



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

CITY OF NEW CASTLE
New Castle, Delaware

Years Ended June 30, 2018 and 2017

CITY OF NEW CASTLE, DELAWARE

TABLE OF CONTENTS

Report of Independent Auditor1-2

Basic Financial Statements Section

Government-Wide Financial Statements:
Statements of Net Position3
Statements of Activities4-5
Fund Financial Statements:
Balance Sheets-Governmental Funds6
Reconciliation of the Balance Sheets of Governmental Funds
to the Statements of Net Position7
Statements of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds8
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statements of Activities9
Notes to Financial Statements10-29

Required Supplementary Information [RSI] Section

Schedule of Revenues, Expenditures
and Changes in Fund Balance-Budget and Actual-General Fund30-31
Schedule of Proportionate Share of Net Pension Liability
of the County & Municipal Police and Firefighters' Pension Plan [CMPFPP]32
Schedule of Pension Contributions
of the County & Municipal Police and Firefighters' Pension Plan [CMPFPP]33
Schedule of Proportionate Share of Net Pension Liability
of the County & Municipal Other Employees' Pension Plan [CMOEPP]34
Schedule of Pension Contributions
of the County & Municipal Other Employees' Pension Plan [CMOEPP]35

Supplementary Information Section

Combining Balance Sheet-Special Revenue Fund
With Comparative Totals36-38
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances-Special Revenue Fund
With Comparative Totals39-41



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

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 [the "City" and primary government], Delaware, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the primary government 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 the primary government 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 the 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 audits. We conducted our audits 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 entity'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, 2018 and 2017, 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, presented on pages 30 to 31, along with schedules of net pension liability and schedules of pension contributions, presented on pages 32 to 35, 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, reported on pages 36 through 41, 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.

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.

Whisman Giordano & Associates, LLC

Newark, Delaware
February 12, 2019

Basic Financial Statements Section

CITY OF NEW CASTLE, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2018 and 2017

	Primary Government	
	Governmental Activities	
	2018	2017
ASSETS		
Current assets		
Cash and equivalents	\$ 3,609,871	\$ 3,187,596
Cash and equivalents-restricted	1,882,071	-
Receivables, net of allowance:		
Property taxes	239,598	278,120
Accounts	153,873	178,632
Other	1,893	2,387
Due from other governments	18,508	7,050
Due from component unit	-	-
Total current assets	5,905,814	3,653,785
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	27,052,662	26,759,170
Depreciable	4,893,064	5,091,566
Net pension asset	-	-
Total noncurrent assets	31,945,726	31,850,736
TOTAL ASSETS	37,851,540	35,504,521
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	452,688	572,160
LIABILITIES		
Current liabilities		
Accounts payable and other	179,005	71,627
Accrued wages and related taxes	102,189	99,716
Current portion of debt obligation	218,283	36,298
Unearned revenues	17,264	15,517
Refundable advances	13,054	2,751
Total current liabilities	529,795	225,909
Noncurrent liabilities		
Long-term portion:		
Compensated absences liability	341,529	375,711
Debt obligation, net of current portion	1,765,015	45,637
Net pension liability	302,392	368,888
Total noncurrent liabilities	2,408,936	790,236
TOTAL LIABILITIES	2,938,731	1,016,145
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings of pension activity	38,605	30,217
Unavailable revenue-property taxes	213,038	251,560
Unavailable revenue-fees and assessments	134,873	178,632
Total deferred inflows of resources	386,516	460,409
NET POSITION		
Net investment in capital assets	31,844,499	31,768,801
Restricted for specific programs	152,374	55,238
Unrestricted	2,982,108	2,776,088
TOTAL NET POSITION	\$ 34,978,981	\$ 34,600,127

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and
					Change In
					Net Position
					Primary
					Government
					Total
					Governmental
					Activities
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 621,189	\$ -	\$ -	\$ -	\$ (621,189)
Board of Adjustments	6,729	-	-	-	(6,729)
Building maintenance	4,669	-	-	-	(4,669)
Insurance costs	312,270	-	-	-	(312,270)
Outside professional services	127,898	-	-	-	(127,898)
Public safety	2,035,469	71,689	136,523	-	(1,827,257)
Public services	1,201,178	298,559	337,421	-	(565,198)
Parks and recreation	218,009	-	-	-	(218,009)
Committees and commissions	20,399	-	-	-	(20,399)
Interest on long-term debt obligation	3,560	-	-	-	(3,560)
Depreciation-unallocated	367,386	-	-	-	(367,386)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 4,918,756	\$ 370,248	\$ 473,944	\$ -	(4,074,564)
GENERAL REVENUES					
Property taxes levied for general purposes					3,480,135
Franchise taxes levied for general purposes					122,527
Investment earnings and rents					90,103
Gain (loss) from sale of capital assets					(2,473)
Miscellaneous revenues					97,773
Component unit appropriations					665,353
Total general revenues					4,453,418
CHANGE IN NET POSITION					378,854
NET POSITION					
Beginning of year					34,600,127
End of year					<u>\$34,978,981</u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and
					Change In
					<u>Net Position</u>
					Primary
					Government
					Total
					Governmental
					Activities
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 722,961	\$ -	\$ -	\$ -	\$ (722,961)
Board of Adjustments	10,780	-	-	-	(10,780)
Building maintenance	52,759	-	-	-	(52,759)
Insurance costs	316,880	-	-	-	(316,880)
Outside professional services	105,523	-	-	-	(105,523)
Public safety	2,049,694	77,614	125,456	-	(1,846,624)
Public services	1,136,254	413,732	148,690	-	(573,832)
Parks and recreation	152,826	-	1,000	1,348,710	1,196,884
Committees and commissions	34,388	-	-	-	(34,388)
Interest on long-term debt obligation	4,792	-	-	-	(4,792)
Depreciation-unallocated	366,124	-	-	-	(366,124)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 4,952,981	\$ 491,346	\$ 275,146	\$ 1,348,710	(2,837,779)
GENERAL REVENUES					
					3,800,503
Property taxes levied for general purposes					117,697
Franchise taxes levied for general purposes					83,061
Investment earnings and rents					(2,767)
Gain (loss) from sale of capital assets					113,332
Miscellaneous revenues					664,394
Component unit appropriations					<u>4,776,220</u>
Total general revenues					
CHANGE IN NET POSITION					
					1,938,441
NET POSITION					
Beginning of year					<u>32,661,686</u>
End of year					<u>\$34,600,127</u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2018 and 2017

