



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, 2019 and 2018

CITY OF NEW CASTLE, DELAWARE

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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, 2019 and 2018, 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, 2019 and 2018, and the respective changes in financial position for the years 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 audits were 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
January 14, 2020

Basic Financial Statements Section

CITY OF NEW CASTLE, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2019 and 2018

	Primary Government	
	Governmental Activities	
	2019	2018
ASSETS		
Current assets		
Cash and equivalents	\$ 3,293,770	\$ 3,430,824
Cash and equivalents-restricted	2,048,248	2,061,118
Receivables, net of allowance:		
Property taxes	259,939	239,598
Accounts	142,501	153,873
Other	6,716	1,893
Due from other governments	17,299	18,508
Due from component unit	-	-
Total current assets	5,768,473	5,905,814
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	27,856,470	27,052,662
Depreciable	4,993,423	4,893,064
Net pension asset	-	-
Total noncurrent assets	32,849,893	31,945,726
TOTAL ASSETS	38,618,366	37,851,540
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	564,512	452,688
LIABILITIES		
Current liabilities		
Accounts payable and other	384,190	179,005
Accrued wages and related taxes	89,979	102,189
Current portion of debt obligation	251,358	218,283
Unearned revenues	15,887	17,264
Refundable advances	9,766	13,054
Total current liabilities	751,180	529,795
Noncurrent liabilities		
Long-term portion:		
Compensated absences liability	432,312	341,529
Debt obligation, net of current portion	1,727,027	1,765,015
Net pension liability	386,186	302,392
Total noncurrent liabilities	2,545,525	2,408,936
TOTAL LIABILITIES	3,296,705	2,938,731
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings of pension activity	90,451	38,605
Unavailable revenue-property taxes	232,923	213,038
Unavailable revenue-fees and assessments	113,601	134,873
Total deferred inflows of resources	436,975	386,516
NET POSITION		
Net investment in capital assets	32,793,325	31,844,499
Restricted for specific programs	243,100	152,374
Unrestricted	2,412,773	2,982,108
TOTAL NET POSITION	\$ 35,449,198	\$ 34,978,981

Accompanying notes are an integral part of these financial statements

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

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	\$ 709,346	\$ -	\$ -	\$ -	\$ (709,346)
Board of Adjustments	26,979	-	-	-	(26,979)
Building maintenance	4,947	-	-	-	(4,947)
Insurance costs	301,796	-	-	-	(301,796)
Outside professional services	126,615	-	-	-	(126,615)
Public safety	2,160,072	85,195	196,012	-	(1,878,865)
Public services	1,245,719	339,411	279,195	125,157	(501,956)
Parks and recreation	205,779	-	-	-	(205,779)
Committees and commissions	29,805	-	-	-	(29,805)
Interest on long-term debt obligation	78,200	-	-	225,000	146,800
Depreciation-unallocated	391,586	-	-	-	(391,586)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 5,280,844	\$ 424,606	\$ 475,207	\$ 350,157	(4,030,874)
GENERAL REVENUES					
					3,340,575
Property taxes levied for general purposes					126,725
Franchise taxes levied for general purposes					153,208
Investment earnings and rents					293
Gain (loss) from sale of capital assets					220,655
Miscellaneous revenues					659,635
Component unit appropriations					4,501,091
Total general revenues					
CHANGE IN NET POSITION					
					470,217
NET POSITION					
					34,978,981
Beginning of year					
					\$35,449,198
End of year					

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	262,578	74,843	(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	\$ 399,101	\$ 74,843	(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					\$34,978,981

