

Report of Independent Auditor

CITY OF NEW CASTLE
New Castle, Delaware

Year Ended June 30, 2015



HAGGERTY & HAGGERTY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

CITY OF NEW CASTLE, DELAWARE

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HAGGERTY & HAGGERTY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

American Institute of CPA
Pennsylvania Institute of CPA*
Delaware Society of CPA†
Private Companies Practice Section

James R. Zdimal, CPA†
Vincent S. Barbone, CPA, CFE*†

Report of Independent Auditor

To the Mayor and City Council
City of New Castle
New Castle, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of New Castle, Delaware as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the primary government financial statements of the City as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the primary government financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, the implementation, and the maintenance of internal control relevant to the preparation and fair presentation of primary government financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the primary government financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 primary government financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the primary government 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 primary government 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 primary government 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 primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of New Castle, Delaware, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accounting principles generally accepted in the United States of America require that the budgetary comparison information, reflected on page 29, along with schedules of net pension liability and schedules of pension contributions, reflected on pages 30 to 33, be presented to supplement the basic financial statements of the primary government. Such information, although not 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 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 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 of the primary government is not affected by the missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the primary government that collectively comprise the City of New Castle, Delaware's financial statements. The supplementary information, reflected on pages 34 through 39, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements of the primary government as a whole.

Change in Accounting Principles

Effective for periods beginning July 1, 2014, the City of New Castle, Delaware, will present the primary government financial statements in accordance with accounting principles generally accepted in the United States of America as they pertain to governmental entities, previously presented in accordance with the modified cash basis of accounting. The effects of the change to the accrual basis of accounting from the modified cash basis of accounting, for all the levels of reporting, are reflected in Notes 12 and 14.

The City adopted Governmental Accounting Standards Board [GASB] Statements No. 67, 68 and 71, *Financial Reporting for Pension Plans, Accounting and Financial Reporting for Pensions, and Pension Transition for Contributions Made Subsequent to the Measurement Date*, which state that individual employers must report a proportionate share of the net pension liability and the pension expense on their financial statements, along with the related deferred outflows of resources and deferred inflows of resources, as applicable. Previously, employers only reported the annual contributions made to the retirement plan. The City has determined that changes made to comply with the Statements should be reported as an adjustment of prior periods. Therefore, the City has restated its net position at June 30, 2014. For more detail, refer to Notes 13 and 14.

Restriction on Use

This report is intended solely for the information and use of management, Mayor and members of City 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.

Haggerty & Haggerty, P.A.

Certified Public Accountants

June 2, 2016
Wilmington, Delaware

Basic Financial Statements Section

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF NET POSITION
As of June 30, 2015

	2015	
	Primary Government	Governmental Activities
ASSETS		
Current assets		
Cash and equivalents	\$ 2,735,011	
Receivables, net of allowance:		
Property taxes	340,935	
Accounts	128,597	
Other	8,856	
Due from other governments	23,606	
Due from component unit	...	
Total current assets		\$ 3,237,005
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	26,209,930	
Depreciable	3,716,948	
Net pension asset	190,293	
Total noncurrent assets		30,117,171
TOTAL ASSETS		33,354,176
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity		223,331
LIABILITIES		
Current liabilities		
Accounts payable and other	65,261	
Accrued wages and related taxes	64,911	
Current portion of debt obligation	79,649	
Unearned revenues	58,194	
Refundable advances	800,364	
Total current liabilities		1,068,379
Noncurrent liabilities		
Long-term portion:		
Compensated absences liability	471,073	
Debt obligation, net of current portion	31,793	
Net pension liability	...	
Total noncurrent liabilities		502,866
TOTAL LIABILITIES		1,571,245
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings of pension activity	959,881	
Unavailable revenue-property taxes	314,376	
Unavailable revenue-fees and assessments	128,597	
Total deferred inflows of resources		1,402,854
NET POSITION		
Net investment in capital assets	29,815,436	
Restricted for specific programs	267,015	
Unrestricted	520,957	
TOTAL NET POSITION		\$ 30,603,408

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes In Net Position Primary Governmental Total
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 570,709	\$...	\$...	\$ 1,000	\$ (569,709)
Board of Adjustments	5,520	...	...	...	(5,520)
Building maintenance	99,333	...	...	...	(99,333)
Insurance costs	380,271	...	...	...	(380,271)
Outside professional services	104,321	...	...	...	(104,321)
Public safety	1,769,529	116,025	109,807	29,999	(1,513,698)
Public services	1,124,391	337,666	...	106,191	(680,534)
Parks and recreation	198,473	4,216	55,795	80,758	(57,704)
Committees and commissions	50,860	...	...	...	(50,860)
Interest on long-term debt obligation	4,851	...	...	196,090	191,239
Depreciation-unallocated	330,021	...	...	...	(330,021)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 4,638,279	\$ 457,907	\$ 165,602	\$ 414,038	(3,600,732)
GENERAL REVENUES					
Property taxes levied for general purposes					3,392,086
Franchise taxes levied for general purposes					113,727
Investment earnings and rents					110,926
Gain from sale of capital assets					68,143
Miscellaneous revenues					47,995
Refund of prior year expenditures					10,482
Component unit appropriations					509,375
Total general revenues					4,252,734
CHANGE IN NET POSITION					
NET POSITION					
Beginning of year, as previously reported					1,555,489
Adjustment for new pension standards [Note 14]					(897,964)
Adjustment for change in accounting basis [Note 14]					29,293,881
Beginning of year, as restated					29,951,406
End of year					\$30,603,408

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
BALANCE SHEET-GOVERNMENTAL FUNDS
As of June 30, 2015

	2015			
	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total
ASSETS				
ASSETS				
Cash and equivalents	\$1,511,585	\$1,096,056	\$ 127,370	\$2,735,011
Receivables, net of allowance:				
Property taxes	340,935	...	...	340,935
Accounts	128,597	...	...	128,597
Other	8,856	...	...	8,856
Due from other governments	...	23,606	...	23,606
Prepayments and other assets	...	...	...	...
Interfund receivable (payable)	(12,973)	12,973	...	...
TOTAL ASSETS	\$1,977,000	\$1,132,635	\$ 127,370	\$3,237,005
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other	\$ 57,552	\$ 7,709	\$...	\$ 65,261
Accrued wages and related taxes	64,911	...	...	64,911
Unearned revenues	647	57,547	...	58,194
Refundable advances	...	800,364	...	800,364
Total liabilities	123,110	865,620	...	988,730
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	314,376	...	...	314,376
Unavailable revenue-fees and assessments	128,597	...	...	128,597
Total deferred inflows of resources	442,973	...	...	442,973
FUND BALANCES				
Restricted for specific programs	...	267,015	...	267,015
Committed	189,111	...	127,370	316,481
Assigned-encumbrances	34,705	...	...	34,705
Unassigned	1,187,101	...	...	1,187,101
Total fund balances	1,410,917	267,015	127,370	1,805,302
TOTAL LIABILITIES AND FUND BALANCES	\$1,977,000	\$1,132,635	\$ 127,370	\$3,237,005

