Highways and Streets	<u>121,371</u>	<u>121,371</u>	<u>262,578</u>	<u>(141,207)</u>
Total Expenditures	<u>122,371</u>	<u>122,371</u>	<u>262,578</u>	<u>(140,207)</u>
Excess Expenditures Over Revenues	(200)	(200)	(141,569)	(141,369)
Other Financing Sources (Uses):				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>48,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>48,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	(200)	(200)	(93,569)	(93,369)
Fund Balance, January 1, 2022	<u>94,571</u>	<u>94,571</u>	<u>94,571</u>	<u>-</u>
Fund Balance, December 31, 2022	<u>\$ 94,371</u>	<u>\$ 94,371</u>	<u>\$ 1,002</u>	<u>\$ (93,369)</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
 COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS
 SPECIAL REVENUE FUNDS
 DECEMBER 31, 2022

	Liquid Fuels	Neighborhood Association and Recreation Board	Phase I Combined Sewer Separation Project	Phase II & III Combined Sewer Separation Project	CARES Act Fund	Irwin VFD Real Estate Tax Fund	Total
<u>Assets</u>							
Cash	\$ 1,002	\$ 43,295	\$ 56	\$ 75	\$ 392,501	\$ 54,197	\$ 491,126
Total Assets	<u>1,002</u>	<u>43,295</u>	<u>56</u>	<u>75</u>	<u>392,501</u>	<u>54,197</u>	<u>491,126</u>
<u>Fund Balance:</u>							
Fund Balance:							
Restricted	<u>1,002</u>	<u>43,295</u>	<u>56</u>	<u>75</u>	<u>392,501</u>	<u>54,197</u>	<u>491,126</u>
Total Fund Balance	<u>\$ 1,002</u>	<u>\$ 43,295</u>	<u>\$ 56</u>	<u>\$ 75</u>	<u>\$ 392,501</u>	<u>\$ 54,197</u>	<u>\$ 491,126</u>

BOROUGH OF IRWIN
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CASH BASIS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Liquid Fuels	Neighborhood Association and Recreation Board	Phase I Combined Sewer Separation Project	Phase II & III Combined Sewer Separation Project	CARES Act Fund	Irwin VFD Real Estate Tax Fund	Total
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,747	\$ 28,747
Interest, Rents and Royalties	1,391	162	-	-	-	53	1,606
Intergovernmental Revenues	119,618	-	-	-	196,560	-	316,178
Donations and Contributions from Private Sources	-	22,206	-	-	-	-	22,206
Total Revenue	121,009	22,368	-	-	196,560	28,800	368,737
Expenditures:							
Highways and Streets	262,578	-	-	-	-	-	262,578
Principal	-	-	41,453	222,526	-	-	263,979
Interest	-	-	6,198	54,011	-	-	60,209
Total Expenditures	262,578	-	47,651	276,537	-	-	586,766
Excess Revenue Over (Under) Expenditures	(141,569)	22,368	(47,651)	(276,537)	196,560	28,800	(218,029)
Other Financing Sources:							
Operating Transfers In	48,000	-	47,650	276,537	-	-	372,187
Total Other Financing Sources	48,000	-	47,650	276,537	-	-	372,187
Excess of Revenue and Other Financing Sources Over Expenditures and Other Uses	(93,569)	22,368	(1)	-	196,560	28,800	154,158
Fund Balance, January 1, 2022	94,571	20,927	57	75	195,941	25,397	336,968
Fund Balance, December 31, 2022	\$ 1,002	\$ 43,295	\$ 56	\$ 75	\$ 392,501	\$ 54,197	\$ 491,126

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2022

	H. Allshouse Recreation Fund	Civic Activities Committee	Sewer Project Fund	Total
Assets:				
Cash	\$ 60,379	\$ 19,137	\$ 286,939	\$ 366,455
Total Assets	<u>60,379</u>	<u>19,137</u>	<u>286,939</u>	<u>366,455</u>
Net Position:				
Unrestricted	-	19,137	-	19,137
Restricted	<u>60,379</u>	<u>-</u>	<u>286,939</u>	<u>347,318</u>
Total Net Position	<u>\$ 60,379</u>	<u>\$ 19,137</u>	<u>\$ 286,939</u>	<u>\$ 366,455</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	H. Allshouse Recreation Fund	Civic Activities Committee	Sewer Project Fund	Total
Operating Revenue:				
Charges for Service	\$ -	\$ 14,650	\$ -	\$ 14,650
Total Operating Revenues	<u>-</u>	<u>14,650</u>	<u>-</u>	<u>14,650</u>
Operating Expenses:				
General Government	-	32	-	32
Culture and Recreation	-	2,720	-	2,720
Public Works	-	-	1,067	1,067
Total Operating Expenses	<u>-</u>	<u>2,752</u>	<u>1,067</u>	<u>3,819</u>
Operating Income (Loss)	<u>-</u>	<u>11,898</u>	<u>(1,067)</u>	<u>10,831</u>
Nonoperating Revenue (Expenses):				
Interest	236	70	940	1,246
Operating Transfers In	-	-	464,391	464,391
Operating Transfers Out	-	-	(324,187)	(324,187)
Total Nonoperating Revenue (Expenses)	<u>236</u>	<u>70</u>	<u>141,144</u>	<u>141,450</u>
Changes in Net Position	236	11,968	140,077	152,281
Net Position, January 1, 2022	<u>60,143</u>	<u>7,169</u>	<u>146,862</u>	<u>214,174</u>
Net Position, December 31, 2022	<u>\$ 60,379</u>	<u>\$ 19,137</u>	<u>\$ 286,939</u>	<u>\$ 366,455</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
 COMBINED STATEMENT OF ASSETS, LIABILITIES,
 AND NET POSITION - CASH BASIS
 FIDUCIARY FUND TYPES
 DECEMBER 31, 2022