	2018				2017			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
ASSETS								
ASSETS								
Cash and equivalents	\$3,316,320	\$ 169,004	\$ 124,547	\$3,609,871	\$2,991,717	\$ 71,457	\$ 124,422	\$3,187,596
Cash and equivalents-restricted	1,882,071	-	-	1,882,071	-	-	-	-
Receivables, net of allowance:								
Property taxes	239,598	-	-	239,598	278,120	-	-	278,120
Accounts	134,873	19,000	-	153,873	178,632	-	-	178,632
Other	1,893	-	-	1,893	2,387	-	-	2,387
Due from other governments	-	18,508	-	18,508	-	7,050	-	7,050
Interfund receivable (payable)	5,378	(5,378)	-	-	(6,586)	6,586	-	-
TOTAL ASSETS	\$5,580,133	\$ 201,134	\$124,547	\$5,905,814	\$3,444,270	\$ 85,093	\$ 124,422	\$3,653,785
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 166,412	\$ 12,593	\$ -	\$ 179,005	\$ 66,093	\$ 5,534	\$ -	\$ 71,627
Accrued wages and related taxes	102,189	-	-	102,189	99,716	-	-	99,716
Unearned revenues	647	16,617	-	17,264	647	14,870	-	15,517
Refundable advances	13,054	-	-	13,054	2,387	364	-	2,751
Total liabilities	282,302	29,210	-	311,512	168,843	20,768	-	189,611
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	213,038	-	-	213,038	251,560	-	-	251,560
Unavailable revenue-fees/assessments	134,873	-	-	134,873	178,632	-	-	178,632
Total deferred inflows of resources	347,911	-	-	347,911	430,192	-	-	430,192
FUND BALANCES								
Restricted for specific programs	-	152,374	-	152,374	-	55,238	-	55,238
Committed by Council	2,061,118	-	124,547	2,185,665	129,047	-	124,422	253,469
Assigned-encumbrances and other	18,903	19,550	-	38,453	5,863	9,087	-	14,950
Unassigned	2,869,899	-	-	2,869,899	2,710,325	-	-	2,710,325
Total fund balances	4,949,920	171,924	124,547	5,246,391	2,845,235	64,325	124,422	3,033,982
TOTAL LIABILITIES AND FUND BALANCES	\$5,580,133	\$ 201,134	\$ 124,547	\$5,905,814	\$3,444,270	\$ 85,093	\$ 124,422	\$3,653,785

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF NET POSITION
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 5,246,391	\$ 3,033,982
Capital assets used in governmental activities are not financial resources and, therefore, not reported as assets in governmental funds. The cost of capital assets is \$39,379,591 and \$39,032,651 and the related accumulated depreciation is \$7,455,615 and \$7,181,915 for the periods presented.	31,945,726	31,850,736
Long-term obligations are not due and payable within the current period and, therefore, not reported as liabilities in the governmental fund types.		
<u>Long-Term Debt Obligations</u>	<u>2018</u>	<u>2017</u>
Current portion	\$ 218,283	\$ 36,298
Net of current portion	<u>1,765,015</u>	<u>45,637</u>
	(1,983,298)	(81,935)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.	(341,529)	(375,711)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, not reported in the fund financial statements:		
Net pension (liability) asset	(302,392)	(368,888)
Deferred outflows and inflows or resources related to pension activity are applicable to future periods and, therefore, not reported in the fund financial statements:		
Deferred outflows of resources related to pension activity of \$452,688 and \$572,160 consists of \$62,342 and \$66,409 of deferred outflows of resources pension expense and \$390,346 and \$505,751 of deferred outflows of 2018 and 2017 employer contributions related to the pension activity.	452,688	572,160
Deferred inflows of resources related to pension activity.	<u>(38,605)</u>	<u>(30,217)</u>
Total net position-governmental activities	<u><u>\$34,978,981</u></u>	<u><u>\$34,600,127</u></u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Years Ended June 30, 2018 and 2017

	2018				2017			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
REVENUES								
Taxes:								
Property taxes	\$ 3,132,540	\$ -	\$ -	\$ 3,132,540	\$ 3,136,885	\$ -	\$ -	\$ 3,136,885
Property transfer taxes	347,595	-	-	347,595	663,618	-	-	663,618
Cable franchise taxes	122,527	-	-	122,527	117,697	-	-	117,697
Licenses and permits	290,079	-	-	290,079	408,585	-	-	408,585
Intergovernmental revenues:								
Federal funding	-	10,520	-	10,520	144,867	15,039	-	159,906
State funding	-	385,582	-	385,582	-	1,463,951	-	1,463,951
Trustees of New Castle Common	-	77,842	-	77,842	-	-	-	-
Police fines and court fees	35,436	-	-	35,436	35,325	-	-	35,325
Charges for services	44,733	-	-	44,733	47,436	-	-	47,436
Interest and rents	89,883	95	125	90,103	82,850	87	124	83,061
Miscellaneous revenues	9,501	40,898	-	50,399	33,229	19,131	-	52,360
Total revenues	4,072,294	514,937	125	4,587,356	4,670,492	1,498,208	124	6,168,824
EXPENDITURES								
Current:								
General government:								
City Administration	676,002	-	-	676,002	714,562	-	-	714,562
Board of Adjustments	6,729	-	-	6,729	10,780	-	-	10,780
Building maintenance	4,669	-	-	4,669	52,759	-	-	52,759
Insurance costs	312,270	-	-	312,270	316,880	-	-	316,880
Outside professional services	127,898	-	-	127,898	105,523	-	-	105,523
Public safety	1,908,090	126,966	-	2,035,056	1,916,474	128,187	-	2,044,661
Public services	1,066,957	130,081	-	1,197,038	1,120,065	11,067	-	1,131,132
Parks and recreation	61,184	156,825	-	218,009	205,560	62,480	-	268,040
Committees and commissions	20,399	-	-	20,399	34,388	-	-	34,388
Capital outlay	414,822	-	-	414,822	52,206	1,323,294	-	1,375,500
Debt service:								
Principal	58,303	-	-	58,303	76,672	-	-	76,672
Interest and other fees	3,561	-	-	3,561	4,792	-	-	4,792
Total expenditures	4,660,884	413,872	-	5,074,756	4,610,661	1,525,028	-	6,135,689
EXCESS (DEFICIT) OF								
REVENUES OVER EXPENDITURES	(588,590)	101,065	125	(487,400)	59,831	(26,820)	124	33,135
OTHER FINANCING SOURCES (USES)								
Proceeds from new financing	1,959,666	-	-	1,959,666	-	-	-	-
Proceeds from sale of capital assets	74,790	-	-	74,790	63,672	-	-	63,672
Annual appropriation:								
Municipal Services Commission	665,353	-	-	665,353	664,394	-	-	664,394
Operating transfers (out) in	(6,534)	6,534	-	-	(3,254)	3,254	-	-
Total other financing sources (uses)	2,693,275	6,534	-	2,699,809	724,812	3,254	-	728,066
NET CHANGE IN FUND BALANCES	2,104,685	107,599	125	2,212,409	784,643	(23,566)	124	761,201
FUND BALANCES								
Beginning of year	2,845,235	64,325	124,422	3,033,982	2,060,592	87,891	124,298	2,272,781
End of year	\$ 4,949,920	\$ 171,924	\$ 124,547	\$ 5,246,391	\$ 2,845,235	\$ 64,325	\$ 124,422	\$ 3,033,982

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, 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, 2018 and 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total governmental funds	<u>2018</u>	<u>2017</u>
	\$ 2,212,409	\$ 761,201

Governmental funds report capital outlay as expenditures. However, in government-wide statements, assets with an initial, individual cost of \$5,000 or more is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The following represents the amount by which capital outlay exceeds or is less than depreciation expense for the periods presented.