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 As of June 30, 2015

	<u>Amount</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances-governmental funds	\$ 1,805,302
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund types. The cost of capital assets is \$36,497,558 and the related accumulated depreciation is \$6,570,680 for the period presented.	29,926,878
Long-term obligations are not due and payable within the current period and, therefore, are not reported as liabilities in the governmental fund types.	
<u>Long-Term Debt Obligation</u>	<u>Amount</u>
Current portion	\$ 79,649
Net of current portion	<u>31,793</u>
	(111,442)
Compensated absences not due and payable within period presented are not reported in the governmental funds.	(471,073)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the fund financial statements:	
Net pension (liability) asset	190,293
Deferred outflows and inflows or resources related to pension activity are applicable to future periods and, therefore, are not reported in the fund financial statements:	
Deferred outflows of resources related to pension activity of \$223,331 consists of \$0 of deferred outflows of resources pension expense and \$223,331 of deferred outflows of 2015 employer contributions related to the pension activity.	223,331
Deferred inflows of resources related to pension activity.	<u>(959,881)</u>
Total net position-governmental activities	<u>\$30,603,408</u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	2015			
	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Total
REVENUES				
Taxes:				
Property taxes	\$3,151,517	\$...	\$...	\$3,151,517
Property transfer taxes	240,569	...	...	240,569
Cable franchise taxes	113,727	...	...	113,727
Licenses and permits	332,954	...	...	332,954
Intergovernmental revenues:				
Federal funding	...	43,466	...	43,466
State funding	10,656	302,507	...	313,163
Trustees of New Castle Common	...	223,011	...	223,011
Police fines and court fees	55,112	...	...	55,112
Charges for services	69,841	...	...	69,841
Interest and rents	110,399	208	319	110,926
Miscellaneous revenues	39,490	8,505	...	47,995
Total revenues	4,124,265	577,697	319	4,702,281
EXPENDITURES				
Current:				
General government:				
City Administration	623,701	...	...	623,701
Board of Adjustments	5,520	...	...	5,520
Building maintenance	89,986	...	...	89,986
Insurance costs	380,271	...	...	380,271
Outside professional services	104,321	...	...	104,321
Public safety	1,943,813	127,323	...	2,071,136
Public services	1,089,695	...	...	1,089,695
Parks and recreation	93,338	47,308	...	140,646
Committees and commissions	50,860	...	...	50,860
Capital outlay	15,058	141,900	...	156,958
Debt service:				
Principal	60,975	192,700	...	253,675
Interest and other fees	1,461	3,390	...	4,851
Total expenditures	4,458,999	512,621	...	4,971,620
EXCESS (DEFICIT) OF				
REVENUES OVER EXPENDITURES	(334,734)	65,076	319	(269,339)
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	...	...	...	...
Proceeds from sale of capital assets	68,143	...	...	68,143
Annual appropriation:				
Municipal Services Commission	509,375	...	...	509,375
Refund of prior year expenditures	10,482	...	...	10,482
Operating transfers (out) in	(18,814)	19,814	(1,000)	...
Total other financing sources (uses)	569,186	19,814	(1,000)	588,000
NET CHANGE IN FUND BALANCES	234,452	84,890	(681)	318,661
FUND BALANCES				
Beginning of year, as restated [Note 12]	1,176,465	182,125	128,051	1,486,641
End of year	\$1,410,917	\$ 267,015	\$ 127,370	\$1,805,302

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	<u>Amount</u>	
Amounts reported for the governmental activities in the statement of activities are different because:		
Net change in fund balance-total governmental funds	\$ 318,661	
<p>Governmental fund types report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The following is the amount by which capital outlay exceeds or is less than the depreciation expense for the period presented.</p>		
<u>Description</u>	<u>Amount</u>	
Capital outlay	\$ 26,431	
Depreciation expense	<u>(330,021)</u>	(303,590)
<p>Some expenses reported in the statement of activities do not require current financial resources and, therefore are not reported as expenditures in the governmental fund types.</p>		
<u>Description</u>	<u>Amount</u>	
Sale and/or disposal of capital assets:		
Proceeds received	\$ 68,143	
Loss (gain) recognized	<u>(68,143)</u>	...
<p>Governmental fund types 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 fund types when due. However, in the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of the differences in the treatment of long-term obligation and related activity is as follows:</p>		
<u>Description</u>	<u>Amount</u>	
Financing proceeds received	\$...	
Principal payments made	<u>253,675</u>	253,675
<p>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 governmental fund types, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount used versus the amount earned for the period presented.</p>		
		31,548
<p>Governmental fund types report City pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
<u>Description</u>	<u>Amount</u>	
City pension contributions for fiscal year 2015	\$ 223,331	
Cost of benefits earned net of contributions [pension expense]	<u>128,377</u>	<u>351,708</u>
Change in net position-governmental activities		<u>\$ 652,002</u>

Accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary government financial statements of the City of New Castle, Delaware, [the "City"] have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governments, 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 more significant accounting policies are described below.

Reporting Entity

The City of New Castle is a municipal corporation governed by a six member governing body consisting of the Mayor and President of Council who are elected at large and four district council representatives. 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 financial burden on the City. Additionally, the statement requires the City to consider other entities for which the nature and significance of the relationship are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. There is only one component unit meeting this criteria:

- Municipal Services Commission [MSC].

Component Unit

The City has elected not to include the component unit within the City's financial statements; however, the component unit issues separate audited financial statements, copies of which are available for review at the City's administrative offices. The Municipal Services Commission was organized on March 11, 1921 for the purpose of accounting for the City's water and electric services.

Government-Wide and Fund Financial Statements

The City's financial statements consist of the following primary government presentation:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to 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, effects of any interfund balances have been removed from the government-wide financial statements.

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 charges for services [business-type activities]. The City's primary government financial statements do not present business-type activities. The governmental activities of the City include the general government, public safety, public services [streets and sanitation], parks and recreation, and other general administrative support services.

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 operating or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and the proprietary funds when present. The City presents only governmental funds, of which the major individual funds 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*. Revenues are recorded when earned, or, for property taxes, in the fiscal period for which they are levied. Expenses are recorded when a liability is incurred, regardless of the timing of 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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period.