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2019 and 2018

	2019				2018			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
ASSETS								
ASSETS								
Cash and equivalents	\$2,910,255	\$ 258,515	\$ 125,000	\$3,293,770	\$3,137,273	\$ 169,004	\$ 124,547	\$3,430,824
Cash and equivalents-restricted	2,048,248	-	-	2,048,248	2,061,118	-	-	2,061,118
Receivables, net of allowance:								
Property taxes	259,939	-	-	259,939	239,598	-	-	239,598
Accounts	113,601	28,900	-	142,501	134,873	19,000	-	153,873
Other	6,716	-	-	6,716	1,893	-	-	1,893
Due from other governments	-	17,299	-	17,299	-	18,508	-	18,508
Interfund receivable (payable)	(19,448)	19,448	-	-	5,378	(5,378)	-	-
TOTAL ASSETS	\$5,319,311	\$ 324,162	\$125,000	\$5,768,473	\$5,580,133	\$ 201,134	\$ 124,547	\$5,905,814
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 338,332	\$ 45,858	\$ -	\$ 384,190	\$ 166,412	\$ 12,593	\$ -	\$ 179,005
Accrued wages and related taxes	89,979	-	-	89,979	102,189	-	-	102,189
Unearned revenues	647	15,240	-	15,887	647	16,617	-	17,264
Refundable advances	9,766	-	-	9,766	13,054	-	-	13,054
Total liabilities	438,724	61,098	-	499,822	282,302	29,210	-	311,512
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	232,923	-	-	232,923	213,038	-	-	213,038
Unavailable revenue-fees/assessments	113,601	-	-	113,601	134,873	-	-	134,873
Total deferred inflows of resources	346,524	-	-	346,524	347,911	-	-	347,911
FUND BALANCES								
Restricted for specific programs	-	243,100	-	243,100	-	152,374	-	152,374
Committed by Council	2,048,248	-	125,000	2,173,248	2,061,118	-	124,547	2,185,665
Assigned-encumbrances and other	-	19,964	-	19,964	18,903	19,550	-	38,453
Unassigned	2,485,815	-	-	2,485,815	2,869,899	-	-	2,869,899
Total fund balances	4,534,063	263,064	125,000	4,922,127	4,949,920	171,924	124,547	5,246,391
TOTAL LIABILITIES AND FUND BALANCES	\$5,319,311	\$ 324,162	\$ 125,000	\$5,768,473	\$5,580,133	\$ 201,134	\$ 124,547	\$5,905,814

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 4,922,127	\$ 5,246,391
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 \$40,690,158 and \$39,402,791 and the related accumulated depreciation is \$7,840,265 and \$7,457,065 for the periods presented.	32,849,893	31,945,726
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>2019</u>	<u>2018</u>
Current portion	\$ 251,358	\$ 218,283
Net of current portion	<u>1,727,027</u>	<u>1,765,015</u>
	(1,978,385)	(1,983,298)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.	(432,312)	(341,529)
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	(386,186)	(302,392)
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 \$564,512 and \$452,688 consists of \$321,748 and \$256,104 of deferred outflows of resources pension expense and \$242,764 and \$196,584 of deferred outflows of 2019 and 2018 employer contributions related to the pension activity.	564,512	452,688
Deferred inflows of resources related to pension activity.	<u>(90,451)</u>	<u>(38,605)</u>
Total net position-governmental activities	<u>\$35,449,198</u>	<u>\$34,978,981</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, 2019 and 2018