<u>Description</u>	<u>2018</u>	<u>2017</u>		
Capital assets	\$ 492,264	\$1,504,223		
Depreciation expense	<u>(367,386)</u>	<u>(366,124)</u>	124,878	1,138,099

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

<u>Description</u>	<u>2018</u>	<u>2017</u>		
Sale and/or disposal of capital assets:				
Proceeds received	\$ 27,415	\$ 2,700		
Loss (gain) recognized	<u>2,473</u>	<u>2,767</u>	(29,888)	(5,467)

Governmental funds report loan proceeds as other financing sources, repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in governmental funds 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 differences in treatment of long-term obligation and related items is as follows:

<u>Description</u>	<u>2018</u>	<u>2017</u>		
Financing proceeds received	\$ (1,959,666)	\$ -		
Principal payments made	<u>58,303</u>	<u>69,672</u>	(1,901,363)	69,672

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

Governmental funds 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.

<u>Description</u>	<u>2018</u>	<u>2017</u>		
City pension contributions for the fiscal years 2018 and 2017	\$ 196,584	\$ 213,699		
Cost of benefits earned net of contributions [pension expense]	<u>(257,948)</u>	<u>(280,060)</u>	(61,364)	(66,361)

Change in net position-governmental activities	<u>\$ 378,854</u>	<u>\$1,938,441</u>
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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" and primary government] 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 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. 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 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. The City has only one organization meeting the above criteria and has elected not to include the following component unit:

- 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 providing water and electric service to City residents. MSC adopted a reporting period of April 1 to March 31.

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, the 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.

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 properly 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and *accrual basis of accounting*. Revenues are recorded when earned, or, for property taxes, in the 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 *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 respective period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the respective reporting period.

Grants and similar items are recognized as revenue 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 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 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 assets, the purchase of equipment and improvements, or for emergency goods and services.

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 and/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 the City government reports the awards as part of the grant budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018 and 2017, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$0 and \$0, respectively. The allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserves recognition in estimating future possible losses. Management believes it has adequately provided for such losses.

Receivable-Accounts

At June 30, 2018 and 2017, the accounts receivable is reflected net of the estimated uncollectible allowance of \$0 and \$0, 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 future possible losses. Management believes it has adequately provided for such losses.

Receivables and Payables

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

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 the advances are not available for appropriation and are not expendable available financial resources. The City reported 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, an equal amount of fund balance is classified as nonspendable as the amount is not available for appropriation. The City reported no such activity for the years presented.

Capital Assets and Depreciation

Capital assets consist of property, furnishings, equipment, and infrastructure assets [such as roads, sidewalks, traffic signals, street lights, and similar items], and are reported in the applicable governmental activity 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. 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 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 capital assets, for governmental-type activities, is not included as part of the capitalized value of the capital asset constructed. No interest costs were capitalized for the years presented. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Years
Buildings and improvements	15 to 50
Improvements other than buildings	5 to 50
Machinery and equipment, including vehicles	3 to 10
Furniture and office equipment	3 to 10
Infrastructure assets	25 to 50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed Fund Balance

Committed fund balance consists 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 related to 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 the governmental funds, the long-term liability of the compensated absences is reflected only when the liability will be liquidated with expendable available financial resources of the general fund.

To fund the compensated absences liability, the City passed Resolution No. 2005-15 establishing an escrow account. (Refer to Note 8 for more detail).

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 ten [CMPFPP] and nine [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 the only item not reflected in the balance sheet of the fund financial statements. 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.

In the fund financial statements, when present, governmental fund types recognize bond discounts and related issuance costs in the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 at year-end are reported as assigned fund balance since encumbrances do not constitute expenditures but serve as authorization for expenditures in the subsequent period. At June 30, 2018 and 2017, the City has encumbrances outstanding of \$38,453 and \$14,950, respectively.

Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three separate categories. 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 [such as 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 the 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 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 2018 are \$1.20 per \$100 of assessed valuation and for fiscal year 2017 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.

At June 30, the primary government's deposits categorized by level of risk are:

Category	2018		2017	
	Book	Bank	Book	Bank
1	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
2	4,991,642	5,073,583	2,687,296	2,675,353
3	300	-	300	-
Total deposits	<u>\$5,491,942</u>	<u>\$5,573,583</u>	<u>\$3,187,596</u>	<u>\$3,175,353</u>

At June 30, 2018 and 2017, the City's deposits held primarily by one financial institution are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling \$5,573,583 and \$3,175,353 held by the financial institutions are in excess of FDIC insurance limits in the amount of \$5,073,583 and \$2,675,353, respectively. Deposits in excess of FDIC limits are either collateralized with U.S. Government securities held by the financial institution in the City's name or backed by U.S. Treasuries. Category 3 deposits are subject to custodial risk and consist of cash held by the City.

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

Due from other governments represents reimbursements and grant awards received from other governmental units. 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. At June 30, the intergovernmental receivables are due from the following government agencies:

Description	2018	2017
Passed through the State of Delaware:		
Delaware Criminal Justice Council [CJC]	\$ -	\$ 7,050
Delaware Division of Historical and Cultural Affairs	840	
Delaware Economic Development Office [DEDO]	17,668	-
Total intergovernmental receivables	<u>\$ 18,508</u>	<u>\$ 7,050</u>

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RELATED PARTY TRANSACTIONS

The Municipal Services Commission [MSC], the only component unit of the City, appropriated \$665,353 and \$664,394 to the Mayor and Council of the City of New Castle for the years ended June 30, 2018 and 2017, respectively. In addition, MSC provided, at no cost to the City, water service for municipal buildings and other municipal activities valued at \$2,345 and \$19,070 for the years ended June 30, 2018 and 2017, respectively.

The City in turn leases real property to MSC. (For detail, refer to Note 11).