Grants and similar items are recognized as revenue as soon as all 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 period are considered to be susceptible to accrual and so have been recognized as revenues of the fiscal year. 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 payment 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 funding and other restricted activities.
- The **capital projects fund** accounts for resources reserved by City Council for the construction of capital projects, the purchase of equipment and improvements or emergency goods and services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 or expenditures during the reporting period. Accordingly, the actual results could differ from those estimates.

Budgetary Accounting

The Council shall, on or before the first Monday of July, meet and ascertain, as near as may be, the amount necessary to cover the net expenses of the City government for the current fiscal year, including, but not limited to, the maintenance of streets, police assessment, collection of taxes and cost of trash collection; and shall make up a budget containing the items and estimated amounts necessary to cover each and every branch and item of the City government. And immediately after the assessment and valuation shall have been finally settled and adjusted under the provisions of the Act, Council shall proceed to levy a tax on real property, thus valued and assessed, in just and equal portions and rates, sufficient to cover the aggregate of the budget. Unexpended budget items lapse at the end of the fiscal year.

Budgets for special revenue funds pertaining to grant awards are approved on a program by program basis by funding agencies and not by City government.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances as of the year end are reported as committed fund balance since they do not constitute expenditures but serve as authorization for expenditures in the subsequent period. At June 30, 2015, the City has encumbrances outstanding of \$34,705.

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, 2015, property taxes receivable is reflected net of an estimated uncollectible allowance of \$0. The uncollectible allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserves recognition in estimating possible losses. Management believes it has adequately provided for such losses.

Receivable-Accounts

At June 30, 2015, the accounts receivable is reflected net of the estimated uncollectible allowance of \$1,068. The uncollectible allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating possible losses. Management believes it has adequately provided for such losses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due From Other Governments

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

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that the advances are not available for appropriation and are not expendable available financial resources.

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, an equal amount of fund balance is classified as nonspendable as the amount is not available for appropriation.

Capital Assets and Depreciation

Capital assets, which consist of property, plant, furnishings, equipment, and infrastructure assets [such as roads, sidewalks, traffic signals, street lights, and similar items], are reported in the applicable governmental activities column of the government-wide financial statements. The City defines capital assets as assets having an initial, individual cost of \$5,000 or more and with an estimated useful life in excess of one year. Capital assets are recorded at historical cost [or estimated historical cost] if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of a capital asset or materially extends its life is not capitalized. The major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital asset, for governmental fund type activities, is not included as part of the capitalized value of the capital asset constructed.

The capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	15 to 50
Improvements other than buildings	5 to 50
Machinery and equipment	3 to 10
Furniture and office equipment	3 to 10
Infrastructure assets	25 to 50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed Assets

Committed assets consist of Council-committed reserves to fund future accrued compensated absences, capital projects, or for emergency goods and services.

Unearned Revenues

Unearned revenues represent funding received in advance which will be recognized in future periods when the revenue recognition criteria is met.

Refundable Advances

The City records as refundable advances grant awards which are accounted for as exchange transactions. Refundable advances are not recognized as revenues until the services are performed or the goods are purchased.

Compensated Absences Liability

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

- The obligation relating to an employee's right to receive compensation for future absences is attributable to the 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 has accrued a liability for vacation and personal pay, which has been earned but not taken by City's employees on the government-wide financial statements. As for governmental funds, the long-term liability for compensated absences is reflected only when the liability will be liquidated with expendable available financial resources.

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. The item is deferred contributions and changes in proportion related to pension activity. This amount is reported in the statement of net position as deferred outflows of resources and the changes in proportion are amortized over five [CMPFPP] and seven [CMOEPP] years.

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 three items that qualify for reporting in this category: [1] the deferred investment earnings related to pension activity, [2] unavailable property taxes, and [3] unavailable fees and assessments. Item one is reported only in the statement of net position. These amounts are deferred and recognized as inflows from resources in the period the amounts become available.

Long-Term Debt Obligation

In the government-wide financial statements, long-term debt obligation is reported as a liability in the applicable governmental activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Equity

In government-wide 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, and does not include unspent proceeds of capital debt. Restricted net position represents net position restricted by outside parties [creditors, grantors, contributors, laws, and regulations of other governments] and may include certain unspent grant award funds. All other net position is considered to be unrestricted.

In fund financial statements, the 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 be kept intact. The 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], contributors, grantors, or other governments; or 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 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 that authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds with positive fund 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 fund balance in this classification, as a 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 assessed within the City limits for fiscal year 2015 are \$1.20 per \$100 of assessed valuation as levied by City Council resolution. 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
July 1-August 31	- 2% Discount Period
September 1-September 30	- Face Payment Period
October 1-	- 6% Penalty plus 1% delinquency fee for each month

NOTE 3 - CASH AND EQUIVALENTS

The City's policy is to invest deposits under its control principally in money market accounts with FDIC insured financial institutions. The City's deposits [cash and equivalents] are categorized to give an indication of the level of assumed risk. The categories of risk are described below:

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.

Deposits categorized by level of risk as of June 30 are as follows:

Category	2015	
	Book	Bank
1	\$ 917,294	\$ 998,076
2	...	...
3	<u>1,817,717</u>	<u>1,817,717</u>
Total deposits of the primary government	<u>\$2,735,011</u>	<u>\$2,815,793</u>

At June 30, 2015, City deposits are held by three financial institutions, which are insured with the Federal Deposit Insurance Corporation [FDIC]. These deposits totaling \$2,815,793 held by the financial institutions are in excess of FDIC insurance limits in the amount of \$1,817,717. Category 3 deposits are subject to custodial risk.

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

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables from other governments represent revenues earned by the City. At June 30, the intergovernmental receivables are as follows:

Description	Amount
Passed through the State of Delaware:	
Delaware Criminal Justice Council	\$ 9,142
Delaware Department of Transportation	<u>14,464</u>
Total intergovernmental receivables	<u>\$ 23,606</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

The Municipal Services Commission [MSC], the only component unit of the City of New Castle, Delaware, appropriated \$509,375 to the Mayor and Council of the City of New Castle for the year ended June 30, 2015.