	2019				2018			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
REVENUES								
Taxes:								
Property taxes	\$ 3,081,381	\$ -	\$ -	\$ 3,081,381	\$ 3,132,540	\$ -	\$ -	\$ 3,132,540
Property transfer taxes	259,194	-	-	259,194	347,595	-	-	347,595
Cable franchise taxes	126,725	-	-	126,725	122,527	-	-	122,527
Licenses and permits	329,475	-	-	329,475	290,079	-	-	290,079
Intergovernmental revenues:								
Federal funding	-	20,565	-	20,565	-	10,520	-	10,520
State funding	-	454,642	-	454,642	-	388,581	-	388,581
Trustees of New Castle Common	-	350,157	-	350,157	-	74,843	-	74,843
Police fines and court fees	50,574	-	-	50,574	35,436	-	-	35,436
Charges for services	44,557	-	-	44,557	44,733	-	-	44,733
Interest and rents	151,555	1,200	453	153,208	89,883	95	125	90,103
Miscellaneous revenues	84,644	58,478	-	143,122	9,501	40,898	-	50,399
Total revenues	4,128,105	885,042	453	5,013,600	4,072,294	514,937	125	4,587,356
EXPENDITURES								
Current:								
General government:								
City Administration	652,291	-	-	652,291	676,002	-	-	676,002
Board of Adjustments	26,979	-	-	26,979	6,729	-	-	6,729
Building maintenance	4,947	-	-	4,947	4,669	-	-	4,669
Insurance costs	301,796	-	-	301,796	312,270	-	-	312,270
Outside professional services	126,615	-	-	126,615	127,898	-	-	127,898
Public safety	1,855,068	196,012	-	2,051,080	1,908,090	126,966	-	2,035,056
Public services	1,079,088	153,831	-	1,232,919	1,066,957	133,080	-	1,200,037
Parks and recreation	112,851	92,928	-	205,779	136,027	78,983	-	215,010
Committees and commissions	29,805	-	-	29,805	20,399	-	-	20,399
Capital outlay	1,263,051	125,157	-	1,388,208	339,979	74,843	-	414,822
Debt service:								
Principal	266,824	-	-	266,824	58,303	-	-	58,303
Interest and other fees	78,200	-	-	78,200	3,561	-	-	3,561
Total expenditures	5,797,515	567,928	-	6,365,443	4,660,884	413,872	-	5,074,756
EXCESS (DEFICIT) OF								
REVENUES OVER EXPENDITURES	(1,669,410)	317,114	453	(1,351,843)	(588,590)	101,065	125	(487,400)
OTHER FINANCING SOURCES (USES)								
Proceeds from new financing	261,911	-	-	261,911	1,959,666	-	-	1,959,666
Proceeds from sale of capital assets	106,033	-	-	106,033	74,790	-	-	74,790
Annual appropriation:								
Municipal Services Commission	659,635	-	-	659,635	665,353	-	-	665,353
Operating transfers (out) in	225,974	(225,974)	-	-	(6,534)	6,534	-	-
Total other financing sources (uses)	1,253,553	(225,974)	-	1,027,579	2,693,275	6,534	-	2,699,809
NET CHANGE IN FUND BALANCES	(415,857)	91,140	453	(324,264)	2,104,685	107,599	125	2,212,409
FUND BALANCES								
Beginning of year	4,949,920	171,924	124,547	5,246,391	2,845,235	64,325	124,422	3,033,982
End of year	\$ 4,534,063	\$ 263,064	\$ 125,000	\$ 4,922,127	\$ 4,949,920	\$ 171,924	\$ 124,547	\$ 5,246,391

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, 2019 and 2018

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

Net change in fund balance-total governmental funds	2019	2018
	\$ (324,264)	\$2,212,409

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.

Description	2019	2018		
Capital assets	\$ 1,323,960	\$ 492,264		
Depreciation expense	(391,586)	(367,386)	932,374	124,878

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

Description	2019	2018		
Sale and/or disposal of capital assets:				
Proceeds received	\$ 28,500	\$ 27,415		
Loss (gain) recognized	(293)	2,473	(28,207)	(29,888)

Governmental funds report loan proceeds as other financing sources, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in 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:

Description	2019	2018		
Financing proceeds received	\$ (261,911)	\$ (1,959,666)		
Principal payments made	266,824	58,303	4,913	(1,901,363)

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.