NOTE 6 - CAPITAL ASSETS

The following tables summarize changes in the capital assets of governmental activities:

Description	As of and Year Ended June 30, 2018			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,327,735	\$ -	\$ -	\$ 2,327,735
Streets and Roads	24,311,984	412,943	-	24,724,927
Construction in progress:				
Streets and sidewalks	119,451	-	119,451	-
Trees, trails and landscape	-	-	-	-
Total, not depreciated	26,759,170	412,943	119,451	27,052,662
Capital assets, depreciable:				
Buildings and improvements	2,785,405	-	-	2,785,405
Furniture and equipment	728,189	-	-	728,189
Vehicles	1,233,634	95,536	122,124	1,207,046
Streets and sidewalks	6,077,996	103,236	-	6,181,232
Trees, trails and landscape	1,448,257	-	-	1,448,257
Total depreciable	12,273,481	198,772	122,124	12,350,129
Less accumulated depreciation:				
Buildings and improvements	1,366,641	66,151	-	1,432,792
Furniture and equipment	490,872	41,730	-	532,602
Vehicles	880,024	52,175	92,236	839,963
Streets and sidewalks	4,408,534	135,641	-	4,544,175
Trees, trails and landscape	35,844	71,689	-	107,533
Total accumulated depr.	7,181,915	367,386	92,236	7,457,065
Total, net depreciation	5,091,566	(168,614)	29,888	4,893,064
Net capital assets	\$31,850,736	\$ 244,329	\$ 149,339	\$31,945,726

Description	As of and Year Ended June 30, 2017			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,327,735	\$ -	\$ -	\$ 2,327,735
Streets and Roads	23,859,264	452,720	-	24,311,984
Construction in progress:				
Streets and sidewalks	93,612	119,451	93,612	119,451
Trees, trails and landscape	144,087	1,289,686	1,433,773	-
Total, not depreciated	26,424,698	1,861,857	1,527,385	26,759,170
Capital assets, depreciable:				
Buildings and improvements	2,737,664	47,741	-	2,785,405
Furniture and equipment	695,328	32,861	-	728,189
Vehicles	1,280,134	-	46,500	1,233,634
Streets and sidewalks	6,437,104	-	359,108	6,077,996
Trees, trails and landscape	-	1,448,257	-	1,448,257
Total depreciable	11,150,230	1,528,859	405,608	12,273,481
Less accumulated depreciation:				
Buildings and improvements	1,299,179	67,462	-	1,366,641
Furniture and equipment	447,890	42,982	-	490,872
Vehicles	869,523	51,534	41,033	880,024
Streets and sidewalks	4,240,232	168,302	-	4,408,534
Trees, trails and landscape	-	35,844	-	35,844
Total accumulated depr.	6,856,824	366,124	41,033	7,181,915
Total, net depreciation	4,293,406	1,162,735	364,575	5,091,566
Net capital assets	\$30,718,104	\$3,024,592	\$1,891,960	\$31,850,736

NOTE 7 - 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 and insurance settlements have not exceeded insurance coverage for the years presented.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS

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

Description	As of and Year Ended June 30, 2018				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Accrued employee benefits	\$375,711	\$ -	\$ 34,182	\$ 341,529	\$ -
Note payable-CFNB	67,377	-	21,740	23,186	22,451
Note payable-CFNB	14,558	-	14,558	-	-
Note payable-CFNB	-	29,371	9,626	10,078	9,667
Note payable-M&T Bank	-	35,965	12,379	11,985	11,601
General Obligation Bonds	-	1,894,330	-	1,719,766	174,564
Total debt obligations	\$457,646	\$1,959,666	\$ 92,485	\$2,106,544	\$218,283

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 to the City earned sick and vacation time upon separation of employment from the City. The balance of the accrued employee benefits at June 30, 2018 and 2017 is reflected above. To fund the accrued employee benefits liability, the City established a separate bank account which reflects a balance of \$179,047 and \$129,047 at June 30, 2018 and 2017, respectively.

Note Payable-Community First National Bank [CFNB]

On August 3, 2015, the City entered into a Master Equipment Lease-Purchase Agreement to purchase a 2016 Ford F-750. The Master Equipment Lease-Purchase Agreement calls for five equal annual installments of \$23,944 [principal and interest] with the first payment due August 15, 2015 and carries a fixed interest rate of 3.27%. Total interest paid on the loan is \$2,203 and \$2,892 for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2019	\$ 22,451	\$ 1,492	\$ 23,943
2020	23,186	758	23,944
Total required payments	\$ 45,637	\$ 2,250	\$ 47,887

Note Payable-Community First National Bank [CFNB]

On August 3, 2015, the City entered into a Master Equipment Lease-Purchase Agreement to purchase a 2015 Chevy Tahoe and a 2014 Dodge Charger. The Master Equipment Lease-Purchase Agreement called for three equal annual installments of \$15,035 [principal and interest] with the first payment due August 15, 2015 and carried a fixed interest rate of 3.27%. Total interest paid on the loan is \$476 and \$937 for the years ended June 30, 2018 and 2017, respectively. The final payment was made during fiscal year 2018.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

Note Payable-Community First National Bank [CFNB]

On November 3, 2016, the City entered into a Master Equipment Lease-Purchase Agreement to purchase a 2016 Dodge Charger and a 2017 Dodge Charger. The Master Equipment Lease-Purchase Agreement calls for three equal annual installments of \$10,506 [principal and interest] with the first payment due July 15, 2017 and carries a fixed interest rate of 3.27%. Total interest paid on the loan is \$881 for the year ended June 30, 2018. At June 30, 2018, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 9,667	\$ 839	\$ 10,506
2020	10,078	428	10,506
Total required payments	<u>\$ 19,745</u>	<u>\$ 1,267</u>	<u>\$ 21,012</u>

Note Payable-M&T Bank

On November 15, 2017, the City entered into a Master Equipment Lease-Purchase Agreement to purchase a 2017 Dodge Charger and a 2018 Dodge Charger. The Master Equipment Lease-Purchase Agreement calls for three equal annual installments of \$12,379 [principal and interest] with the first payment due November 15, 2017 and carries a fixed interest rate of 3.62%. Total interest paid on the loan is \$0 for the year ended June 30, 2018. At June 30, 2018, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 11,601	\$ 778	\$ 12,379
2020	11,985	395	12,380
Total required payments	<u>\$ 23,586</u>	<u>\$ 1,173</u>	<u>\$ 24,759</u>

General Obligation Bonds, Series 2018

The General Obligation Bonds, Series 2018 [issued in the amount of \$1,894,330] carry a maturity date of May 1, 2028. The proceeds of the general obligation bonds will be used to finance multiple capital improvement projects related to the City's streets and roads. The bonds carry a fixed interest rate of 3.52% and are payable in monthly installments of \$18,750 [principal and interest] commencing June 1, 2018. The June 1, 2018 payment was made on July 1, 2018 with lender's approval since the City did not budget for the payment in fiscal year 2018. At June 30, 2018, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 174,564	\$ 69,186	\$ 243,750
2020	167,144	57,856	225,000
2021	173,123	51,877	225,000
2022	179,316	45,684	225,000
2023	185,731	39,269	225,000
2024-2028	<u>1,014,452</u>	<u>91,798</u>	<u>1,106,250</u>
Total required payments	<u>\$ 1,894,330</u>	<u>\$ 355,670</u>	<u>\$ 2,250,000</u>

The Trustees of New Castle Common, on April 10, 2018, approved a grant award to pay for the principal and interest of the General Obligation Bonds, Series 2018 with limits of up to \$56,250 per quarter for up to 40 consecutive quarters beginning October of 2018.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

The following table summarizes future maturities of principal and interest payments:

Years Ending June 30	General Obligation Bonds		Notes Payable		Totals
	Principal	Interest	Principal	Interest	
2019	\$ 174,564	\$ 69,186	\$ 43,719	\$ 3,109	\$ 290,578
2020	167,144	57,856	45,249	1,581	271,830
2021	173,123	51,877	-	-	225,000
2022	179,316	45,684	-	-	225,000
2023	185,731	39,269	-	-	225,000
2024-2028	1,014,452	91,798	-	-	1,106,250
Totals	\$1,894,330	\$ 355,670	\$ 88,968	\$ 4,690	\$2,343,658

NOTE 9 - DEFINED BENEFIT PENSION PLANS

The following tables summarize the financial information of the City's two defined-benefit pension plans:

At June 30, 2018

Plan	Net Pension		
	Liability (Asset)	Deferred Resources	
		Outflows	Inflows
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	\$ 131,244	\$ 302,448	\$ 40,167
County & Municipal Other Employees' Pension Plan proportionate share [CMOEPP]	171,148	150,240	(1,562)
Totals	\$ 302,392	\$ 452,688	\$ 38,605

At June 30, 2017

Plan	Net Pension		
	Liability (Asset)	Deferred Resources	
		Outflows	Inflows
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	\$ 211,602	\$ 400,292	\$ 19,330
County & Municipal Other Employees' Pension Plan proportionate share [CMOEPP]	157,286	171,868	10,887
Totals	\$ 368,888	\$ 572,160	\$ 30,217

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 ex-officio 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, 2017 and 2016. For a more complete Plan description, refer to the Delaware Public Employee's Retirement System [the "DPERS"] CAFR.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

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, plus 3.50% of final average monthly compensation multiplied by years of service in excess of 20 years. For the Plan, final average monthly compensation is the monthly average of the highest three consecutive 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.

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 13.80% and 13.90% of employee earnings for fiscal 2017 and 2016, respectively.
- **Member:** 7% of compensation.

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

At June 30, 2018 and 2017, the City reported a pension liability of \$131,244 and \$211,602, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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, 2017 and 2016, the City's proportion was 1.3018% and 1.3312%, which was a decrease of 0.0294% and a decrease of 0.3779% from its proportion measured as of June 30, 2016 and 2015, respectively.

NOTE 9 - 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)

As a result of its requirement to contribute to the DPERS, the City recognized pension expense (contribution) of \$172,565 and \$202,622 for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, the City reported deferred outflows and inflows of resources from the following sources resulting from its requirement to contribute to DPERS:

Description	Deferred Resources			
	2018		2017	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 24,652	\$ 64,412	\$ 32,516	\$ 28,088
Changes of assumptions	99,723	37,961	-	50,068
Net difference between projected and actual earnings on pension plan investments	9,746	(69,950)	175,077	(67,675)
Contributions subsequent to the measurement date	134,242	-	147,290	-
Change in proportion and differences between City contributions and proportionate share of contributions	34,085	7,744	45,409	8,849
Totals	\$ 302,448	\$ 40,167	\$ 400,292	\$ 19,330

\$134,242 and \$147,290 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 in the years ending June 30, 2019 and 2018, respectively. The other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Years Ending June 30	2018	2017
2017	\$ -	\$ (40,330)
2018	(16,191)	(40,330)
2019	(73,078)	(97,217)
2020	(36,079)	(60,219)
2021	25,304	1,164
2022	(5,087)	1,164
2023	(5,087)	2,096
2024 and thereafter	(17,821)	-
Totals	\$ (128,039)	\$ (233,672)

NOTE 9 - 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, 2017 and 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2017	2016
Inflation	2.50%	2.50%
Projected salary increases	2.50% plus Merit, including inflation	2.50% plus Merit, including inflation
Investment rate of return	7.00%, net of expenses	7.20%, net of expenses
Cost-of-living adjustments	0.00%	0.00%

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 2017. 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.

Key assumption changes include a reduction in the discount rate from 7.2% to 7.0%. Mortality rates for 2017 were based on the RP-2014 tables with gender adjustments for health annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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 Plan's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected			
	Real Rate of Return		Asset Allocations	
	2017	2016	2017	2016
Domestic equity	5.70%	5.70%	33.50%	34.00%
International equity	5.70%	5.70%	13.70%	14.70%
Fixed income	2.00%	2.00%	26.60%	25.00%
Alternative investments	7.80%	7.80%	22.70%	20.90%
Cash and equivalents	0.00%	0.00%	3.50%	5.40%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% and 7.20% for years ended June 30, 2017 and 2016, respectively. 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.

NOTE 9 - 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)

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 7.00% and 7.20%, respectively, 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%	Current	1%
	Decrease	Discount	Increase
	[6.00%]	Rate	[8.00%]
		[7.00%]	
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]:			
Fiscal year 2018	\$ 829,929	\$ 131,244	\$ (437,643)

Plan	1%	Current	1%
	Decrease	Discount	Increase
	[6.20%]	Rate	[8.20%]
		[7.20%]	
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]:			
Fiscal year 2017	\$ 841,804	\$ 211,602	\$ (301,994)

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, 2017 and 2016. 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 employees [other than police officers or firefighters] of Counties or Municipalities of the State of Delaware that have joined the Plan, such as the City of New Castle.

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: 5 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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

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 pension the employee would have received at age 62.

Contributions:

- **Employer:** Determined by Board of Pension Trustees. Employer contributions were 7.36% and 6.21% of employee earnings for fiscal years 2017 and 2016, 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, 2018 and 2017, the City reported a pension liability of \$171,148 and \$157,286, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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, 2017 and 2016, the City's proportion was 2.6415% and 2.5386%, which was an increase of 0.1029% and a decrease of 1.0084% from its proportion measured as of June 30, 2016 and 2015, respectively.

As a result of its requirement to contribute to the DPERS, the City recognized pension expense of \$85,383 and \$77,438 for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, 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			
	2018		2017	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 36,577	\$ 5,720	\$ 37,969	\$ 8,930
Changes of assumptions	46,036	-	20,427	-
Net difference between projected and actual earnings on pension plan investments	3,810	(19,282)	47,063	(17,778)
Contributions subsequent to the measurement date	62,342	-	66,409	-
Change in proportion and differences between City contributions and proportionate share of contributions	1,475	12,000	-	19,735
Totals	\$ 150,240	\$ (1,562)	\$ 171,868	\$ 10,887

NOTE 9 - 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)

\$62,342 and \$66,409 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 in the years ending June 30, 2019 and 2018, respectively. The other amounts reported as deferred outflows and inflows of resources will be recognized in the pension expense as follows:

Years Ending June 30	2018	2017
2017	\$ -	(12,446)
2018	(9,454)	(12,446)
2019	(26,992)	(29,986)
2020	(15,706)	(18,697)
2021	809	(2,182)
2022	(9,945)	(5,065)
2023	(12,279)	(13,750)
2024 and thereafter	(15,893)	-
Totals	<u>\$ (89,460)</u>	<u>\$ (94,572)</u>

Actuarial assumptions: The total pension liability in the June 30, 2017 and 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2017	2016
Inflation	2.50%	2.50%
Projected salary increases	2.50% plus Merit, including inflation	2.50% plus Merit, including inflation
Investment rate of return	7.00%, net of expenses	7.20%, net of expenses
Cost-of-living adjustments	0.00%	0.00%

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 2017. 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.

