



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR
WITH REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

CITY OF DELAWARE CITY
Delaware City, Delaware

Years Ended June 30, 2020 and 2019

CITY OF DELAWARE CITY, DELAWARE

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Report of Independent Auditor

To Mayor and City Council
City of Delaware City
Delaware City, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Delaware City, Delaware as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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 the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Delaware City, Delaware, as of June 30, 2020 and 2019, and the respective changes in financial position and where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, reported on pages 30 and 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or to provide any assurance. Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Delaware City, Delaware's financial statements. The combining fund financial statements, reported on pages 32 and 33, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate 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 combining fund financial statements 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 November 16, 2020 on our consideration of the City of Delaware City, Delaware'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 the City of Delaware City, Delaware's 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 the City of Delaware City's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, Mayor and members of Council, others within the City, the Office of the Governor, the Office of Controller General, Office of Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

Whisman Giordano & Associates, LLC

Newark, Delaware
November 16, 2020

Basic Financial Statements Section

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2020 and 2019

	2020				2019			
	Primary Government			Component Unit	Primary Government			Component Unit
	Activity Type			Delaware City	Activity Type			Delaware City
	Governmental	Business	Totals	Day Committee	Governmental	Business	Totals	Day Committee
ASSETS								
Current assets								
Cash and equivalents	\$ 333,239	\$ -	\$ 333,239	\$ 39,477	\$ 365,520	\$ -	\$ 365,520	\$ 39,502
Receivables, net of allowance:								
Property taxes	638	-	638	-	4,334	-	4,334	-
Accounts	-	75,411	75,411	-	-	85,215	85,215	-
Other	15,611	-	15,611	-	26,357	-	26,357	-
Due from other governments	116,151	-	116,151	-	105,733	-	105,733	-
Interfund receivable (payable)	8,261	(8,261)	-	-	-	-	-	-
Total current assets	473,900	67,150	541,050	39,477	501,944	85,215	587,159	39,502
Noncurrent assets								
Capital assets, net of depreciation:								
Nondepreciable	421,737	18,331	440,068	-	421,737	18,331	440,068	-
Depreciable	5,275,834	161,259	5,437,093	-	5,520,383	143,956	5,664,339	-
Total noncurrent assets	5,697,571	179,590	5,877,161	-	5,942,120	162,287	6,104,407	-
TOTAL ASSETS	6,171,471	246,740	6,418,211	39,477	6,444,064	247,502	6,691,566	39,502
DEFERRED OUTFLOWS OF RESOURCES								
Bond issue costs, net of amortization	-	8,978	8,978	-	-	10,376	10,376	-
LIABILITIES								
Current liabilities								
Line of credit	-	-	-	-	-	-	-	-
Accounts payable and other	36,447	4,276	40,723	-	113,260	-	113,260	-
Accrued interest payable	-	3,719	3,719	-	-	5,916	5,916	-
Current portion of long-term debt	92,940	31,704	124,644	-	85,969	37,462	123,431	-
Funds held in custody	54,247	-	54,247	-	75,012	-	75,012	-
Refundable advances and other deposits	56,388	15,208	71,596	-	87,922	16,008	103,930	-
Total current liabilities	240,022	54,907	294,929	-	362,163	59,386	421,549	-
Noncurrent liabilities								
Long-term debt, net of current portion	890,830	520,929	1,411,759	-	999,677	552,633	1,552,310	-
Long-term portion of compensated absences	19,643	-	19,643	-	19,643	-	19,643	-
Total noncurrent liabilities	910,473	520,929	1,431,402	-	1,019,320	552,633	1,571,953	-
TOTAL LIABILITIES	1,150,495	575,836	1,726,331	-	1,381,483	612,019	1,993,502	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-other	7,284	-	7,284	-	7,284	-	7,284	-
NET POSITION (LIABILITIES)								
Net investment in capital assets	4,713,801	(364,065)	4,349,736	-	4,856,474	(417,432)	4,439,042	-
Restricted for specific programs	88,995	-	88,995	39,477	71,189	-	71,189	39,502
Unrestricted	210,896	43,947	254,843	-	127,634	63,291	190,925	-
TOTAL NET POSITION	\$ 5,013,692	\$ (320,118)	\$ 4,693,574	\$ 39,477	\$ 5,055,297	\$ (354,141)	\$ 4,701,156	\$ 39,502

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component
		Charges for	Grants and Contributions		Activity Type			Unit
		Services	Operating	Capital	Governmental	Business	Totals	Delaware City Day Committee
GOVERNMENTAL ACTIVITIES								
General government	\$ 511,181	\$ 77,396	\$ -	\$ -	\$ (433,785)	\$ -	\$ (433,785)	\$ -
Code enforcement	9,514	5,080	-	-	(4,434)	-	(4,434)	-
Public safety-police	348,082	20,194	16,801	20,641	(290,446)	-	(290,446)	-
Public works-streets	62,142	-	-	49,593	(12,549)	-	(12,549)	-
Public works-sanitation	235,413	7,164	-	-	(228,249)	-	(228,249)	-
Parks and recreation	97,804	-	2,225	-	(95,579)	-	(95,579)	-
Community Center	58,665	-	56,166	135,206	132,707	-	132,707	-
Interest on long-term debt	25,258	-	-	-	(25,258)	-	(25,258)	-
Depreciation-unallocated	406,588	-	-	-	(406,588)	-	(406,588)	-
Total governmental activities	1,754,647	109,834	75,192	205,440	(1,364,181)	-	(1,364,181)	-
BUSINESS-TYPE ACTIVITIES								
Water system	275,328	293,772	-	-	-	18,444	18,444	-
Total business-type activities	275,328	293,772	-	-	-	18,444	18,444	-
TOTAL PRIMARY GOVERNMENT	2,029,975	403,606	75,192	205,440	(1,364,181)	18,444	(1,345,737)	-
DISCRETELY PRESENTED COMPONENT UNIT								
Delaware City Day Committee	51,128	4,053	47,050	-	-	-	-	(25)
TOTAL PRIMARY GOVERNMENT AND COMPONENT UNIT	\$2,081,103	\$ 407,659	\$ 122,242	\$ 205,440	(1,364,181)	18,444	(1,345,737)	(25)
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes					1,155,579	-	1,155,579	-
Cable franchise taxes					16,869	-	16,869	-
Investment earnings and rents					138,815	-	138,815	-
Gain from sale of capital assets					800	-	800	-
Miscellaneous revenues					10,513	15,579	26,092	-
Transfers between governmental, BT activities					-	-	-	-
Total general revenues and transfers					1,322,576	15,579	1,338,155	-
CHANGES IN NET POSITION					(41,605)	34,023	(7,582)	(25)
NET POSITION (LIABILITIES)								
Beginning of year					5,055,297	(354,141)	4,701,156	39,502
End of year					<u>\$5,013,692</u>	<u>\$ (320,118)</u>	<u>\$4,693,574</u>	<u>\$ 39,477</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Component
		Charges for	Grants and Contributions		Activity Type		Totals	Unit
		Services	Operating	Capital	Governmental	Business		Delaware City Day Committee
GOVERNMENTAL ACTIVITIES								
General government	\$ 520,474	\$ 80,224	\$ 44,134	\$ -	\$ (396,116)	\$ -	\$ (396,116)	\$ -
Code enforcement	22,366	7,575	-	-	(14,791)	-	(14,791)	-
Public safety-police	476,286	20,071	25,745	16,627	(413,843)	-	(413,843)	-
Public works-streets	86,100	-	-	296,347	210,247	-	210,247	-
Public works-sanitation	213,813	6,367	-	-	(207,446)	-	(207,446)	-
Parks and recreation	1,320,859	-	-	519,242	(801,617)	-	(801,617)	-
Community Center	61,563	-	61,563	15,000	15,000	-	15,000	-
Interest on long-term debt	18,529	-	-	-	(18,529)	-	(18,529)	-
Depreciation-unallocated	404,839	-	-	-	(404,839)	-	(404,839)	-
Total governmental activities	3,124,829	114,237	131,442	847,216	(2,031,934)	-	(2,031,934)	-
BUSINESS-TYPE ACTIVITIES								
Water system	283,709	321,661	-	-	-	37,952	37,952	-
Total business-type activities	283,709	321,661	-	-	-	37,952	37,952	-
TOTAL PRIMARY GOVERNMENT	3,408,538	435,898	131,442	847,216	(2,031,934)	37,952	(1,993,982)	-
DISCRETELY PRESENTED COMPONENT UNIT								
Delaware City Day Committee	68,730	14,550	51,290	-	-	-	-	(2,890)
TOTAL PRIMARY GOVERNMENT AND COMPONENT UNIT	\$3,477,268	\$ 450,448	\$ 182,732	\$ 847,216	(2,031,934)	37,952	(1,993,982)	(2,890)
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes					1,089,749	-	1,089,749	-
Cable franchise taxes					16,722	-	16,722	-
Investment earnings and rents					140,819	-	140,819	-
Gain from sale of capital assets					800	-	800	-
Miscellaneous revenues					9,714	8,438	18,152	-
Transfers between governmental, BT activities					50,073	(50,073)	-	-
Total general revenues and transfers					1,307,877	(41,635)	1,266,242	-
CHANGES IN NET POSITION					(724,057)	(3,683)	(727,740)	(2,890)
NET POSITION (LIABILITIES)								
Beginning of year					5,779,354	(350,458)	5,428,896	42,392
End of year					\$5,055,297	\$ (354,141)	\$4,701,156	\$ 39,502