Description	2019	2018		
City pension contributions for the fiscal years 2019 and 2018	\$ 242,764	\$ 196,584		
Cost of benefits earned net of contributions [pension expense]	(266,580)	(257,948)	(23,816)	(61,364)

Change in net position-governmental activities	<u>\$ 470,217</u>	<u>\$ 378,854</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 as part of 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, 2019 and 2018, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$0 and \$0, respectively. The allowance is based on 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, 2019 and 2018, the accounts receivable is reflected net of the estimated uncollectible allowance of \$0 and \$0, respectively. The allowance is based on 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, streetlights, 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:

<u>Asset Category</u>	<u>Years</u>
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 Policy

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 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 eight [CMOEP] 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] 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, 2019 and 2018, the City has encumbrances outstanding of \$19,964 and \$38,453, 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 2019 are \$1.20 per \$100 of assessed valuation and for fiscal year 2018 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	2019		2018	
	Book	Bank	Book	Bank
1	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
2	4,841,718	4,947,115	4,991,642	5,073,583
3	300	-	300	-
Total deposits	<u>\$5,342,018</u>	<u>\$5,447,115</u>	<u>\$5,491,942</u>	<u>\$5,573,583</u>

At June 30, 2019 and 2018, the City's deposits held primarily by one financial institution are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling (\$\$\$) and \$5,573,583 held by the financial institution are in excess of FDIC insurance limits in the amount of (\$\$\$) and \$5,073,583, 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	2019	2018
Passed through the State of Delaware:		
Delaware Criminal Justice Council [CJC]	\$ 7,050	\$ -
Delaware Division of Historical and Cultural Affairs	4,776	840
Delaware Economic Development Office [DEDO]	-	17,668
Delaware Department of Transportation [DELDOT]	5,473	-
Total intergovernmental receivables	<u>\$ 17,299</u>	<u>\$ 18,508</u>

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RELATED PARTY TRANSACTIONS

Municipal Services Commission [MSC], a component unit of the City, appropriated \$659,635 and \$665,353 to the Mayor and Council of the City of New Castle for the years ended June 30, 2019 and 2018, respectively. In addition, MSC provided, at no cost to the City, water service for municipal buildings and other municipal activities valued at \$0 and \$2,345 for the years ended June 30, 2019 and 2018, 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 to the capital assets of governmental activities:

Asset Category	As of and Year Ended June 30, 2019			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,327,735	\$ -	\$ 14,231	\$ 2,313,504
Streets and Roads	24,724,927	818,039	-	\$25,542,966
Construction in progress:				
Streets and sidewalks	-	-	-	-
Trees, trails and landscape	-	-	-	-
Total, not depreciated	27,052,662	818,039	14,231	27,856,470
Capital assets, depreciable:				
Buildings and improvements	2,785,405	-	-	2,785,405
Furniture and equipment	742,673	-	-	742,673
Vehicles	1,207,046	301,411	22,362	1,486,095
Streets and sidewalks	6,181,232	204,510	-	6,385,742
Trees, trails and landscape	1,433,773	-	-	1,433,773
Total depreciable	12,350,129	505,921	22,362	12,833,688
Less accumulated depreciation:				
Buildings and improvements	1,432,792	63,378	-	1,496,170
Furniture and equipment	532,602	37,474	-	570,076
Vehicles	839,963	70,845	8,386	902,422
Streets and sidewalks	4,544,175	148,200	-	4,692,375
Trees, trails and landscape	107,533	71,689	-	179,222
Total accumulated depr.	7,457,065	391,586	8,386	7,840,265
Total, net depreciation	4,893,064	114,335	13,976	4,993,423
Net capital assets	\$31,945,726	\$ 932,374	\$ 28,207	\$32,849,893

Asset Category	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	742,673	-	-	742,673
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	1,433,773	-	-	1,433,773
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

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 to long-term debt obligations:

Description	As of and Year Ended June 30, 2019				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Accrued employee benefits	\$ 341,529	\$ 90,783	\$ -	\$ 432,312	\$ -
Note payable-CFNB	45,637	-	22,451	-	23,186
Note payable-CFNB	19,745	-	9,667	-	10,078
Note payable-M&T Bank	23,586	-	11,601	-	11,985
Note payable-PNC Bank	-	226,000	21,627	174,736	29,637
Note payable-PNC Bank	-	35,911	8,977	18,086	8,848
General Obligation Bonds	1,894,330	-	192,501	1,534,205	167,624
Total debt obligations	<u>\$2,324,827</u>	<u>\$ 352,694</u>	<u>\$266,824</u>	<u>\$2,159,339</u>	<u>\$251,358</u>