Key assumption changes include a reduction in the discount rate from 7.2% to 7.0%. Mortality rates for 2017 were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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 9 - 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 Plan's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return		Asset Allocations	
	2017	2016	2017	2016
	Domestic equity	5.70%	5.70%	33.50%
International equity	5.70%	5.70%	13.70%	14.70%
Fixed income	2.00%	2.00%	26.60%	25.00%
Alternative investments	7.80%	7.80%	22.70%	20.90%
Cash and equivalents	0.00%	0.00%	3.50%	5.40%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% and 7.20% for the years ended June 30, 2017 and 2016, respectively. 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 calculated using the discount rate of 7.00% and 7.20%, respectively, 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	Current Discount Rate	1% Increase
	[6.00%]	[7.00%]	[8.00%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan [CMOEPP]:			
Fiscal year 2018	\$ 385,098	\$ 171,148	\$ (4,807)
		Current	
	1% Decrease	Discount Rate	1% Increase
Plan	[6.20%]	[7.20%]	[8.20%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan [CMOEPP]:			
Fiscal year 2017	\$ 348,397	\$ 157,286	\$ 11,094

NOTE 10 - LEASING ARRANGEMENTS AS LESSEE

The City leases office equipment under operating leasing arrangements expiring at various dates listed below. The following table summarizes the City's leasing arrangements:

Description	Monthly Rentals	Expiration Date
Ricoh Copier System	\$ 197	August, 2019
Cannon Model IRC 5235A Copier System	\$ 319	August, 2019

At June 30, 2018, the minimum future payments required 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
2019	\$ 6,196
2020	1,032
Total minimum future payments required	<u>\$ 7,228</u>

Total leasing costs are \$7,204 and \$7,370 for the years ended June 30, 2018 and 2017, respectively.

NOTE 11 - LEASING ARRANGEMENTS AS LESSOR

The City is the lessor of certain property under non-cancelable operating leasing arrangements expiring at various dates. The following table summarizes the property held for lease at June 30, 2018:

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

Certain leasing arrangements are generally based on a percentage of lessee collections and as such rental revenue is not estimated for future years. Total rental revenue received is \$82,981 and \$79,680 for the years ended June 30, 2018 and 2017, respectively.

On June 22, 2016, the City entered into three thirty [30] year leasing arrangements, commencing on the date of the leases and terminating on June 30, 2046 with tenant option to renew for three successive increments of ten [10] years not to exceed a maximum possible term of sixty [60] years with the Municipal Services Commission [MSC] for the following three real properties:

- Gray Street Tank Facility located at 1008 Gray Street, City of New Castle, Delaware.
- Land and Improvements located at 216 Chestnut Street, City of New Castle, Delaware.
- Land and Improvements located at 100 Municipal Boulevard, City of New Castle, Delaware.

The three lease arrangements carry an annual rent of \$1.

NOTE 12 - 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 covered all uniformed police officers for the period July 1, 2014 to June 30, 2017, and the agreement was extended for an additional four-year period of July 1, 2017 to June 30, 2021.

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, and the agreement was extended for an additional four-year period of July 1, 2018 to June 30, 2022.

Government Grant Awards

The City participates in a number of federally and state assisted grant awards. These grant awards are subject to compliance audits by the grantors or their representatives. Accordingly, the City's compliance with the applicable requirements will be established at a future date. The amount of expenditures, if any, 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 normal course of business, the City may become involved in litigation; any losses from such litigation are generally covered by insurance. At June 30, 2018, the City is involved in two disputes which the City solicitor anticipates will not result in significant financial liability to the City.

NOTE 13 - GASB STATEMENT IMPLEMENTATION

The City has implemented GASB Statement No. 85, *Omnibus 2017*. Implementation is required for periods beginning after June 15, 2017, with earlier application encouraged. The objective of the Statement is to address practice issues that have been identified during the implementation and application of certain GASB Statements. The Statement addresses topics, such as: issues related to blending of component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The implementation of the Statement has minimal impact.

The City has implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Implementation is required for periods beginning after June 15, 2017, with earlier application encouraged. The objective of the Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources [resources other than the proceeds of refunding debt] are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of the Statement has no impact on the financial statements since the City has not entered into such agreements.

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.

In November of 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Implementation is required for periods beginning after June 15, 2018, with earlier application encouraged. The objective of the Statement is to address accounting and financial reporting for certain asset retirement obligations [ARO]. An ARO is a legally enforceable liability associated with the retirement of a tangible asset.

NOTE 14 - PENDING GASB STATEMENTS (continued)

In January of 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. Implementation is required for periods beginning after December 15, 2018, 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 December 15, 2019, with earlier application encouraged. The objective of the Statement is to better meet the information 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.

In April of 2018, the GASB issued Statement No. 88, *Certain Disclosures related to Debt, Including Direct Borrowings and Direct Placements*. Implementation is required for periods beginning after June 15, 2018, with earlier application encouraged. The objective of the Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including borrowings and direct placements. The Statement also clarifies which liabilities governments should include when disclosing information related to debt.

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, 2018, 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.

NOTE 15 - 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 3,090,000	\$ 3,090,000	\$ 3,132,540	\$ 42,540
Property transfer taxes	220,000	220,000	347,595	127,595 1
Cable franchise taxes	115,000	115,000	122,527	7,527
Licenses and permits	271,500	271,500	290,079	18,579
Intergovernmental revenues	-	-	-	- 2
Police fines and court fees	40,000	40,000	35,436	(4,564) 3
Charges for services	52,500	52,500	44,733	(7,767) 3
Interest and rents	77,000	77,000	89,883	12,883 4
Miscellaneous revenues	15,000	15,000	9,501	(5,499) 3
Total revenues	3,881,000	3,881,000	4,072,294	191,294
EXPENDITURES				
Current:				
General government	1,156,204	1,156,204	1,127,568	28,636
Public safety	2,043,209	2,043,209	1,908,090	135,119
Public services	1,317,038	1,317,038	1,066,957	250,081 5
Parks and recreation	132,700	132,700	61,184	71,516 6
Committees and commissions	95,900	95,900	20,399	75,501 7
Capital outlay	772,600	772,600	414,822	357,778 8
Debt service	108,725	108,725	61,864	46,861 9
Total expenditures	5,626,376	5,626,376	4,660,884	965,492
EXCESS (DEFICIT) OF				
REVENUES OVER EXPENDITURES	(1,745,376)	(1,745,376)	(588,590)	1,156,786
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	-	-	1,959,666	1,959,666 10
Proceeds from sale of capital assets	2,500	2,500	74,790	72,290
Annual appropriation:				
Municipal Services Commission	665,000	665,000	665,353	353
Operating transfers (out) in	-	-	(6,534)	(6,534)
Total other financing sources (uses)	667,500	667,500	2,693,275	2,025,775
NET CHANGE IN FUND BALANCE	(1,077,876)	(1,077,876)	2,104,685	3,182,561
FUND BALANCES				
Beginning of year	801,876	801,876	2,845,235	2,043,359
Budgeted as special revenues	276,000	276,000	-	(276,000) 2
End of year	\$ -	\$ -	\$ 4,949,920	\$ 4,949,920

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND (CONTINUED)**

Year Ended June 30,2018

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. The budgets for 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 modified 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.