In addition, MSC provided, at no cost to the City, electric and water service for municipal buildings and other municipal activities valued at \$105,318 for the year ended June 30, 2015.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

The schedule summarizes the annual changes in the activity of capital assets:

Description	As of and Year Ended June 30, 2015			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 2,327,735	\$...	\$...	\$ 2,327,735
Streets and Roads	23,859,264	...	...	23,859,264
Construction in progress:				
Buildings and improvements	...	...	...	...
Streets and sidewalks	...	...	...	...
Trees, trails and landscape	...	22,931	...	22,931
Total capital assets, not being depreciated	26,186,999	22,931	...	26,209,930
Capital assets, being depreciated:				
Buildings and improvements	2,737,664	...	...	2,737,664
Furniture and equipment	695,328	...	...	695,328
Vehicles	1,154,016	3,500	...	1,157,516
Streets and sidewalks	5,697,120	...	...	5,697,120
Trees, trails and landscape	...	...	...	...
Total being depreciated	10,284,128	3,500	...	10,287,628
Less accumulated depreciation:				
Buildings and improvements	1,163,903	69,282	...	1,233,185
Furniture and equipment	359,077	45,175	...	404,252
Vehicles	807,395	56,731	...	864,126
Streets and sidewalks	3,910,284	158,833	...	4,069,117
Trees, trails and landscape	...	...	...	...
Total accumulated depr.	6,240,659	330,021	...	6,570,680
Total capital assets, being depreciated, net	4,043,469	(326,521)	...	3,716,948
Net capital assets	\$30,230,468	\$ (303,590)	\$...	\$29,926,878

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

The following table summarizes the annual changes in long-term debt obligations:

Description	As of and for the Year Ended June 30, 2015					
	Beginning Balances	Additions	Deletions	Ending Balances		
				Long-term Portion	Due Within One Year	
Accrued employee benefits	\$ 502,621	\$...	\$ 31,548	\$ 471,073	\$...	
Federal stimulus loan	241,478	...	192,700	...	48,778	
Note payable-2012 truck	28,719	...	28,719	...	...
Note payable-bank	94,920	...	32,256	31,793	30,871	
Total debt obligation	\$ 867,738	\$...	\$ 285,223	\$ 502,866	\$ 79,649	

Accrued Employee Benefits

On July 12, 2005, the City passed Resolution No. 2005-15 to establish an escrow account to fund accrued employee benefits. In accordance with the resolution, City employees can sell back sick and vacation time to collect these amounts upon separation of employment from the City. The balance of the accrued employee benefits at June 30, 2015 is \$471,073. To fund the accrued employee benefits liability, the City established a separate bank account, the balance of which is \$189,111 at June 30, 2015.

NOTE 7 - LONG-TERM DEBT OBLIGATIONS (continued)

Federal Stimulus Loan

In February 2010, the Mayor and Council committed the City to complete three stormwater projects for a total cost of \$1,710,627. To fund these projects named the "Green Project Reserve" [GPR], the City borrowed \$1,322,500 under the American Recovery and Reinvestment Act [ARRA]. Half of the federal stimulus loan amount was forgiven while the other half is to be repaid in quarterly installments of \$49,022.49 [principal and interest] starting June 30, 2012 [first payment was made on August 17, 2012] by the City over a term of five years at a 2.00% rate of interest. On July 17, 2013, the Federal Stimulus Loan [loan] was modified to reflect the ARRA funding source to that of the Delaware Water Pollution Control Revolving Fund's base loan program. The remaining cost of the project amounting to \$388,127 was funded with local financial resources. The City entered into an agreement with New Castle Conservation District [the "District"] to manage and administer the GPR projects. The District is a political subdivision of the State of Delaware and is under the oversight of the Delaware Department of Natural Resources and Environmental Control [DNREC]. At June 30, 2015, the outstanding loan balance is \$48,778. Total interest paid on the loan is \$3,390 for the year ended June 30, 2015. At June 30, 2015, the repayment schedule is as follows:

<u>Year Ending June 30, 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Required payment	\$ 48,778	\$ 244	\$ 49,022

Note Payable-2012 Truck

On March 11, 2011, the City entered into a lease-purchase agreement to purchase a new 2012 International Garbage Truck with TCF Equipment Finance, Inc. The lease-purchase agreement called for five equal annual installments of \$29,692.42 [principal and interest] with the first payment due at signing, and carried an annual interest rate of 3.34%. Total interest paid for fiscal 2015 is \$973. When the final payment was made, the City had the option to purchase the Garbage Truck for \$1. The City has exercised its option to purchase the Garbage Truck.

Note Payable-Community First National

On May 14, 2014, the City entered into a Master Equipment Lease-Purchase Agreement to purchase four 2014 Dodge Chargers and a Dodge Durango. The Master Equipment Lease-Purchase Agreement calls for three equal annual installments of \$32,744.36 [principal and interest] with the first payment due July 15, 2014, and carries an annual interest rate of 3.00%. Total interest paid for fiscal 2015 is \$488. At June 30, 2015, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,871	\$ 1,873	\$ 32,744
2016	31,793	951	32,744
Total required payments	\$ 62,664	\$ 2,824	\$ 65,488

Future maturities of principal and interest payments are as follows:

<u>Years Ending June 30</u>	<u>Stimulus Loan</u>		<u>Note Payable</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 48,778	\$ 244	\$ 30,871	\$ 1,873	\$ 81,766
2017	...	...	31,793	951	32,744
Totals	\$ 48,778	\$ 244	\$ 62,664	\$ 2,824	\$ 114,510

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The following table summarizes the financial information regarding the City's two defined-benefit pension plans:

Plan	Net Pension Liability (Asset)	Deferred Resources	
		Outflows	Inflows
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	\$ (177,172)	\$ 159,800	\$ 869,550
County & Municipal Other Employees' Pension Plan proportionate share [CMOEPP]	(13,121)	63,531	90,331
Totals	\$ (190,293)	\$ 223,331	\$ 959,881

County & Municipal Police and Firefighters' Pension Plan [CMPFPP]

The City's first defined-benefit pension plan is part of the "County & Municipal Police and Firefighters' Pension Plan" [the "CMPFPP"] which is a cost-sharing multiple-employer defined-benefit pension plan established in the Delaware Code. The State of Delaware's General Assembly is responsible for setting benefits and contributions and amending the plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees [the "Board"]. Plan management is the responsibility of the Board, which is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two exofficio members. The daily operation is the responsibility of the Delaware Office of Pensions. Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2015. For a more complete Plan description, refer to the Delaware Public Employee's Retirement System [the "DPERS"] CAFR.

Separately issued financial statements for the DPERS are available from the Delaware pension office at: McArdle Building, Suite 1; 860 Silver Lake Boulevard; Dover, Delaware 19904.

General Information About the Plan

Plan Description and Eligibility: The Plan covers police officers and firefighters employed by a County or a Municipality of the State of Delaware that have joined the Plan, such as the City of New Castle.

Service Benefits: Final average monthly compensation multiplied by 2.50% and multiplied by years of credited service up to 20 years. For the Plan, final average monthly compensation is the monthly average of the highest three years of compensation.

Vesting: Five years of credited service.