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2020 and 2019

	2020			2019		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Totals	General	Special Revenue	Totals
ASSETS						
Cash and equivalents	\$ 234,615	\$ 98,624	\$ 333,239	\$ 285,337	\$ 80,183	\$ 365,520
Receivables, net of allowance:						
Property taxes	638	-	638	4,334	-	4,334
Other	15,611	-	15,611	26,357	-	26,357
Due from other governments	116,151	-	116,151	105,733	-	105,733
Interfund receivable (payable)	2,793	5,468	8,261	(2,460)	2,460	-
TOTAL ASSETS	<u>\$ 369,808</u>	<u>\$ 104,092</u>	<u>\$ 473,900</u>	<u>\$ 419,301</u>	<u>\$ 82,643</u>	<u>\$ 501,944</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and other	36,447	-	36,447	113,260	-	113,260
Funds held in custody	54,247	-	54,247	75,012	-	75,012
Refundable advances and other deposits	51,478	4,910	56,388	86,266	1,656	87,922
Total liabilities	<u>142,172</u>	<u>4,910</u>	<u>147,082</u>	<u>274,538</u>	<u>1,656</u>	<u>276,194</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-other	7,284	-	7,284	7,284	-	7,284
FUND BALANCES						
Restricted-specific programs	-	88,995	88,995	-	71,189	71,189
Committed-capital reserve	-	-	-	-	-	-
Committed-budget reserve	-	-	-	-	-	-
Assigned	-	10,187	10,187	-	9,798	9,798
Unassigned	220,352	-	220,352	137,479	-	137,479
Total fund balances	<u>220,352</u>	<u>99,182</u>	<u>319,534</u>	<u>137,479</u>	<u>80,987</u>	<u>218,466</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 369,808</u>	<u>\$ 104,092</u>	<u>\$ 473,900</u>	<u>\$ 419,301</u>	<u>\$ 82,643</u>	<u>\$ 501,944</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE

RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS

TO THE STATEMENTS OF NET POSITION

As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 319,534	\$ 218,466
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds. The cost of capital assets is \$10,458,835 and \$10,296,796 and the related accumulated depreciation is \$4,761,264 and \$4,354,676 for the periods presented.	5,697,571	5,942,120
Long-term obligations are not due and payable within the current period and, therefore are not reported as liabilities in the governmental fund types.		
Long-Term Debt Obligations	<u>2020</u>	<u>2019</u>
Current portion	\$ (92,940)	\$ (85,969)
Net of current portion	<u>(890,830)</u>	<u>(999,677)</u>
	(983,770)	(1,085,646)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.	<u>(19,643)</u>	<u>(19,643)</u>
Total net position-governmental activities	<u>\$5,013,692</u>	<u>\$5,055,297</u>

Accompanying notes are an integral
part of these financial statements

CITY OF DELAWARE CITY, DELAWARE

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

Years Ended June 30, 2020 and 2019

	2020			2019		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Totals	General	Special Revenue	Totals
REVENUES						
Taxes:						
Property taxes	\$ 982,657	\$ -	\$ 982,657	\$ 995,735	\$ -	\$ 995,735
Property taxes-transfer taxes	172,922	-	172,922	94,014	-	94,014
Cable franchise taxes	16,869	-	16,869	16,722	-	16,722
Licenses and permits	76,951	-	76,951	78,925	-	78,925
Intergovernmental revenues:						
Federal	25,451	-	25,451	265,696	-	265,696
State	201,746	53,435	255,181	653,322	59,640	712,962
Police fines and court fees	9,204	-	9,204	9,353	-	9,353
Charges for services	23,679	-	23,679	25,959	-	25,959
Interest and rents	138,426	389	138,815	140,711	108	140,819
Contributions	4,272	-	4,272	6,466	-	6,466
Miscellaneous revenues	64	-	64	15,205	-	15,205
Total revenues	1,652,241	53,824	1,706,065	2,302,108	59,748	2,361,856
EXPENDITURES						
Current:						
General government	507,600	-	507,600	512,446	-	512,446
Code enforcement	9,514	-	9,514	22,366	-	22,366
Public safety-police	341,548	3,842	345,390	460,751	6,071	466,822
Public works-streets	30,355	31,787	62,142	86,100	-	86,100
Public works-sanitation	235,413	-	235,413	213,813	-	213,813
Parks and recreation	97,804	-	97,804	72,703	-	72,703
Community Center	58,665	-	58,665	61,563	-	61,563
Capital outlay	168,312	-	168,312	1,650,910	3,210	1,654,120
Debt service:						
Principal	101,876	-	101,876	83,508	-	83,508
Interest and other fees	25,258	-	25,258	18,529	-	18,529
Total expenditures	1,576,345	35,629	1,611,974	3,182,689	9,281	3,191,970
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	75,896	18,195	94,091	(880,581)	50,467	(830,114)
OTHER FINANCING SOURCES (USES)						
Proceeds from new financing	-	-	-	713,217	-	713,217
Proceeds from sale of capital assets	800	-	800	800	-	800
Refund of prior year (revenues) expenditures	6,177	-	6,177	(11,957)	-	(11,957)
Interfund transfers in (out)	-	-	-	143,353	(93,280)	50,073
Total other financing sources (uses)	6,977	-	6,977	845,413	(93,280)	752,133
NET CHANGES IN FUND BALANCES	82,873	18,195	101,068	(35,168)	(42,813)	(77,981)
FUND BALANCES						
Beginning of year	137,479	80,987	218,466	172,647	123,800	296,447
End of year	<u>\$ 220,352</u>	<u>\$ 99,182</u>	<u>\$ 319,534</u>	<u>\$ 137,479</u>	<u>\$ 80,987</u>	<u>\$ 218,466</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total government funds	\$ 101,068	\$ (77,981)
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The governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, assets with an initial individual cost of \$2,500 or more are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The following represents the amount by which capital outlays capitalized exceeds or is less than the depreciation expense for the periods presented.