Budget Variances in Excess of 10% of budget

1. Property transfer tax revenue variance is primarily due to the receipt of tax revenue from the sale of a commercial building.
2. Intergovernmental revenues are generally reported in the special revenue fund.
3. Police fines and court fees, charges for services and miscellaneous revenues are budgeted consistent with recent historical trends; however, these sources of revenue are difficult to predict.
4. Interest and rents exceeded the budgeted amount primarily related to leasing of property to the telecommunication industry.
5. The favorable variance in public services expenditures is primarily due to the Handicap Curb Ramps Project being budgeted as capital outlay rather than current expenditures.
6. The favorable variance in parks and recreation expenditures is due to the completion of the Pier Project in fiscal year 2017.
7. The favorable variance in committees and commissions expenditures is primarily due to the manner in which the City budgets for long-term accrued benefits.
8. Capital outlay expenditures variance is due to the delay of certain Capital Projects.
9. The favorable variance in debt service expenditures is due to the delay in a significant street project resulting in a delay in the financing for the project.
10. Proceeds from new financing is from the issuance of General Obligation Bonds, Series 2018 and financing of new police vehicles.

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 Years Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability (asset)	<u>1.3018%</u>	<u>1.3312%</u>	<u>1.7091%</u>	<u>1.6378%</u>
City's proportionate share of net pension liability (asset)	<u>\$ 131,244</u>	<u>\$ 211,602</u>	<u>\$ (90,077)</u>	<u>\$ (177,172)</u>
City's covered-employee payroll	<u>\$ 1,069,639</u>	<u>\$ 1,058,392</u>	<u>\$ 1,126,936</u>	<u>\$ 1,085,123</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>12.27%</u>	<u>19.99%</u>	<u>-7.99%</u>	<u>-16.33%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>97.00%</u>	<u>94.71%</u>	<u>101.97%</u>	<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]
 Years Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 134,242	\$ 147,290	\$ 146,588	\$ 159,800
Contributions in relation to contractually required contribution	<u>134,242</u>	<u>147,290</u>	<u>146,588</u>	<u>159,800</u>
Annual contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered-employee payroll	<u>\$ 1,151,657</u>	<u>\$ 1,069,639</u>	<u>\$ 1,058,392</u>	<u>\$ 1,126,936</u>
Contributions as percentage of covered-employee payroll	<u>11.66%</u>	<u>13.77%</u>	<u>13.85%</u>	<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 Years Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability (asset)	<u>2.6415%</u>	<u>2.5386%</u>	<u>3.5470%</u>	<u>3.5643%</u>
City's proportionate share of net pension liability (asset)	<u>\$ 171,148</u>	<u>\$ 157,286</u>	<u>\$ 1,513</u>	<u>\$ (13,121)</u>
City's covered-employee payroll	<u>\$ 902,442</u>	<u>\$ 923,387</u>	<u>\$ 980,414</u>	<u>\$ 963,705</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>18.96%</u>	<u>17.03%</u>	<u>0.15%</u>	<u>-1.36%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>87.62%</u>	<u>86.38%</u>	<u>99.89%</u>	<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]
 Years Ended June 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 62,342	\$ 66,409	\$ 57,342	\$ 63,531
Contributions in relation to contractually required contribution	<u>62,342</u>	<u>66,409</u>	<u>57,342</u>	<u>63,531</u>
Annual contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered-employee payroll	<u>\$ 878,846</u>	<u>\$ 902,442</u>	<u>\$ 923,387</u>	<u>\$ 980,414</u>
Contributions as percentage of covered-employee payroll	<u>7.09%</u>	<u>7.36%</u>	<u>6.21%</u>	<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, 2018 with Comparative Totals for 2017

	Special Revenue Fund						Totals	
	Federal	State	Separation	Gateway	Park	Trustees	Special Revenue Fund	
	Funding	Funding	Day	Project	Program	New Castle	[Memorandum Only]	
		Fund		Fund	Fund	Common	2018	2017
ASSETS	<i>[See Pg 37]</i>	<i>[See Pg 38]</i>						
ASSETS								
Cash and equivalents	\$ -	\$ 166,331	\$ 13	\$ 2,660	\$ -	\$ -	\$169,004	\$ 71,457
Accounts receivable	-	-	19,000	-	-	-	19,000	-
Due from other governments	-	18,508	-	-	-	-	18,508	7,050
Interfund receivable (payable)	-	(18,508)	13,130	-	-	-	(5,378)	6,586
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 166,331</u>	<u>\$ 32,143</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$201,134</u>	<u>\$ 85,093</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ -	\$ 12,593	\$ -	\$ -	\$ -	\$ 12,593	\$ 5,534
Unearned revenues	-	16,617	-	-	-	-	16,617	14,870
Refundable advances	-	-	-	-	-	-	-	364
Total liabilities	<u>-</u>	<u>16,617</u>	<u>12,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,210</u>	<u>20,768</u>
FUND BALANCES								
Restricted for specific programs	-	149,714	-	2,660	-	-	152,374	55,238
Assigned	-	-	19,550	-	-	-	19,550	9,087
Total fund balances	<u>-</u>	<u>149,714</u>	<u>19,550</u>	<u>2,660</u>	<u>-</u>	<u>-</u>	<u>171,924</u>	<u>64,325</u>
TOTAL LIABILITIES AND FUND	<u>\$ -</u>	<u>\$ 166,331</u>	<u>\$ 32,143</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$201,134</u>	<u>\$ 85,093</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2018 with Comparative Totals for 2017

	Federal Funding				Total Federal Funding	
	Criminal Justice Council	Office of Highway	Homeland Security	Other Grants	[Memorandum Only]	
					2018	2017
ASSETS						
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	7,050
Interfund receivable (payable)	-	-	-	-	-	(7,050)
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	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
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, 2018 with Comparative Totals for 2017