Retirement: Age 62 with 5 years of credited service; age plus credited service [but not less than 10 years] equals 75; or 20 years credited service.

Disability Benefits:

- **Duty-Total Disability:** 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.
- **Duty-Partial Disability:** Calculated the same as Service Benefits, subject to minimum 50% of final average compensation.
- **NonDuty:** Same as Service Benefits. Total disability subject to a minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

General Information About the Plan (continued)

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If member is killed in the line of duty, eligible survivor receives 75% of member's compensation.

Contributions:

- Employer: Determined by Board of Pension Trustees. Employer contributions were 15.50% and 14.80% of earnings for fiscal 2014 and 2013, respectively.
- Member: 7% of compensation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a pension liability (asset) of \$(177,172) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of the contributions to the pension plan relative to the total projected contributions of the State and all participating Counties and municipalities within the State of Delaware, actuarially determined. At June 30, 2014, the City's proportion was 1.6378 percent, which was a decrease of 8.3855 percent from its proportion measured as of June 30, 2013.

As a result of its requirement to contribute to the DPERS, the City recognized pension expense (contribution) of \$(152,165) for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows and inflows of resources from the following sources resulting from its requirement to contribute to the DPERS:

Description	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$...	\$...
Changes of assumptions	...	...
Net difference between projected and actual earnings	...	869,550
Contributions subsequent to measurement date	159,800	...
Change in proportion and differences between City and proportionate share of contributions	...	...
Totals	\$ 159,800	\$ 869,550

\$159,800 reported as deferred outflows of resources related to the pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Years Ending June 30	Amount
2016	\$ 173,910
2017	173,910
2018	173,910
2019	173,910
2020	<u>173,910</u>
Total	\$ 869,550

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	Percentages
Inflation	3.00%
Projected salary increases	4.00% to 11.50%, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation of 3.00%
Cost-of-living adjustments	Ad hoc

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 using scale AA for Males and Females, as appropriate, for mortality improvement.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments [ad hoc COLAs] as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return [expected returns, net of investment expense and inflation] are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected Plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.70%
International equity	5.70%
Fixed income	2.00%
Alternative investments	7.80%
Cash and equivalents	0.00%

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease [6.20%]	Current Discount Rate [7.20%]	1% Increase [8.20%]
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]	\$ 464,231	\$ (177,172)	\$ (702,497)

County & Municipal Other Employees' Pension Plan [CMOEPP]

The City's second defined-benefit pension plan is part of the "County & Municipal Other Employees' Pension Plan" [the "CMOEPP"] which is a cost-sharing multiple-employer defined-benefit pension plan established in the Delaware Code. The State of Delaware's General Assembly is responsible for setting benefits and contributions and amending the plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees [the "Board"]. Plan management is the responsibility of the Board, which is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two exofficio members. The daily operation is the responsibility of the Delaware Office of Pensions. Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2015. For a more complete Plan description, refer to the Delaware Public Employee's Retirement System [the "DPERS"] CAFR.

Separately issued financial statements for the DPERS are available from the Delaware pension office at: McArdle Building, Suite 1; 860 Silver Lake Boulevard; Dover, Delaware 19904.

General Information About the Plan

Plan Description and Eligibility: The Plan covers other employees of a County or a Municipality of the State of Delaware that have joined the Plan, such as the City of New Castle.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Other Employees' Pension Plan [CMOEPP] (continued)

General Information About the Plan (continued)

Service Benefits: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For the Plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: Five years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employees must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of the pension employee would have received at age 62.

Contributions:

- Employer: Determined by Board of Pension Trustees. Employer contributions were 6.60% and 6.80% of earnings for fiscal 2014 and 2013, respectively.
- Member: 3% of earnings in excess of \$6,000.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a pension liability (asset) of \$(13,121) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the total projected contributions of the State and all participating Counties and municipalities within the State of Delaware, actuarially determined. At June 30, 2014, the City's proportion was 3.5643 percent, which was a decrease of 1.0337 percent from its proportion measured as of June 30, 2013.

As a result of its requirement to contribute to the DPERS, the City recognized pension expense of \$23,788 for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows and inflows of resources from the following sources as a result of its requirement to contribute to DPERS:

Description	Deferred Resources	
	Outflows	Inflows
Differences between expected and actual experience	\$...	\$...
Changes of assumptions	...	...
Net difference between projected and actual earnings	...	90,331
Contributions subsequent to measurement date	63,531	...
Change in proportion and differences between City and proportionate share of contributions	...	...
Totals	\$ 63,531	\$ 90,331

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Other Employees' Pension Plan [CMOEPP] (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

\$63,531 reported as deferred outflows of resources related to the pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Years Ending June 30	Amount
2016	\$ 12,904
2017	12,904
2018	12,904
2019	12,904
2020	12,905
2021	12,905
2022	<u>12,905</u>
Total	<u>\$ 90,331</u>

Actuarial assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	Percentages
Inflation	3.00%
Projected salary increases	3.50% to 11.50%, including inflation
Investment rate of return	7.20%, net of pension plan investment expense, including inflation of 3.00%
Cost-of-living adjustments	Ad hoc

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 using scale AA for Males and Females, as appropriate, for mortality improvement.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments [ad hoc COLAs] as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Other Employees' Pension Plan [CMOEPP] (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return [expected returns, net of investment expense and inflation] are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected Plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation is summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.70%
International equity	5.70%
Fixed income	2.00%
Alternative investments	7.80%
Cash and equivalents	0.00%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>Plan</u>	<u>1% Decrease [6.20%]</u>	<u>Current Discount Rate [7.20%]</u>	<u>1% Increase [8.20%]</u>
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan [CMOEPP]	\$ <u>172,800</u>	\$ <u>(13,121)</u>	\$ <u>(166,385)</u>

NOTE 9 - LEASING ARRANGEMENTS AS LESSEE

The City leases the following office equipment under operating leasing arrangements expiring at various dates listed below. Total rental cost for the year ended June 30, 2015 is \$8,800.

Description	Monthly Rentals	Expiration Date
Cannon Model 15-3230 Copier System	\$ 189.56	June, 2016
Cannon Model IRC 3480 Copier System	277.49	June, 2016
Ricoh Copier System	197.20	August, 2019

At June 30, 2015, the minimum future rental payments under non-cancelable operating leasing arrangements having remaining terms in excess of one year in the aggregate are as follows:

Years Ending June 30	Amount
2016	\$ 7,971
2017	2,366
2018	2,366
2019	2,366
2020	<u>394</u>
Total minimum future rental payments required	<u>\$ 15,463</u>

NOTE 10 - LEASING ARRANGEMENTS AS LESSOR

The City is the lessor of certain property under non-cancelable operating leasing arrangements expiring at various dates. The following schedule summarizes the property held for lease at June 30, 2015:

Property Under Lease	Purpose of Rental	Cost Basis
Certain real property	Land Lease	\$...
Air rights to certain real property	Mobile Antennae	...