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, 2019 and 2018 is reflected above. To fund the accrued employee benefits liability, the City established a separate bank account which reflects a balance of \$126,431 and \$179,047 at June 30, 2019 and 2018, 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 \$1,492 and \$2,203 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019, the repayment schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2020	<u>\$ 23,186</u>	<u>\$ 758</u>	<u>\$ 23,944</u>

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 \$839 and \$881 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019, the repayment schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2020	<u>\$ 10,078</u>	<u>\$ 428</u>	<u>\$ 10,506</u>

NOTE 8 - LONG-TERM DEBT OBLIGATIONS [continued]

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 agreement calls for three equal annual installments of \$12,380 [principal and interest] with the first payment [principal only] due November 15, 2017 and carries a fixed interest rate of 3.62%. Total interest paid on the loan is \$778 and \$0 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019, the repayment schedule is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,985	\$ 395	\$ 12,380

Note Payable-PNC Bank

On December 6, 2018, the City entered into a borrowing agreement with PNC Bank for \$226,000 to purchase a TYMCO Model 600 Regenerative Air Sweeper. The note to PNC Bank calls for 84 monthly payments of \$3,058 (principal and interest) with the first payment due January 6, 2019. The note carries a fixed rate of interest of 3.70% and matures on October 6, 2025. Total interest paid on the note is \$4,779 for the year ended June 30, 2019. At June 30, 2019, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 29,637	\$ 7,059	\$ 36,696
2021	30,753	5,943	36,696
2022	31,910	4,786	36,696
2023	33,111	3,585	36,696
2024	34,357	2,339	36,696
2025-2026	44,605	1,265	45,870
Total required payments	\$ 204,373	\$ 24,977	\$ 229,350

Note Payable-PNC Bank

On March 17, 2019, the City entered into a borrowing agreement with PNC Bank for \$35,911 to purchase a 2018 Chevy Tahoe. The note to PNC Bank calls for four annual installments of \$9,761 with the first due June 26, 2019. The note matures March 26, 2022 and carries a fixed interest rate of 3.43%. Total interest paid on the note is \$311 for the year ended June 30, 2019. At June 30, 2019, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,848	\$ 913	\$ 9,761
2021	9,129	632	9,761
2022	8,957	318	9,275
Total required payments	\$ 26,934	\$ 1,863	\$ 28,797

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. Total interest paid on the bonds is \$64,049 for the year ended June 30, 2019.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT OBLIGATIONS [continued]

General Obligation Bonds, Series 2018 [continued]

At June 30, 2019, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 167,624	\$ 57,376	\$ 225,000
2021	173,630	51,370	225,000
2022	179,863	45,137	225,000
2023	186,276	38,724	225,000
2024	192,939	32,061	225,000
2025-2028	801,497	61,003	862,500
Total required payments	<u>\$ 1,701,829</u>	<u>\$ 285,671</u>	<u>\$ 1,987,500</u>

The Trustees of New Castle Common, on April 10, 2018, approved a grant award to pay [and is paying] 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.

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

<u>Years Ending June 30</u>	<u>General Obligation Bonds</u>		<u>Notes Payable</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 167,624	\$ 57,376	\$ 83,734	\$ 9,553	\$ 318,287
2021	173,630	51,370	39,882	6,575	271,457
2022	179,863	45,137	40,867	5,104	270,971
2023	186,276	38,724	33,111	3,585	261,696
2024	192,939	32,061	34,357	2,339	261,696
2025-2028	801,497	61,003	44,605	1,265	908,370
Totals	<u>\$1,701,829</u>	<u>\$ 285,671</u>	<u>\$ 276,556</u>	<u>\$ 28,421</u>	<u>\$2,292,477</u>