<u>Description</u>	<u>2020</u>	<u>2019</u>		
Capital assets	\$ 162,039	\$ 388,396		
Depreciation expense	<u>(406,588)</u>	<u>(404,839)</u>	(244,549)	(16,443)

Some expenses reported in the statement of activities do not require current financial resources, and are therefore, not reported as expenditures in the governmental funds.

<u>Description</u>	<u>2020</u>	<u>2019</u>		
Proceeds from sale of assets	\$ 800	\$ 800		
Gain from sale of assets	<u>(800)</u>	<u>(800)</u>	-	-

The governmental funds report loan proceeds as other financing sources, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. However, in the statement of activities, interest expense is recognized as it accrues, regardless as to when it is due. The net effect of these differences in the treatment of long-term obligations and related items is as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>		
Financing proceeds received	\$ -	\$ (713,217)		
Principal payments made	<u>101,876</u>	<u>83,508</u>	101,876	(629,709)

In the statement of activities, certain operating expenses such as compensated absences [vacation and personal days] are measured by amounts earned for the period. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used. This amount represents the difference between the amount used versus the amount earned for the periods presented.

Change in net position-governmental activities	<u>\$ (41,605)</u>	<u>\$ (724,057)</u>
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Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF NET POSITION-PROPRIETARY FUND
As of June 30, 2020 and 2019

	Water Fund	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ -	\$ -
Accounts receivable, net of allowance	75,411	85,215
Total current assets	<u>75,411</u>	<u>85,215</u>
NONCURRENT ASSETS		
Capital assets, net of depreciation:		
Nondepreciable	18,331	18,331
Depreciable	161,259	143,956
Total noncurrent assets	<u>179,590</u>	<u>162,287</u>
TOTAL ASSETS	<u>255,001</u>	<u>247,502</u>
DEFERRED OUTFLOWS OF RESOURCES		
Bond issue costs, net of amortization	8,978	10,376
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	4,276	-
Accrued interest payable	3,719	5,916
Current portion of long-term debt	31,704	37,462
Refundable advances and other deposits	15,208	16,008
Interfund payable	8,261	-
Total current liabilities	<u>63,168</u>	<u>59,386</u>
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	<u>520,929</u>	<u>552,633</u>
TOTAL LIABILITIES	<u>584,097</u>	<u>612,019</u>
NET POSITION (LIABILITIES)		
Net investment in capital assets	(364,065)	(417,432)
Unrestricted	<u>43,947</u>	<u>63,291</u>
TOTAL NET POSITION (LIABILITIES)	<u>\$ (320,118)</u>	<u>\$ (354,141)</u>

Accompanying notes are an integral
part of these financial statements

CITY OF DELAWARE CITY, DELAWARESTATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-PROPRIETARY FUND
Years Ended June 30, 2020 and 2019

	Water Fund	
	2020	2019
OPERATING REVENUES		
Charges for services	\$ 293,772	\$ 321,661
OPERATING EXPENSES		
Salaries	63,099	56,602
Payroll taxes	5,480	5,156
Employee benefits	10,479	11,193
Contractual services	79,609	81,196
Insurance	15,527	16,383
Telephone	1,508	1,583
Electricity	15,117	20,780
Professional fees	15,483	13,111
Distribution system maintenance	2,583	6,349
Materials and supplies	2,061	5,249
Fuel for heating	1,243	2,080
Miscellaneous	1,535	1,779
Depreciation and amortization	36,087	35,664
Total operating expenses	249,811	257,125
OPERATING INCOME	43,961	64,536
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(25,517)	(26,584)
Miscellaneous revenues	15,579	8,438
Total nonoperating revenues (expenses)	(9,938)	(18,146)
INCOME BEFORE OTHER FINANCING SOURCES AND USES	34,023	46,390
OTHER FINANCING SOURCES AND USES		
Transfers from (to) governmental activities	-	(50,073)
CHANGE IN NET POSITION	34,023	(3,683)
NET POSITION (LIABILITIES)		
Beginning of year	(354,141)	(350,458)
End of year	<u><u>\$ (320,118)</u></u>	<u><u>\$ (354,141)</u></u>

Accompanying notes are an integral
part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF CASH FLOWS-PROPRIETARY FUND
Years Ended June 30, 2020 and 2019

	Water Fund	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 318,355	\$ 318,840
Cash payments to suppliers for goods and services	(134,666)	(148,510)
Cash payments to employees for services	(79,058)	(72,951)
Net cash provided (used) by operating activities	<u>104,631</u>	<u>97,379</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(51,992)	-
Principal paid on general obligation bonds and note	(37,462)	(22,328)
Interest paid on general obligation bonds and note	(27,714)	(24,978)
Cash received from governmental activities	12,537	(50,073)
Net cash provided (used) by capital and related financing activities	<u>(104,631)</u>	<u>(97,379)</u>
NET INCREASE IN CASH AND EQUIVALENTS	-	-
CASH AND EQUIVALENTS		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	<u>\$ 43,961</u>	<u>\$ 64,536</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	34,689	34,266
Amortization	1,398	1,398
Other nonoperating revenues	15,579	8,438
Changes in assets and liabilities:		
Receivables	9,804	(11,859)
Refundable advances and other deposits	(800)	600
Total adjustments	<u>60,670</u>	<u>32,843</u>
Net cash provided (used) by operating activities	<u>\$ 104,631</u>	<u>\$ 97,379</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Delaware City, Delaware [the "City"] have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereafter referred to as GAAP. The Governmental Accounting Standards Board [GASB] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

Reporting Entity

The City of Delaware City is a municipal corporation incorporated March 5, 1851 under the provisions of the State of Delaware. The City is governed by a six-member governing body consisting of the Mayor [elected at large] and five Members of Council and provides traditional municipal services authorized by its charter as well as water services. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's basic financial statements. According to GASB, the City is financially accountable if it appoints a voting majority of an entity's governing board and [1] it can impose its will on the entity or [2] there is a potential for the entity to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the statement requires the City to consider other entities for which the nature and significance of their relationship are such that exclusion would cause the City's [reporting entity] financial statements to be misleading or incomplete. The City has one organization meeting the above criteria and the City has elected to include the following component unit:

- **Delaware City Day Committee** was formed for the purpose of accounting for the financial activity of "Delaware City Day" annual celebration.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the only component unit of the City. The component unit is reported in a separate column to emphasize that it is legally separate from the City's primary government operations. The component unit reports its financial activities using a year ending March 31 which coincides with its operating purpose.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the financial statements.

The government-wide financial statements consist of two statements: the statement of net position and the statement of activities. As a general rule, the effects of any interfund balances have been removed from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, the transactions between the governmental and business-type activities have not been eliminated.