At June 30, 2015, minimum future rental revenues under non-cancelable leasing arrangements having remaining terms in excess of one year in the aggregate are as follows:

Years Ending June 30	Land Lease	Air Rights
2016	\$...	\$ 48,358
2017	...	49,665
2018	<u>...</u>	<u>51,011</u>
Total minimum future rental revenues	<u>\$...</u>	<u>\$ 149,034</u>

Certain leasing arrangements are generally based on a percentage of lessee collections and as such rental revenue is estimated based on current available information for future years. Total rental revenue received for the year ended June 30, 2015 is \$108,460.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

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

Collective Bargaining Agreements

The City is operating under a collective bargaining agreement with the Wilmington Fraternal Order of Police, Lodge No. 1. The contract covers all uniformed police officers for the period July 1, 2014 to June 30, 2017.

The City is also operating under a three-year agreement with Council 81 AFSCME AFL-CIO for its nonsupervisory employees in Public Works, Building and Administration Departments for the periods July 1, 2015 to June 30, 2018.

Government Grant/Award Programs

The City participates in a number of federally and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable program requirements will be established at some future date. The amount, if any, 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 to be immaterial to the financial statements.

Litigation

In the course of business, the City may become involved in litigation; any losses from such litigation are generally covered by insurance. At June 30, 2015, the City is involved in certain disputes which the City solicitor anticipates will not result in significant financial liability to the City.

NOTE 12 - RESTATEMENT OF BEGINNING FUND BALANCE

At June 30, 2014, the reduction in the City's general fund fund balance by \$68,848 is a result of the adoption of the accrual basis of accounting applicable to governments. The net change to the general fund fund balance is as follows:

Description	Amount
Overstatement of accounts receivable-other	\$ (845)
Overstatement of deferred inflows-property taxes	18,306
Understatement of accounts payable and other	(30,654)
Understatement of accrued wages and related taxes	<u>(55,655)</u>
Net adjustment due to change to accrual basis of accounting	(68,848)
General fund-fund balance, as previously reported	<u>1,245,313</u>
General fund-fund balance, as restated	<u>\$ 1,176,465</u>

NOTE 13 - GASB STATEMENT IMPLEMENTATION

The City has implemented GASB Statements No. 67, 68 and 71, *Financial Reporting for Pension Plans, Accounting for Financial Reporting for Pensions, and Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Statements' primary objective is to improve accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a reduction of net position by \$897,964 at June 30, 2014.

NOTE 14 - RESTATEMENT OF BEGINNING NET POSITION

At June 30, 2014, the reduction in the City's net position by \$897,964 is a direct result of the implementation of GASB Statements No. 68 and 71. The total restatement is as follows:

Pension Plans	Net Pension Liability
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	\$ 844,543
County & Municipal Other Employees' Pension Plan proportionate share [CMOEPP]	<u>53,421</u>
Total restatement due to adoption of new pension standards	<u>\$ 897,964</u>

At June 30, 2014, the increase in the City's net position by \$29,293,881 is a result of the adoption of the accrual basis of accounting applicable to governments. The total restatement is as follows:

Description	Amount
Overstatement of accounts receivable-other	\$ (845)
Overstatement of deferred inflows-property taxes	18,306
Understatement of accounts payable and other	(30,654)
Understatement of accrued wages and relates taxes	(55,655)
Understatement of capital assets, net accumulated depreciation	30,230,468
Understatement of compensated absences liability	(502,621)
Understatement of long-term debt obligations	<u>(365,118)</u>
Net position, as restated	<u>\$29,293,881</u>

NOTE 15 - FUTURE GASB STATEMENT IMPLEMENTATION

The City has not early-implemented GASB Statement No. 72, *Fair Value Measurement and Application*. The Statement's objective is to improve financial reporting by [1] clarifying the definition of fair value for financial reporting purposes, [2] establishing general principles for measuring fair value, [3] providing additional fair value application guidance, and [4] enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature.

NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS

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

Required Supplementary Information [RSI] Section

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL—GENERAL FUND
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,151,517	\$ 151,517
Property transfer taxes	250,000	250,000	240,569	(9,431)
Cable franchise taxes	100,000	100,000	113,727	13,727
Licenses and permits	282,000	282,000	332,954	50,954
Intergovernmental-State	...	...	10,656	10,656
Police fines and court fees	50,000	50,000	55,112	5,112
Charges for services	79,500	79,500	69,841	(9,659)
Interest and rents	62,500	62,500	110,399	47,899
Miscellaneous revenues	15,650	15,650	39,490	23,840
Total revenues	3,839,650	3,839,650	4,124,265	284,615
EXPENDITURES				
Current:				
General government:				
City Administration	664,797	664,797	623,701	41,096
Board of Adjustments	5,500	5,500	5,520	(20)
Building maintenance	159,375	159,375	89,986	69,389
Insurance costs	349,354	349,354	380,271	(30,917)
Outside professional services	70,750	70,750	104,321	(33,571)
Public safety	1,961,757	1,961,757	1,943,813	17,944
Public services	1,133,900	1,133,900	1,089,695	44,205
Parks and recreation	85,000	85,000	93,338	(8,338)
Committees and commissions	31,250	31,250	50,860	(19,610)
Capital outlay	31,900	31,900	15,058	16,842
Debt service	54,600	54,600	62,436	(7,836)
Total expenditures	4,548,183	4,548,183	4,458,999	89,184
EXCESS (DEFICIT) OF				
REVENUES OVER EXPENDITURES	(708,533)	(708,533)	(334,734)	373,799
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	...	...	...	...
Proceeds from sale of capital assets	2,500	2,500	68,143	65,643
Annual appropriation:				
Municipal Services Commission	500,000	500,000	509,375	9,375
Refund of prior year expenditures	...	...	10,482	10,482
Operating transfers (out) in	13,000	13,000	(18,814)	(31,814)
Total other financing sources (uses)	515,500	515,500	569,186	53,686
NET CHANGE IN FUND BALANCE	(193,033)	(193,033)	234,452	427,485
FUND BALANCES				
Beginning of year, as restated	193,033	193,033	1,176,465	983,432
End of year	\$...	\$...	\$ 1,410,917	\$ 1,410,917

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City annually adopts a budget for the general fund. 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. All budgets are presented on the accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with the accrual basis consistent with the legally adopted budget as amended. The unexpended appropriations on the annual budgets lapse at the end of each fiscal year.