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, 2019

<u>Plan</u>	<u>Net Pension Liability (Asset)</u>	<u>Deferred Resources</u>	
		<u>Outflows</u>	<u>Inflows</u>
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	\$ 316,759	\$ 466,965	\$ 59,400
County & Municipal Other Employees' Pension Plan proportionate share [CMOEP]	69,427	97,547	31,051
Totals	<u>\$ 386,186</u>	<u>\$ 564,512</u>	<u>\$ 90,451</u>

At June 30, 2018

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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" [CMPFPP], 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 Delaware Office of Pensions. Although most of the Plan assets are commingled with other plans for investment purposes, the Plan assets may be used only for the payment of benefits to the Plan members in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2018 and 2017. For a more complete Plan description, refer to Delaware Public Employee's Retirement System [DPERS] CAFR.

Separately issued financial statements for DPERS are available from 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: 2.50% final average monthly compensation 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 (excluding overtime and special pay).

Vesting: Five years of credited service.

Retirement: Age 62 with 5 years of 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 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 11.66% and 13.77% of employee earnings for fiscal 2018 and 2017, respectively.
- **Member:** 7% of compensation.

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

At June 30, 2019 and 2018, the City reported a pension liability of \$316,759 and \$131,244, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, 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, 2018 and 2017, the City's proportion was 1.3754% and 1.3018%, which was an increase of 0.0736% and a decrease of 0.0294% from its proportion measured as of June 30, 2017 and 2016, 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 \$217,274 and \$172,565 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, the City reported deferred outflows and inflows of resources from the following sources resulting from its requirement to contribute to DPERS:

Description	Deferred Resources			
	2019		2018	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 238,732	\$ 51,935	\$ 24,652	\$ 64,412
Changes of assumptions	82,570	29,835	99,723	37,961
Net difference between projected and actual earnings on pension plan investments	(57,148)	(28,066)	9,746	(69,950)
Contributions subsequent to the measurement date	177,043	-	134,242	-
Change in proportion and differences between City contributions and proportionate share of contributions	25,769	5,696	34,085	7,744
Totals	\$ 466,966	\$ 59,400	\$ 302,448	\$ 40,167

\$177,043 and \$134,242 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, 2020 and 2019, respectively. The other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Years Ending June 30	2019	2018
2018	-	16,191
2019	72,699	73,078
2020	35,699	36,079
2021	(25,684)	(25,304)
2022	4,707	5,087
2023	27,326	5,087
2024 and thereafter	115,776	17,821
Totals	\$ 230,523	\$ 128,039

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, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2018	2017
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	7.00%, 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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates are 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.

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		Asset Allocations	
	Real Rate of Return			
	2018	2017	2018	2017
Domestic equity	5.70%	5.70%	30.70%	33.50%
International equity	5.70%	5.70%	13.90%	13.70%
Fixed income	2.00%	2.00%	23.30%	26.60%
Alternative investments	7.80%	7.80%	24.40%	22.70%
Cash and equivalents	0.00%	0.00%	7.70%	3.50%

Discount rate: The discount rate for the Plan used to measure total pension liability was 7.00% for the years ended June 30, 2018 and 2017. 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%, 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 [6.00%]	Current Discount Rate [7.00%]	1% Increase [8.00%]
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]: Fiscal year 2019	<u>\$1,161,168</u>	<u>\$ 316,759</u>	<u>\$ (336,737)</u>
Plan	1% Decrease [6.00%]	Current Discount Rate [7.00%]	1% Increase [8.00%]
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]: Fiscal year 2018	<u>\$ 829,929</u>	<u>\$ 131,244</u>	<u>\$ (437,643)</u>

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" [CMOEPP], 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 Plan assets are commingled with other plans for investment purposes, the Plan assets may be used only for the payment of benefits to the Plan members in accordance with the terms of the Plan. The following is a brief description of the Plan in effect at June 30, 2018 and 2017. For a more complete Plan description, refer to the Delaware Public Employee's Retirement System [the "DPERS"] CAFR.