Both government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues [governmental activities] from other functions that are intended to recover all or a significant portion of their costs through user fees and/or other charges [business-type activities]. The governmental activities of the City include general government, code enforcement, public safety [police], public works [streets and sanitation], parks and recreation, Community Center, and other general administrative support services. The business-type activities of the City include the water system.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other revenue sources not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for both the governmental funds and the proprietary fund. The major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned or received, and for property taxes in the period for which they are levied. Expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the respective period or soon enough thereafter to pay liabilities of the period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the respective period.

Grants and similar items are recognized as revenues as soon as all of the eligibility requirements imposed by the provider have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when payment is due.

Charges for services, property taxes, grants and similar items, and interest associated with the reporting period are all considered to be susceptible to accrual and so have been recognized as revenues of the period. All other revenue items are considered to be measurable and available only when received.

The City reports the following major governmental fund types:

- The **general fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted in other funds.
- The **special revenue fund** accounts for resources and payments of activities derived from earmarked revenue sources. When such needs arise, separate self-balancing funds are established to account for each restricted special revenue source. The special revenue fund consists of grant award funds and the "Revolving Loan Fund." The purpose of the revolving loan fund is to provide "Façade Improvement" funding to private businesses for the revitalization of the City's downtown area.

Additionally, the City reports the following business fund type:

- The **proprietary fund** accounts for resources and payments made for providing water service to the citizens of the City and the surrounding community. The fund consists of the water fund.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* activities. The operating revenues and expenses generally result from providing and delivering goods and services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary fund are water fees. Operating expenses include salaries, employee benefits, contracted services, supplies and materials, plant and system maintenance, and administrative expenses. Revenues and expenses not meeting the criteria are reported as nonoperating revenues and expenses.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP as it applies to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses and/or expenditures during the reporting period. Accordingly, the actual results may differ from those estimates.

Budgetary Accounting

The City Council follows the following procedures in establishing the budgetary data reflected within the financial statements as Required Supplementary Information [RSI]:

- The City Manager submits to Council a proposed budget for the ensuing fiscal year. The budget includes proposed expenditures and means of financing them.
- Council meets in open session to review the proposed budget.
- Not later than the final public meeting prior to the end of the preceding fiscal year, the budget is legally enacted.
- The City Manager is required to present to Council a monthly budget report explaining any variances from the approved budget.
- Formal budgetary integration is employed as a management control device during the fiscal year for all operating funds.
- The budget for the general fund is adopted on a basis consistent with U.S. GAAP.
- The budget for budgeted special revenues is approved on a funding-by-funding basis.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to assign that portion of the applicable appropriation, is employed as an extension of formal budgetary integration for the governmental funds. Encumbrances at the year-end are reported as assigned fund balance since encumbrances do not constitute expenditures or liabilities but serve as the authorization for expenditures in the subsequent year. At June 30, 2020 and 2019, the City has no encumbrances outstanding.

Cash and Equivalents

Demand deposits and highly liquid unrestricted investments with an initial maturity of three months or less are considered to be cash equivalents.

Receivable-Property Taxes

At June 30, 2020 and 2019, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$91,300 and \$75,700, respectively. The allowance also includes code enforcement fines which are combined by the City. The allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating probable future losses. Management believes they have adequately provided for such losses.

Receivable-Accounts

At June 30, 2020 and 2019, the accounts receivable are reflected net of an estimated uncollectible allowance of \$48,789 and \$44,409, respectively. The allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating probable future losses. Management believes they have adequately provided for such losses.

Receivable-Other

At June 30, 2020 and 2019, the other receivable is reflected net of an estimated uncollectible allowance of \$71,480 and \$67,480, respectively. The allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating probable future losses. Management believes they have adequately provided for such losses.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Payables

Activities between funds that are representative of the lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable or interfund payable" [current portion] or "interfund advances from/to other funds" [noncurrent portion].

Advances between funds, as reported in the fund financial statements, are offset by an assigned fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City has no such activity for the years presented.

Prepayments and Other Assets

Payments made to vendors for goods and services that will benefit periods beyond the current period are recorded as prepayments and other assets using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which the goods and services are consumed. At the fund reporting level, when present, an equal amount of fund balance is classified as nonspendable, as the amount is not available for appropriation.

Due From Other Governments

Due from other governments represents reimbursements and grants from other governments. Grant revenues are recognized when expenses/expenditures for purposes of the grant award have been incurred in the government-wide financial statements and, as long as it meets the measurable and available criteria in governmental fund financial statements.

Restricted Assets

Restricted assets consisted of funds awarded to the City in the "Texaco Settlement Agreement and Release" dated September 20, 2007 in the amount of \$350,000. The restricted assets also included net investment income earned on these funds since receipt of the award. During fiscal years 2020 and 2019, the City expended \$0 and \$15,205 of said funds with the remainder of the funds in the amount of \$0 and \$0 reflected as refundable advances and other deposits, respectively, in the special revenue fund.

Capital Assets and Depreciation

Capital assets consist of property, plant, furnishings, equipment, and infrastructure assets completed after June 30, 2003 [such as roads, sidewalks, traffic signals, street lights, and similar items], and are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value as of the date of the donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the asset constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest costs were capitalized for the years presented. The capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset Categories	Years
Buildings and improvements	10 to 50
Improvements other than buildings	5 to 50
Machinery and equipment	3 to 10
Furniture and office equipment	3 to 10
Water system	15 to 40
Infrastructure assets	20 to 50

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Issue Costs

Bond issue costs of \$27,969 resulted from the Bond Issue, Series 2006. The costs are being amortized over the twenty-year [20] life of the bond using the straight-line method. At June 30, 2020 and 2019, the accumulated amortization is \$18,991 and \$17,593 respectively. The annual amortization expense is \$1,398.

Funds Held in Custody

Funds held in custody are funds administered by the City in an agency capacity to account for assets of other organizations and activities not considered part of the City's budgeted operations.

Refundable Advances

The City records grant awards that are accounted as exchange transactions as refundable advances until such time the restrictions are met, at which time the advances are recognized as revenues.

Compensated Absences Policy

Employees can accumulate a certain number of vacation days. The City accrues compensated absences liability that meet the following criteria:

- The obligation related to employee's right to receive compensation for future absences is attributable to services already rendered.
- The obligation relates to rights that vest or accumulate.
- The payment of the compensation is probable.
- The amount can be reasonably estimated.

In accordance with the above criteria, the City reflects a liability for vacation pay, which has been earned but not taken by City employees, on the government-wide statements. As for the governmental fund statements, the long-term portion of the compensated absences liability is not reflected since it is anticipated that none of the liability will be liquidated with expendable available financial resources. However, when present, the proprietary fund liability for compensated absences is reflected as an accrued liability.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources [expense/expenditure] until that period. The City has one item that qualifies for reporting in this category. This item is bond issue costs. The amount is reflected in both the government-wide and proprietary fund statement of net position. The amount is deferred and amortized over the life of the bond.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources [revenue] until that time. The City has one item that qualifies for reporting in this category; that item is reflected as unavailable revenue. This item is reported in both the government-wide statement of net position and the governmental fund type balance sheet. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

Long-Term Obligations

In government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund statement of net position.

In fund financial statements, the governmental fund types recognize bond discounts and issuance costs in the current period. The bond discounts and refunding losses for the proprietary fund type are deferred and amortized over the term of the bonds using the bonds-outstanding method which approximates the effective interest method.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Equity

In government-wide financial statements and the proprietary fund financial statements, net position is reported in three separate categories: net position invested in capital assets; restricted net position; and unrestricted net position. The net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of the related debt obligation and does not include unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City [such as creditors, grantors, contributors, laws, and regulations of other governments] and may include unspent grant awards. All other net position is considered to be unrestricted.