	State Funding					Total State Funding [Memorandum Only]		
	Municipal Street Aid	Police Pension	SALLE	EIDE	DNREC Grant	Other Grants	2018	2017
ASSETS								
ASSETS								
Cash and equivalents	\$110,641	\$ 39,073	\$ -	\$ 3,697	\$ -	\$ 12,920	\$166,331	\$ 53,196
Accounts receivable	-	-	-	-	-	-	-	-
Due from other government	-	-	-	-	-	18,508	18,508	-
Interfund receivable (payable)	-	-	-	-	-	(18,508)	(18,508)	4,058
TOTAL ASSETS	<u>\$110,641</u>	<u>\$ 39,073</u>	<u>\$ -</u>	<u>\$ 3,697</u>	<u>\$ -</u>	<u>\$ 12,920</u>	<u>\$166,331</u>	<u>\$ 57,254</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,043
Unearned revenues	-	-	-	3,697	-	12,920	16,617	14,870
Refundable advances	-	-	-	-	-	-	-	364
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,697</u>	<u>-</u>	<u>12,920</u>	<u>16,617</u>	<u>20,277</u>
FUND BALANCES								
Restricted for specific programs	110,641	39,073	-	-	-	-	149,714	36,977
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>110,641</u>	<u>39,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,714</u>	<u>36,977</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$110,641</u>	<u>\$ 39,073</u>	<u>\$ -</u>	<u>\$ 3,697</u>	<u>\$ -</u>	<u>\$ 12,920</u>	<u>\$166,331</u>	<u>\$ 57,254</u>

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, 2018 with Comparative Totals for 2017

	Special Revenue Fund						Totals	
	Federal Funding	State Funding	Separation Day Fund	Gateway Project	Park Program Fund	Trustees New Castle Common	Special Revenue Fund [Memorandum Only]	
	[See Pg 40]	[See Pg 41]					2018	2017
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ 10,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,520	\$ 15,039
State funding	-	359,182	26,400	-	-	-	385,582	1,463,951
Trustees of New Castle Common	-	-	-	-	-	77,842	77,842	-
Interest revenue	-	82	13	-	-	-	95	87
Miscellaneous revenue	-	364	40,534	-	-	-	40,898	19,131
Total revenues	<u>10,520</u>	<u>359,628</u>	<u>66,947</u>	<u>-</u>	<u>-</u>	<u>77,842</u>	<u>514,937</u>	<u>1,498,208</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	10,520	116,446	-	-	-	-	126,966	128,187
Public services	-	130,081	-	-	-	-	130,081	11,067
Parks and recreation	-	-	63,382	15,601	-	77,842	156,825	62,480
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	119,451
Parks and recreation	-	-	-	-	-	-	-	1,203,843
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	<u>10,520</u>	<u>246,527</u>	<u>63,382</u>	<u>15,601</u>	<u>-</u>	<u>77,842</u>	<u>413,872</u>	<u>1,525,028</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>113,101</u>	<u>3,565</u>	<u>(15,601)</u>	<u>-</u>	<u>-</u>	<u>101,065</u>	<u>(26,820)</u>
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	(364)	6,898	-	-	-	6,534	3,254
Total other financing sources (uses)	<u>-</u>	<u>(364)</u>	<u>6,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,534</u>	<u>3,254</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>112,737</u>	<u>10,463</u>	<u>(15,601)</u>	<u>-</u>	<u>-</u>	<u>107,599</u>	<u>(23,566)</u>
FUND BALANCES								
Beginning of year	-	36,977	9,087	18,261	-	-	64,325	87,891
End of year	<u>\$ -</u>	<u>\$ 149,714</u>	<u>\$ 19,550</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,924</u>	<u>\$ 64,325</u>

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, 2018 with Comparative Totals for 2017

	Federal Funding				Total Federal Funding	
	Criminal Justice Council	Office of Highway	Homeland Security	Other Grants	[Memorandum Only]	
					2018	2017
REVENUES						
Intergovernmental revenues:						
Federal funding	\$ -	\$ 10,520	\$ -	\$ -	\$ 10,520	\$ 15,039
State funding	-	-	-	-	-	-
Trustees of New Castle Common	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>10,520</u>	<u>-</u>	<u>-</u>	<u>10,520</u>	<u>15,039</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	10,520	-	-	10,520	14,039
Public services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	1,000
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>10,520</u>	<u>-</u>	<u>-</u>	<u>10,520</u>	<u>15,039</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Refund of prior year revenues	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES						
Beginning of year	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2018 with Comparative Totals for 2017

	State Funding					Total State Funding [Memorandum Only]		
	Municipal Street Aid	Police Pension	SALLE	EIDE	DNREC Grant	Other Grants	2018	2017
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	103,098	80,452	5,132	1,314	7,998	161,188	359,182	1,430,951
Trustees of New Castle Common	-	-	-	-	-	-	-	-
Interest revenue	74	8	-	-	-	-	82	71
Miscellaneous revenue	-	-	-	-	364	-	364	-
Total revenues	103,172	80,460	5,132	1,314	8,362	161,188	359,628	1,431,022
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	70,895	5,132	1,314	-	39,105	116,446	114,148
Public services	-	-	-	-	7,998	122,083	130,081	11,067
Parks and recreation	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	119,451
Parks and recreation	-	-	-	-	-	-	-	1,203,843
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	-	70,895	5,132	1,314	7,998	161,188	246,527	1,448,509
EXCESS REVENUES OVER (UNDER) EXPENDITURES	103,172	9,565	-	-	364	-	113,101	(17,487)
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	(364)	-	(364)	-
Total other financing sources (uses)	-	-	-	-	(364)	-	(364)	-
NET CHANGE IN FUND BALANCES	103,172	9,565	-	-	-	-	112,737	(17,487)
FUND BALANCES								
Beginning of year	7,469	29,508	-	-	-	-	36,977	54,464
End of year	\$ 110,641	\$ 39,073	\$ -	\$ -	\$ -	\$ -	\$ 149,714	\$ 36,977

See Report of Independent Auditor

Resolution 2019-04

A Resolution to Approve the FY-2018 Financial Audit

WHEREAS, the firm of Whisman Giordano & Associates completed the FY2018 Financial Audit, and Mr. Vincent Barbone, CPA, CPE has reviewed the draft Audit with City Council at a Public Meeting held on Tuesday, February 12, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the City Council hereby approves the Fiscal Year 2018 Financial Audit.

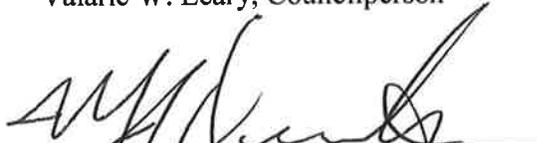
PASSED this 12th day of February 2019.


Linda Ratchford, City Council President

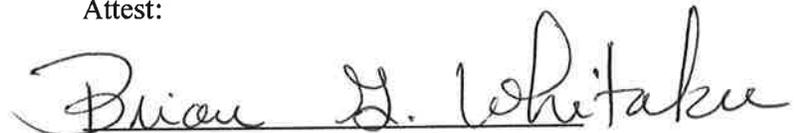

John A. Di Mond, Councilperson


Valarie W. Leary, Councilperson


Michael M. Platt, Councilperson


Michael J. Quaranta, Councilperson

Attest:


Brian G. Whitaker, City Clerk