	<u>Employee Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
<u>Assets</u>			
Investments	\$ 693,276	\$ 1,246,403	\$ 1,939,679
Total Assets	<u>693,276</u>	<u>1,246,403</u>	<u>1,939,679</u>
<u>Net Position</u>			
Held in Trust For			
Pension Benefits	<u>693,276</u>	<u>1,246,403</u>	<u>1,939,679</u>
Total Net Position	<u>\$ 693,276</u>	<u>\$ 1,246,403</u>	<u>\$ 1,939,679</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION - CASH BASIS
 FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Employee Pension Fund</u>	<u>Police Pension Fund</u>	<u>Total</u>
Operating Revenues:			
Intergovernmental Revenues:			
State Shared Revenues	\$ 20,085	\$ 54,298	\$ 74,383
Other Revenues:			
Member Contributions	15,021	-	15,021
Municipal Contributions	<u>116</u>	<u>-</u>	<u>116</u>
Total Revenues	<u>35,222</u>	<u>54,298</u>	<u>89,520</u>
Operating Expenses:			
Benefits	47,877	40,100	87,977
Administration Fees	<u>14,676</u>	<u>9,615</u>	<u>24,291</u>
Total Expenses	<u>62,553</u>	<u>49,715</u>	<u>112,268</u>
Operating Income (Loss)	<u>(27,331)</u>	<u>4,583</u>	<u>(22,748)</u>
Nonoperating Revenues (Loss):			
Interest	2,030	3,543	5,573
Dividends	7,927	13,832	21,759
Unrealized Gain (Loss)	<u>(111,876)</u>	<u>(192,880)</u>	<u>(304,756)</u>
Total Nonoperating Revenues (Loss)	<u>(101,919)</u>	<u>(175,505)</u>	<u>(277,424)</u>
Changes in Net Position	(129,250)	(170,922)	(300,172)
Net Position, January 1, 2022	<u>822,526</u>	<u>1,417,325</u>	<u>2,239,851</u>
Net Position, December 31, 2022	<u>\$ 693,276</u>	<u>\$ 1,246,403</u>	<u>\$ 1,939,679</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF IRWIN
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022

2022-1 – CASH RECONCILIATIONS (MATERIAL WEAKNESS – OPERATING AND CONTROL DEFICIENCY)

CRITERIA

Proper controls over safeguarding Borough assets should be in place to detect and correct for any misstatements. Cash account reconciliations should be performed properly to ensure Borough accounts are correctly stated. The cash reconciliation process is designed to ensure the accuracy and completeness of recorded cash transactions, as well as to identify and resolve any discrepancies between the Borough's financial records and bank statements.

CONDITION

During our audit we identified the following items:

1. Two transactions that occurred in previous months were incorrectly posted twice. The process used to reconcile cash balances did not identify or correct the duplicates for several months.
2. Interfund transactions, used to transfer funds to record loan payments, were not posted during December. By the time the December cash reconciliation was prepared the January transactions were recorded. The January transactions were marked as cleared despite the differences in dates. In addition, the cash reconciliations reflected transactions from September as outstanding.

CAUSE

Per discussion with Borough staff, we discovered that the duplicate deposits were incorrectly posted due to an error. The Borough was aware that the number of loan payments did not match the loan records and that there appeared to be a problem with the reconciliation.

EFFECT OR POTENTIAL EFFECT

The effect was to overstate cash by approximately \$29,000 as of December 31, 2022. In addition, due to the difference in the date of the loan proceeds transaction, the Borough records did not correctly reflect the number of loan payments made, understating expenditures.

RECOMMENDATIONS

We recommend that cash reconciliations be reviewed by a second individual who would trace each transaction on the bank statement to the cash reconciliation. Any differences or discrepancies should be reviewed and corrected monthly. When preparing cash reconciliations, any transactions dated after the end of the month, or bank statement date, should not be cleared. This would help Borough staff to identify problems as they occur during the month.

MANAGEMENT RESPONSE

Management agrees with these recommendations.