In the governmental fund financial statements, fund balances are required to be reported according to the following classifications:

- **Nonspendable fund balance**-Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must remain intact. This classification includes prepayments and other assets, inventory, assets held for sale, and long-term receivables.
- **Restricted fund balance**-Constraints placed on the use of these amounts are either externally imposed by creditors [debt covenants], grantors, contributors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance**-Amounts that can only be used for specific purposes because of a formal action [resolution or ordinance] by the City's highest level of decision-making authority: City Council.
- **Assigned fund balance**-Amounts constrained by the City's intent to be used for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by City Council, or by an official to whom authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds with positive balances.
- **Unassigned fund balance**-This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 - PROPERTY TAXES

Property taxes within the City limits are \$1.19 per \$100 of assessed valuation for fiscal year 2020 and \$1.19 per \$100 of assessed valuation for fiscal year 2019 as levied by City Council. The City bills and collects its own property taxes. Delinquent property taxes are lienied by the City. The schedule of property taxes levied is as follows:

July 1	- Levy Date [effective date of enforceable lien]
October 1	- 5% Penalty plus 1% for each subsequent month not paid

NOTE 3 - ECONOMIC DEPENDENCY

A substantial portion of the City's annual assessment of property taxes is received from two corporate taxpayers. The collected property taxes from the two taxpayers approximate 50% of the City's total annual assessment.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CASH AND EQUIVALENTS

It is the City's policy to invest its funds principally in money market accounts and with financial institutions that are FDIC insured and provide collateralization for deposits in excess of FDIC insurance.

The City's deposits [cash and equivalents] are categorized to give an indication of the level of risk assumed as of June 30, 2020 and 2019. The categories are described below:

Category	2020		2019	
	Book	Bank	Book	Bank
1	\$ 332,839	\$ 381,145	\$ 365,120	\$ 394,440
2	-	-	-	-
3	400	-	400	-
Total deposits	<u>\$ 333,239</u>	<u>\$ 381,145</u>	<u>\$ 365,520</u>	<u>\$ 394,440</u>

Category 1: Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2: Collateralized with securities held by the pledging financial institution's Trust department or agent in the City's name.

Category 3: Uncollateralized and uninsured deposits.

At June 30, 2020 and 2019, the City's deposits held primarily by one financial institution are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling \$381,145 and \$394,440 held by the financial institutions are in excess [or non-coverage] of FDIC limits in the amount of \$0 and \$0, respectively. Deposits in excess of FDIC limits are collateralized with U.S. Government securities held by the primary financial institution in the City's name. Category 3 balances are subject to custodial risk and consist of cash held by the City.

Custodial credit risk is the risk that in the event of a financial institution's failure, the deposits may not be returned to the City.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables represent receivables from other governmental agencies for revenues earned but not received as of June 30 by the City.

At June 30, due from other governments consists of receivables due from the following government agencies:

Description	Activity Type			
	2020		2019	
	Governmental	Business	Governmental	Business
Delaware Department of Natural Resources	\$ 116,151	\$ -	\$ 105,733	\$ -
Total intergovernmental receivables	<u>\$ 116,151</u>	<u>\$ -</u>	<u>\$ 105,733</u>	<u>\$ -</u>

NOTE 6 - RISK MANAGEMENT

The City purchases commercial insurance policies in response to risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Premium payments for the insurance policies are recorded as expenditures/expenses of the City, and insurance settlements have not exceeded insurance coverage for the years presented.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CAPITAL ASSETS

The following tables summarize annual changes in the activity of the capital assets:

Description	As of and for the Year Ended June 30, 2020			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 421,737	\$ -	\$ -	421,737
Total capital assets, not being depreciated	421,737	-	-	421,737
Capital assets, being depreciated:				
Buildings and improvements	4,844,376	-	-	4,844,376
Furniture and office equipment	189,486	-	-	189,486
Vehicles and equipment	277,704	26,833	-	304,537
Streets and sidewalks	2,555,143	135,206	-	2,690,349
Trees, trails and landscape	2,008,350	-	-	2,008,350
Total being depreciated	9,875,059	162,039	-	10,037,098
Less accumulated depreciation:				
Buildings and improvements	1,959,672	140,714	-	2,100,386
Furniture and office equipment	91,020	22,664	-	113,684
Vehicles and equipment	227,350	19,037	-	246,387
Streets and sidewalks	1,206,339	134,025	-	1,340,364
Trees, trails and landscape	870,295	90,148	-	960,443
Total accumulated depreciation	4,354,676	406,588	-	4,761,264
Total capital assets, being depreciated, net	5,520,383	(244,549)	-	5,275,834
Governmental activities capital assets, net	<u>\$ 5,942,120</u>	<u>\$ (244,549)</u>	<u>\$ -</u>	<u>\$ 5,697,571</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 18,331	\$ -	\$ -	\$ 18,331
Total capital assets, not being depreciated	18,331	-	-	18,331
Capital assets, being depreciated:				
Buildings and improvements	415,592	-	-	415,592
Water distribution system	2,711,684	51,992	-	2,763,676
Total being depreciated	3,127,276	51,992	-	3,179,268
Less accumulated depreciation:				
Buildings and improvements	405,001	10,501	-	415,502
Water distribution system	2,578,319	24,188	-	2,602,507
Total accumulated depreciation	2,983,320	34,689	-	3,018,009
Total capital assets, being depreciated, net	143,956	17,303	-	161,259
Business-type activities capital assets, net	<u>\$ 162,287</u>	<u>\$ 17,303</u>	<u>\$ -</u>	<u>\$ 179,590</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CAPITAL ASSETS (continued)

The following tables summarize annual changes in the activity of the capital assets:

Description	As of and for the Year Ended June 30, 2019			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 421,737	\$ -	\$ -	\$ 421,737
Total capital assets, not being depreciated	421,737	-	-	421,737
Capital assets, being depreciated:				
Buildings and improvements	4,831,085	13,291	-	4,844,376
Furniture and office equipment	161,287	28,199	-	189,486
Vehicles and equipment	269,393	8,311	-	277,704
Streets and sidewalks	2,216,548	338,595	-	2,555,143
Trees, trails and landscape	2,008,350	-	-	2,008,350
Total being depreciated	9,486,663	388,396	-	9,875,059
Less accumulated depreciation:				
Buildings and improvements	1,810,173	149,499	-	1,959,672
Furniture and office equipment	68,134	22,886	-	91,020
Vehicles and equipment	211,237	16,113	-	227,350
Streets and sidewalks	1,081,621	124,718	-	1,206,339
Trees, trails and landscape	778,672	91,623	-	870,295
Total accumulated depreciation	3,949,837	404,839	-	4,354,676
Total capital assets, being depreciated, net	5,536,826	(16,443)	-	5,520,383
Governmental activities capital assets, net	<u>\$ 5,958,563</u>	<u>\$ (16,443)</u>	<u>\$ -</u>	<u>\$ 5,942,120</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 18,331	\$ -	\$ -	\$ 18,331
Total capital assets, not being depreciated	18,331	-	-	18,331
Capital assets, being depreciated:				
Buildings and improvements	415,592	-	-	415,592
Water distribution system	2,711,684	-	-	2,711,684
Total being depreciated	3,127,276	-	-	3,127,276
Less accumulated depreciation:				
Buildings and improvements	394,499	10,502	-	405,001
Water distribution system	2,554,555	23,764	-	2,578,319
Total accumulated depreciation	2,949,054	34,266	-	2,983,320
Total capital assets, being depreciated, net	178,222	(34,266)	-	143,956
Business-type activities capital assets, net	<u>\$ 196,553</u>	<u>\$ (34,266)</u>	<u>\$ -</u>	<u>\$ 162,287</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LINE OF CREDIT

On August 12, 2011, the City issued a general obligation note for \$150,000 to Wilmington Savings Fund Society, FSB. The note [a line of credit] carries a variable interest rate [4.00% at June 30, 2020] and is payable on demand. The note is for the purpose of providing working capital and is secured with the full faith and credit of the City and the assignment of property tax revenues. As of and for the years ended June 30, 2020 and 2019, the City has not utilized the line of credit and has no outstanding balance.