Material Violations

There are no material violations of the annual appropriated budget for the year presented.

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN [CMPFPP]

As of and Year Ended June 30, 2015

	<u>2015</u>
City's proportion of net pension liability (asset)	<u>1.6378%</u>
City's proportionate share of net pension liability (asset)	<u>\$ (177,172)</u>
City's covered-employee payroll	<u>\$ 1,085,123</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>(16.33)%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>104.47%</u>

Note to Schedule:

The amounts presented above are determined at June 30 of the preceding year.

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF PENSION CONTRIBUTIONS

OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN [CMPFPP]

Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 159,800
Contributions in relation to contractually required contribution	<u>159,800</u>
Annual contribution (deficiency) excess	<u>\$. . .</u>
City covered-employee payroll	<u>\$ 1,126,936</u>
Contributions as percentage of covered-employee payroll	<u>14.18%</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

OF THE COUNTY & MUNICIPAL OTHER EMPLOYEES' PENSION PLAN [CMOEPP]

As of and Year Ended June 30, 2015

	<u>2015</u>
City's proportion of net pension liability (asset)	<u>3.5643%</u>
City's proportionate share of net pension liability (asset)	<u>\$ (13,121)</u>
City's covered-employee payroll	<u>\$ 963,705</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>(1.36)%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>101.07%</u>

Note to Schedule:

The amounts presented above are determined at June 30 of the preceding year.

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
SCHEDULE OF PENSION CONTRIBUTIONS
OF THE COUNTY & MUNICIPAL OTHER EMPLOYEES' PENSION PLAN [CMOEPF]
Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 63,531
Contributions in relation to contractually required contribution	<u>63,531</u>
Annual contribution (deficiency) excess	<u>\$. . .</u>
City covered-employee payroll	<u>\$ 980,414</u>
Contributions as percentage of covered-employee payroll	<u>6.48%</u>

See Report of Independent Auditor

Supplementary Information Section

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2015 with Comparative Totals for 2014

	Special Revenue Fund						Totals	
	Federal Funding	State Funding	Separation Day Fund	Gateway Project	Park Donor Program Fund	Trustees New Castle Common	Special Revenue Fund [Memorandum Only]	
	[See Pg 35]	[See Pg 36]					2015	2014
ASSETS								
ASSETS								
Cash and equivalents	\$...	\$1,040,008	\$ 21,148	\$ 30,515	\$ 4,385	\$...	\$1,096,056	\$ 240,447
Due from other governments	9,142	14,464	...	...	...	...	23,606	4,382
Interfund receivable (payable)	(9,142)	(18,914)	(7,993)	...	...	49,022	12,973	(21,985)
TOTAL ASSETS	<u>\$...</u>	<u>\$1,035,558</u>	<u>\$ 13,155</u>	<u>\$ 30,515</u>	<u>\$ 4,385</u>	<u>\$ 49,022</u>	<u>\$1,132,635</u>	<u>\$ 222,844</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$...	\$ 154	\$ 7,555	\$...	\$...	\$...	\$ 7,709	\$ 290
Unearned revenues	...	8,525	...	...	...	49,022	57,547	40,429
Refundable advances	...	800,364	...	...	...	...	800,364	...
Total liabilities	<u>...</u>	<u>809,043</u>	<u>7,555</u>	<u>...</u>	<u>...</u>	<u>49,022</u>	<u>865,620</u>	<u>40,719</u>
FUND BALANCES								
Restricted for specific programs	...	226,515	5,600	30,515	4,385	...	267,015	182,125
Unassigned	...	...	...	...	...	...	...	...
Total fund balances	<u>...</u>	<u>226,515</u>	<u>5,600</u>	<u>30,515</u>	<u>4,385</u>	<u>...</u>	<u>267,015</u>	<u>182,125</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$...</u>	<u>\$1,035,558</u>	<u>\$ 13,155</u>	<u>\$ 30,515</u>	<u>\$ 4,385</u>	<u>\$ 49,022</u>	<u>\$1,132,635</u>	<u>\$ 222,844</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2015 with Comparative Totals for 2014

	Federal Funding				Total Federal Funding	
	Criminal Justice Council	Office of Highway	Homeland Security	Other Grants	[Memorandum Only] 2015	2014
ASSETS						
ASSETS						
Cash and equivalents	\$...	\$...	\$...	\$...	\$...	\$...
Due from other governments	9,142	...	...	...	9,142	4,382
Interfund receivable (payable)	(9,142)	...	...	...	(9,142)	(4,382)
TOTAL ASSETS	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and other	\$...	\$...	\$...	\$...	\$...	\$...
Unearned revenues	...	...	...	...	...	...
Refundable advances	...	...	...	...	...	...
Total liabilities	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
FUND BALANCES						
Restricted for specific programs	...	...	...	...	...	...
Unassigned	...	...	...	...	...	...
Total fund balances	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2015 with Comparative Totals for 2014

	State Funding						Total State Funding	
	Municipal Street Aid	Police Pension	SALLE	EIDE	DNREC Grant	Other Grants	[Memorandum Only]	
							2015	2014
ASSETS								
ASSETS								
Cash and equivalents	\$ 199,308	\$ 31,811	\$...	\$ 4,624	\$ 800,364	\$ 3,901	\$1,040,008	\$ 192,558
Due from other governments	...	...	...	...	...	14,464	14,464	...
Interfund receivable (payable)	(4,604)	...	...	...	...	(14,310)	(18,914)	(16,273)
TOTAL ASSETS	<u>\$ 194,704</u>	<u>\$ 31,811</u>	<u>\$...</u>	<u>\$ 4,624</u>	<u>\$ 800,364</u>	<u>\$ 4,055</u>	<u>\$1,035,558</u>	<u>\$ 176,285</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$...	\$...	\$...	\$...	\$...	\$ 154	\$ 154	\$...
Unearned revenues	...	...	...	4,624	...	3,901	8,525	40,429
Refundable advances	...	...	...	...	800,364	...	800,364	...
Total liabilities	<u>...</u>	<u>...</u>	<u>...</u>	<u>4,624</u>	<u>800,364</u>	<u>4,055</u>	<u>809,043</u>	<u>40,429</u>
FUND BALANCES								
Restricted for specific programs	194,704	31,811	...	...	...	...	226,515	135,856
Unassigned	...	...	...	...	...	...	...	...
Total fund balances	<u>194,704</u>	<u>31,811</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>226,515</u>	<u>135,856</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 194,704</u>	<u>\$ 31,811</u>	<u>\$...</u>	<u>\$ 4,624</u>	<u>\$ 800,364</u>	<u>\$ 4,055</u>	<u>\$1,035,558</u>	<u>\$ 176,285</u>