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

The following tables summarize the annual changes in long-term debt obligations:

	As of and Year Ended June 30, 2020				
				Ending Balances	
Description	Beginning Balances	Additions	Payments	Long-term Portion	Due Within One Year
Governmental Activities:					
General obligation bonds:					
2008 Series	\$ 169,054	\$ -	\$ 8,185	\$ 152,321	\$ 8,548
2018 Series	713,217	-	16,025	681,007	16,185
Promissory note-WSFS Bank	59,959	-	30,674	-	29,285
Ford Motor Credit Note	8,685	-	8,685	-	-
Ford Motor Credit Note	19,725	-	9,555	-	10,170
Verizon Corporation Note	115,006	-	28,752	57,502	28,752
Total bond and notes	1,085,646	-	101,876	890,830	92,940
Compensated absences	19,643	-	-	19,643	-
Total long-term debt	\$1,105,289	\$ -	\$ 101,876	\$ 910,473	\$ 92,940

The compensated absences liability for governmental activities is generally liquidated with general fund resources.

	As of and Year Ended June 30, 2020				
				Ending Balances	
Description	Beginning Balances	Additions	Payments	Long-term Portion	Due Within One Year
Business-Type Activities:					
General obligation bonds:					
1995 Series	448,548	\$ -	\$ 16,228	415,265	17,055
2006 Series	141,547	-	21,234	105,664	14,649
Total long-term debt	\$ 590,095	\$ -	\$ 37,462	\$ 520,929	\$ 31,704

General Obligation Bonds and Notes

General Obligation Bonds, Series 2008

The general obligation bonds, Series 2008 [issued in the amount of \$234,000] carry a maturity date of August 14, 2034. The proceeds of the general obligation bonds were used to finance the City's "Community Center Roof Replacement" project. The bonds carry a fixed interest rate of 4.125% and are payable in monthly installments of \$1,252 [principal and interest].

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (continued)

General Obligation Bonds and Notes (continued)

General Obligation Bonds, Series 2008 (continued)

At June 30, 2020, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,548	\$ 6,476	\$ 15,024
2022	8,908	6,116	15,024
2023	9,282	5,742	15,024
2024	9,658	5,366	15,024
2025	10,078	4,946	15,024
2026-2030	57,103	18,017	75,120
2031-2035	57,292	5,155	62,447
Total required payments	<u>\$ 160,869</u>	<u>\$ 51,818</u>	<u>\$ 212,687</u>

General Obligation Bonds, Series 2018

General obligation bonds, Series 2018 [issued in the amount of \$713,217] carry a maturity date of July 1, 2038. The proceeds of the general obligation bonds were used to finance the City's "Washington Street Flood Mitigation" project. The bonds carry a fixed interest rate of 2.00% and are payable in semiannual installments of interest only until July 1, 2020, when the bonds become payable in semiannual installments of \$23,157 [principal and interest]. At June 30, 2020, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 16,185	\$ 6,972	\$ 23,157
2022	32,857	13,457	46,314
2023	33,517	12,797	46,314
2024	34,191	12,123	46,314
2025	34,878	11,436	46,314
2026-2030	185,193	46,377	231,570
2031-2035	204,569	27,001	231,570
2036-2039	155,802	6,297	162,099
Total required payments	<u>\$ 697,192</u>	<u>\$ 136,460</u>	<u>\$ 833,652</u>

Promissory Note-WSFS Bank

On June 29, 2016, the City issued a promissory note to WSFS Bank in the amount of \$147,223, with a fixed interest rate of 4.49%. The note was issued for the purpose of refinancing the Citizens Bank General Obligation Bond. The note requires monthly payments of \$2,748 [principal and interest] for five years and has a maturity date of June 29, 2021. The note is secured with interest in land located at 321 Washington Street, Delaware City, Delaware. At June 30, 2020, the repayment schedule is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,285	\$ 654	\$ 29,939
Total required payments	<u>\$ 29,285</u>	<u>\$ 654</u>	<u>\$ 29,939</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LONG-TERM DEBT OBLIGATIONS (continued)

General Obligation Bonds and Notes (continued)

Ford Motor Credit Note

On January 3, 2018, the City entered into a lease-purchase agreement in the amount of \$43,308 maturing on January 3, 2021. The proceeds were used to purchase a 2017 Ford Police Explorer. The agreement carries a fixed interest rate of 6.45%, requiring a down payment of \$10,827 at signing, and requires three annual payments of \$10,827 [principal and interest]. At June 30, 2020, the repayment schedule is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,170	\$ 657	\$ 10,827
Total required payments	<u>\$ 10,170</u>	<u>\$ 657</u>	<u>\$ 10,827</u>

Verizon Corporation Note

On July 2, 2018, the City issued an unsecured non-interest note to Verizon Corporation in the amount of \$143,758. The note was issued as a result of Verizon's successful appeal of New Castle County's property tax assessment value used by the City to assess its property taxes. The appeal resulted in an overpayment of property taxes by Verizon of \$143,758 to the City. The City negotiated a non-interest-bearing note payable over five years. The note requires annual installments of \$28,752 and has a maturity of July 1, 2023. At June 30, 2020, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 28,752	\$ -	\$ 28,752
2022	28,752	-	28,752
2023	28,750	-	28,750
Total required payments	<u>\$ 86,254</u>	<u>\$ -</u>	<u>\$ 86,254</u>

General Obligation Bonds, Series 1995

The general obligation bonds, Series 1995 [issued in the amount of \$662,000] carry a maturity date of February 21, 2037. The proceeds of the general obligation bonds were used to finance the City's "Water System Improvement Project." The bonds carry a fixed interest rate of 5.00% and are payable in quarterly installments of \$9,593 [principal and interest]. At June 30, 2020, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 17,055	\$ 21,317	\$ 38,372
2022	17,924	20,448	38,372
2023	18,837	19,535	38,372
2024	19,796	18,576	38,372
2025	20,805	17,567	38,372
2026-2030	121,046	70,814	191,860
2031-2035	155,186	36,674	191,860
2036-2037	61,671	3,417	65,088
Total required payments	<u>\$ 432,320</u>	<u>\$ 208,348</u>	<u>\$ 640,668</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 LONG-TERM DEBT OBLIGATIONS (continued)

General Obligation Bonds and Notes (continued)

General Obligation Bond, Series 2006

On October 11, 2006, the City issued a General Obligation Bond to the Delaware Safe Drinking Water Revolving Fund, Delaware Department of Health & Social Services, Division of Public Health in the amount of \$273,237, with a maturity date of August 1, 2027. The bond carries a fixed interest rate of 2.76% on the principal amount thereof and requires semiannual payments of \$8,935 [principal and interest] on August 1 and February 1 of each year. The bond was issued for the purpose of funding the "Delaware City Well No. 5 Upgrade Project." The bond is secured with the full faith and credit of the City. At June 30, 2020, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2021	\$ 14,649	\$ 3,220	\$ 17,869
2022	15,056	2,813	17,869
2023	15,475	2,394	17,869
2024	15,905	1,964	17,869
2025	16,347	1,522	17,869
2026-2028	42,881	1,792	44,673
Total required payments	<u>\$ 120,313</u>	<u>\$ 13,705</u>	<u>\$ 134,018</u>

The following tables summarize future maturities of principal and interest payments:

Years Ending June 30	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		Totals
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2021	\$ 24,733	\$ 13,448	\$ 68,207	\$ 1,311	\$ 107,699
2022	41,765	19,573	28,752	-	90,090
2023	42,799	18,539	28,750	-	90,088
2024	43,849	17,489	-	-	61,338
2025	44,956	16,382	-	-	61,338
2026-2030	242,296	64,394	-	-	306,690
2031-2035	261,861	32,156	-	-	294,017
2036-2039	155,802	6,297	-	-	162,099
Totals	<u>\$ 858,061</u>	<u>\$ 188,278</u>	<u>\$ 125,709</u>	<u>\$ 1,311</u>	<u>\$1,173,359</u>
<u>Business-Type Activities:</u>					
2021	\$ 31,704	\$ 24,537	\$ -	\$ -	\$ 56,241
2022	32,980	23,261	-	-	56,241
2023	34,312	21,929	-	-	56,241
2024	35,701	20,540	-	-	56,241
2025	37,152	19,089	-	-	56,241
2026-2030	163,927	72,606	-	-	236,533
2031-2035	155,186	36,674	-	-	191,860
2036-2039	61,671	3,417	-	-	65,088
Totals	<u>\$ 552,633</u>	<u>\$ 222,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 774,686</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN

The City adopted a "5304 Savings Incentive Plan for Employees of Small Employers [SIMPLE]" administered by Edward Jones for the City's employees. The plan is intended to provide benefits for eligible City employees. The City contributes to each eligible employee's SIMPLE IRA a matching contribution equal to the employee's salary reduction contributions up to a limit of 3.00% of the employee's compensation for the calendar year. The City contributed \$6,485 and \$5,052 for eligible employees participating in the retirement plan for fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 11 - LEASING ARRANGEMENTS

At June 30, 2020, the City is involved in the following leasing arrangements:

Operating Leases as Lessee

The City leases the following office equipment under operating leasing arrangements:

Description	Monthly Rentals	Expiration Date
Canon Image Runner Advance C5540 iii Copier System	\$ 398	October, 2021
Konica-Minolta C224e Digital Copier System	154	June, 2022

At June 30, 2020, the minimum future rentals under non-cancelable leasing arrangements having remaining terms in excess of one year in the aggregate are:

Years Ending June 30	Amount
2021	\$ 6,624
2022	3,042
Total minimum future rental payments required	<u>\$ 9,666</u>

Total rental costs are \$6,624 and \$6,525 for the years ended June 30, 2020 and 2019, respectively.

Operating Leases as Lessor

The City is the lessor of certain real property under operating leasing arrangements expiring at various dates. The following is a summary of property held for lease for the years presented:

Property Under Lease	Purpose of Rental	Cost Basis
Certain land parcels	Commercial	\$ -
Water Tower-Air Rights	Mobile Antennae	-
511 Fifth Street, Delaware City	Public Works Yard	-

The leasing arrangements are generally based on a percentage of lessee collections in conjunction with fixed rentals and as such the rentals cannot be estimated for future periods. Total rentals received are \$131,906 and \$134,515 for the years ended June 30, 2020 and 2019, respectively.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - OTHER RISKS

The outbreak of a novel strain of coronavirus (COVID-19) has spread throughout the United States as of the date of the auditor's report. Multiple jurisdictions in the U.S. have declared various levels of States of Emergency. The potential impact cannot be reasonably predicted as of the date of the auditor's report.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The City does not anticipate losses as a result of these transactions.

Government Grant Awards

The City participates in a number of federally and state-assisted grant awards. These awards are subject to compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

In the normal course of business, the City may become involved in litigation; any losses from such litigation are generally covered by insurance. At June 30, 2020, the City is not aware of any material threatened or pending litigation with which the City solicitor anticipates could result in significant financial liability to the City.

NOTE 14 - PENDING GASB STATEMENTS

The City has not completed the various analyses required to estimate the future impact of the following new pronouncements on its financial statements. Generally, the City does not early implement GASB statements and pronouncements. As a result of the COVID-19 pandemic, the GASB has postponed the implementation date for statements issued prior the GASB Statement No. 95 for one year in order to provide relief to governments. The City has not implemented any new GASB Statements during the year ended June 30, 2020.

In January of 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. Implementation is required for periods beginning after December 15, 2019, with earlier application encouraged. The objective of the Statement is to establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on [1] whether a government is controlling the assets of the fiduciary activity, and [2] the beneficiaries with whom a fiduciary relationship exists.

In June of 2017, the GASB issued Statement No. 87, *Leases*. Implementation is required for periods beginning after June 15, 2021, with earlier application encouraged. The objective of the Statement is to better meet the informational needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an asset.

NOTE 14 - PENDING GASB STATEMENTS (CONTINUED)

In June of 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Implementation is required for periods beginning after December 15, 2020; however, the Statement should be applied prospectively. The Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for the financial statements prepared using the economic resources measurement focus. As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the business-type activity or enterprise fund. The statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Such interest includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

In August of 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. Implementation is required for periods beginning after December 15, 2019, with earlier application encouraged. The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units.

In May of 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. Implementation is required for periods beginning after December 15, 2021, with earlier application encouraged. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with [1] commitments extended by issuers, [2] arrangements associated with conduit debt obligations, and [3] related note disclosures. The Statement achieves the objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. Implementation for requirements related to Statement 87 is effective for fiscal years beginning after December 15, 2020. Implementation for requirements related to Statements 73, 74, and 84 is effective for fiscal years beginning after June 15, 2021. The primary objective of the Statement is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Implementation is required for periods ending after December 31, 2021, with earlier application encouraged. The primary objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Implementation is required for periods ending after June 15, 2022, with earlier application encouraged. The primary objective of the Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - PENDING GASB STATEMENTS (CONTINUED)

In March of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Implementation is required for periods ending after June 15, 2022, with earlier application encouraged. The primary objective of the Statement is to better meet the information needs of financial statement users by [1] establishing uniform accounting and financial reporting requirements for SBITAS; [2] improving the comparability of financial statements among governments that have entered into SBITAS; and [3] enhancing the understandability, reliability, relevance, and consistency of information about SBITAS.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Implementation is required for periods ending after June 15, 2021, with earlier application encouraged. The primary objectives of the Statement are to [1] increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; [2] mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit [OPEB] plans, and employee benefit plans other than pension plans or OPEB plans [other employee benefit plans] as fiduciary component units in fiduciary fund financial statements; and [3] enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code [IRC] Section 457 deferred compensation plans [Section 457 plans] that meet the definition of a pension plan and for benefits provided through those plans.