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CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2015 with Comparative Totals for 2014

	Special Revenue Fund						Totals	
	Federal Funding <i>[See Pg 38]</i>	State Funding <i>[See Pg 39]</i>	Separation Day Fund	Gateway Project	Park Donor Program Fund	Trustees New Castle Common	Special Revenue Fund [Memorandum Only] 2015 2014	
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ 43,466	\$...	\$...	\$...	\$...	\$...	\$ 43,466	\$ 10,023
State funding	...	269,507	33,000	...	...	...	302,507	285,372
Trustees of New Castle Common	...	...	...	...	...	223,011	223,011	196,090
Interest revenue	...	174	26	...	8	...	208	151
Miscellaneous revenue	...	...	8,505	...	...	...	8,505	6,212
Total revenues	43,466	269,681	41,531	...	8	223,011	577,697	497,848
EXPENDITURES								
Current:								
General government	...	...	...	...	...	...	...	...
Public safety	13,467	95,150	...	...	...	18,706	127,323	132,839
Public services	...	...	...	...	...	...	...	...
Parks and recreation	...	...	41,025	3,570	2,713	...	47,308	56,092
Capital outlay:								
General government	...	1,000	...	...	...	...	1,000	...
Public safety	29,999	...	...	...	...	...	29,999	...
Public services	...	30,143	...	...	...	...	30,143	128,981
Parks and recreation	...	65,976	...	...	...	14,782	80,758	101,706
Debt service:								
Principal	...	...	...	...	...	192,700	192,700	188,894
Interest and other fees	...	...	...	...	...	3,390	3,390	7,196
Total expenditures	43,466	192,269	41,025	3,570	2,713	229,578	512,621	615,708
EXCESS REVENUES OVER (UNDER) EXPENDITURES	...	77,412	506	(3,570)	(2,705)	(6,567)	65,076	(117,860)
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	...	...	...	...	...	...	...	(302)
Operating transfers in (out)	...	13,247	...	...	...	6,567	19,814	(36,394)
Total other financing sources (uses)	...	13,247	...	...	...	6,567	19,814	(36,696)
NET CHANGE IN FUND BALANCES	...	90,659	506	(3,570)	(2,705)	...	84,890	(154,556)
FUND BALANCES								
Beginning of year	...	135,856	5,094	34,085	7,090	...	182,125	336,681
End of year	\$...	\$ 226,515	\$ 5,600	\$ 30,515	\$ 4,385	\$...	\$ 267,015	\$ 182,125

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2015 with Comparative Totals for 2014

	Federal Funding				Total Federal Funding	
	Criminal	Office of	Homeland	Other	[Memorandum Only]	
	Justice	Highway	Security	Grants	2015	2014
	Council					
REVENUES						
Intergovernmental revenues:						
Federal funding	\$ 9,142	\$ 4,325	\$ 29,999	\$...	\$ 43,466	\$ 10,023
State funding	...	...	...	...	...	...
Trustees of New Castle Common	...	...	...	...	...	...
Interest revenue	...	...	...	...	...	...
Miscellaneous revenue	...	...	...	...	...	...
Total revenues	<u>9,142</u>	<u>4,325</u>	<u>29,999</u>	<u>...</u>	<u>43,466</u>	<u>10,023</u>
EXPENDITURES						
Current:						
General government	...	...	...	...	...	...
Public safety	9,142	4,325	...	...	13,467	4,375
Public services	...	...	...	...	...	...
Parks and recreation	...	...	...	...	...	4,577
Capital outlay:						
General government	...	...	...	...	...	...
Public safety	...	...	29,999	...	29,999	...
Public services	...	...	...	...	...	...
Parks and recreation	...	...	...	...	...	...
Debt service:						
Principal	...	...	...	...	...	...
Interest and other fees	...	...	...	...	...	...
Total expenditures	<u>9,142</u>	<u>4,325</u>	<u>29,999</u>	<u>...</u>	<u>43,466</u>	<u>8,952</u>
EXCESS REVENUES OVER						
(UNDER) EXPENDITURES	...	...	...	...	...	1,071
OTHER FINANCING SOURCES (USES)						
Refund of prior year revenues	...	...	...	...	...	...
Operating transfers in (out)	...	...	...	...	...	(1,071)
Total other financing						
sources (uses)	(1,071)
NET CHANGE IN FUND BALANCES
FUND BALANCES						
Beginning of year
End of year	\$...	\$...	\$...	\$...	\$...	\$...

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CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2015 with Comparative Totals for 2014

	State Funding						Total State Funding	
	Municipal	Police	SALLE		DNREC	Other	[Memorandum Only]	
	Street Aid	Pension		EIDE	Grant	Grants	2015	2014
REVENUES								
Intergovernmental revenues:								
Federal funding	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
State funding	106,191	73,587	8,153	4,606	22,931	54,039	269,507	252,372
Trustees of New Castle Common	...	...	...	...	...	...	...	...
Interest revenue	166	8	...	...	...	...	174	114
Miscellaneous revenue	...	...	...	...	...	...	...	...
Total revenues	106,357	73,595	8,153	4,606	22,931	54,039	269,681	252,486
EXPENDITURES								
Current:								
General government	...	...	...	...	...	...	...	...
Public safety	...	72,397	8,153	4,606	...	9,994	95,150	117,041
Public services	...	...	...	...	...	...	...	...
Parks and recreation	...	...	...	...	...	...	...	5,000
Capital outlay:								
General government	...	...	...	...	...	1,000	1,000	...
Public safety	...	...	...	...	...	...	...	...
Public services	30,143	...	...	...	...	...	30,143	128,981
Parks and recreation	...	...	...	...	22,931	43,045	65,976	101,706
Debt service:								
Principal	...	...	...	...	...	...	...	...
Interest and other fees	...	...	...	...	...	...	...	...
Total expenditures	30,143	72,397	8,153	4,606	22,931	54,039	192,269	352,728
EXCESS REVENUES OVER								
(UNDER) EXPENDITURES	76,214	1,198	...	...	...	...	77,412	(100,242)
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	...	...	...	...	...	...	...	(302)
Operating transfers in (out)	13,247	...	...	...	...	...	13,247	(44,945)
Total other financing sources (uses)	13,247	...	...	...	...	...	13,247	(45,247)
NET CHANGE IN FUND BALANCES	89,461	1,198	...	...	...	...	90,659	(145,489)
FUND BALANCES								
Beginning of year	105,243	30,613	...	...	...	...	135,856	281,345
End of year	\$ 194,704	\$ 31,811	\$...	\$...	\$...	\$...	\$ 226,515	\$ 135,856

See Report of Independent Auditor