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

On August 3, 2020, the City sold all of its right, title, and interest in and to the City's municipal water system to an outside party. The gross sales price was \$2,081,992, which was reduced at settlement by \$588,272 for costs related to the sale and satisfaction of outstanding debt as of the date of sale. Assets sold included certain real estate, wells, water supply and treatment facilities, equipment, and distribution mains and lines related to the water system. The City retained rights to collection of all customer accounts receivable relating to the period prior to August 3, 2020.

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Management has determined that no adjustments are necessary to the financial statements.

Required Supplementary Information [RSI] Section

CITY OF DELAWARE CITY, DELAWARE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final	Amounts		
REVENUES					
Taxes:					
Property taxes	\$ 982,000	\$ 982,000	\$ 982,657	\$ 657	
Property taxes-transfer taxes	70,000	70,000	172,922	102,922	1
Cable franchise taxes	17,000	17,000	16,869	(131)	
Licenses and permits	67,500	67,500	76,951	9,451	2
Intergovernmental revenues	40,000	40,000	227,197	187,197	3
Police fines and court fees	10,000	10,000	9,204	(796)	
Charges for services	24,100	24,100	23,679	(421)	
Interest and rents	156,000	156,000	138,426	(17,574)	4
Contributions	1,000	1,000	4,272	3,272	5
Miscellaneous revenues	-	-	64	64	
Total revenues	1,367,600	1,367,600	1,652,241	284,641	
EXPENDITURES					
Current:					
General government	489,962	489,962	507,600	(17,638)	
Code enforcement	16,350	16,350	9,514	6,836	6
Public safety-police	393,300	393,300	341,548	51,752	7
Public works-streets	93,000	93,000	30,355	62,645	8
Public works-sanitation	244,350	244,350	235,413	8,937	
Parks and recreation	49,500	49,500	97,804	(48,304)	9
Community Center	56,050	56,050	58,665	(2,615)	
Capital reserve	-	-	-	-	
Capital outlay	-	-	168,312	(168,312)	3
Debt service	96,829	96,829	127,134	(30,305)	10
Total expenditures	1,439,341	1,439,341	1,576,345	(137,004)	
EXCESS (DEFICIT)					
REVENUES OVER EXPENDITURES	(71,741)	(71,741)	75,896	147,637	
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	800	800	
Refund of prior year expenditures	-	-	6,177	6,177	
Operating transfers in (out)	71,741	71,741	-	(71,741)	11
Total other financing sources (uses)	71,741	71,741	6,977	(64,764)	
NET CHANGE IN FUND BALANCE	-	-	82,873	82,873	
FUND BALANCES					
Beginning of year	-	-	137,479	137,479	
End of year	\$ -	\$ -	\$ 220,352	\$ 220,352	

See Report of Independent Auditor

CITY OF DELAWARE CITY, DELAWARE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET AND ACTUAL-

GENERAL FUND (CONTINUED)

Year Ended June 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City annually adopts a budget for the general fund financial statements. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. The budgets for the governmental funds are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with the U.S. GAAP as applied to governmental units on a basis consistent with the legally adopted budgets as amended. The unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Significant Budget Variances in Excess of 10% of Budget

1. Property transfer taxes exceeded budgeted expectations as a result of new development and an improved housing market.
2. Licenses and permits fees exceeded budgeted expectations; however, actual results were consistent with recent history.
3. The City does not generally budget for intergovernmental revenues or capital project expenditures since such expenditures are typically funded by the intergovernmental revenues or proceeds from new financing, as was the case this year.
4. Interest and rent revenue fell short of the budgeted amount primarily from rents received from telecommunication activity.
5. Contributions received from the public and other non-recurring revenues are difficult to budget as they can vary year to year.
6. The favorable variance in the code enforcement department is primarily a result of lower than expected expenditures for professional services due to the hiring of personnel.
7. The favorable variance in the public safety-police department is primarily a result of personnel costs being lower than expected.
8. The favorable variance in the public works-streets department is primarily a result of lower contract and professional services, and streets maintenance costs.
9. The unfavorable variance in the parks and recreation department is primarily due to an increase in tree maintenance costs in excess of what was budgeted.
10. The debt service budget category did not include all debt service commitments of the City.
11. Operating transfers were less than the amount originally budgeted.

Supplementary Information Section

CITY OF DELAWARE CITY, DELAWARE

COMBINING BALANCE SHEET-SPECIAL REVENUE FUND

As of June 30, 2020 With Comparative Totals for 2019

	Federal Funding	State Funding Municipal Street Aid	SALLE and EIDE	Other	Local Funding	Revolving Loan Fund	Totals [Memorandum Only]	
							2020	2019
ASSETS								
ASSETS								
Cash and equivalents	\$ -	\$ 18,806	\$ 7,631	\$ -	\$ -	\$ 72,187	\$ 98,624	\$ 80,183
Interfund receivables (payables)	-	8,189	(2,721)	-	-	-	5,468	2,460
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 26,995</u>	<u>\$ 4,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,187</u>	<u>\$ 104,092</u>	<u>\$ 82,643</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Refundable advances and other deposits	\$ -	\$ -	\$ 4,910	\$ -	\$ -	\$ -	\$ 4,910	\$ 1,656
Total liabilities	<u>-</u>	<u>-</u>	<u>4,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,910</u>	<u>1,656</u>
FUND BALANCES								
Restricted-specific programs	\$ -	\$ 26,995	\$ -	\$ -	\$ -	62,000	\$ 88,995	\$ 71,189
Assigned	-	-	-	-	-	10,187	10,187	9,798
Total fund balances	<u>-</u>	<u>26,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,187</u>	<u>99,182</u>	<u>80,987</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 26,995</u>	<u>\$ 4,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,187</u>	<u>\$ 104,092</u>	<u>\$ 82,643</u>

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CITY OF DELAWARE CITY, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-SPECIAL REVENUE FUND
Year Ended June 30, 2020 With Comparative Totals for 2019

	Federal Funding	State Funding			Local Funding	Revolving Loan Fund	Totals [Memorandum Only]	
		Municipal Street Aid	SALLE and EIDE	Other			2020	2019
REVENUES								
Intergovernmental revenues:								
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	49,593	3,842	-	-	-	53,435	59,640
Interest revenue	-	-	-	-	-	389	389	108
Total revenues	<u>-</u>	<u>49,593</u>	<u>3,842</u>	<u>-</u>	<u>-</u>	<u>389</u>	<u>53,824</u>	<u>59,748</u>
EXPENDITURES								
Current:								
Public-general government	-	-	-	-	-	-	-	-
Public safety-police	-	-	3,842	-	-	-	3,842	6,071
Public works-streets	-	31,787	-	-	-	-	31,787	-
Parks and recreation	-	-	-	-	-	-	-	-
Community Center	-	-	-	-	-	-	-	-
Capital outlay:								
Public safety-police	-	-	-	-	-	-	-	3,210
Public works-streets	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>31,787</u>	<u>3,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,629</u>	<u>9,281</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	<u>-</u>	<u>17,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389</u>	<u>18,195</u>	<u>50,467</u>
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(93,280)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,280)</u>
NET CHANGE IN FUND BALANCES	-	17,806	-	-	-	389	18,195	(42,813)
FUND BALANCES								
Beginning of year	-	9,189	-	-	-	71,798	80,987	123,800
End of year	<u>\$ -</u>	<u>\$ 26,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,187</u>	<u>\$ 99,182</u>	<u>\$ 80,987</u>

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