Separately issued financial statements for DPERS are available from Delaware pension office at: McArde 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 after 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 7.09% and 7.36% of employee earnings for fiscal years 2018 and 2017, 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, 2019 and 2018, the City reported a pension liability of \$69,427 and \$171,148, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, 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, 2018 and 2017, the City's proportion was 2.2062% and 2.6415%, which was a decrease of 0.4353% and an increase of 0.1029% from its proportion measured as of June 30, 2017 and 2016, respectively.

As a result of its requirement to contribute to DPERS, the City recognized pension expense of \$49,306 and \$85,383 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, 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			
	2019		2018	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 19,774	\$ 29,045	\$ 36,577	\$ 5,720
Changes of assumptions	26,605	-	46,036	-
Net difference between projected and actual earnings on pension plan investments	(15,660)	(10,746)	3,810	(19,282)
Contributions subsequent to the measurement date	65,721	-	62,342	-
Change in proportion and differences between City contributions and proportionate share of contributions	1,106	12,752	1,475	12,000
Totals	\$ 97,546	\$ 31,051	\$ 150,240	\$ (1,562)

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)

\$65,721 and \$62,342 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, 2020 and 2019, 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	2019	2018
2018	-	9,454
2019	13,444	26,992
2020	2,158	15,706
2021	(14,357)	(809)
2022	(3,603)	9,945
2023	4,135	12,279
2025 and thereafter	(1,003)	15,893
Totals	<u>\$ 774</u>	<u>\$ 89,460</u>

Actuarial assumptions: The total pension liability in the June 30, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2018	2017
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	7.00%, 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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates are 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		Asset Allocations	
	Real Rate of Return			
	2018	2017	2018	2017
Domestic equity	5.70%	5.70%	30.70%	33.50%
International equity	5.70%	5.70%	13.90%	13.70%
Fixed income	2.00%	2.00%	23.30%	26.60%
Alternative investments	7.80%	7.80%	24.40%	22.70%
Cash and equivalents	0.00%	0.00%	7.70%	3.50%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% for the years ended June 30, 2018 and 2017. 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%, 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 Rate	Increase
Plan	[6.00%]	[7.00%]	[8.00%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan [CMOEPP]:			
Fiscal year 2019	\$ 262,383	\$ 69,427	\$ (86,417)
Plan	1%	Current	1%
	Decrease	Discount Rate	Increase
Plan	[6.20%]	[7.00%]	[8.20%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan [CMOEPP]:			
Fiscal year 2018	\$ 385,098	\$ 171,148	\$ (4,807)

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
Cannon Model IRC 5535i II Copier System	\$ 283	August, 2022
Cannon Model IRC 5535i II Copier System	\$ 283	September, 2022

At June 30, 2019, 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
2020	\$ 5,843
2021	6,792
2022	6,792
2023	1,981
Total minimum future payments required	<u>\$ 21,408</u>

Total leasing costs are \$6,192 and \$7,204 for the years ended June 30, 2019 and 2018, 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, 2019:

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 \$90,339 and \$82,981 for the years ended June 30, 2019 and 2018, 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 covers all uniformed police officers for the 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 period of 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, 2019, the City is involved in several disputes which the City solicitor anticipates will not result in significant financial liability to the City.

NOTE 13 - GASB STATEMENT IMPLEMENTATION

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. The implementation of the new statement had minimal impact.

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. The implementation of the new statement had minimal impact.

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 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.

NOTE 14 - PENDING GASB STATEMENTS [continued]

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.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. Implementation is required for periods beginning after December 15, 2020, with earlier application encouraged. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with [1] commitments extended by issuers, [2] arrangements associated with conduit debt obligations, and [3] related note disclosures. The Statement achieves the objectives by clarifying the existing definition of a conduit debt obligations; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

NOTE 15 - RECLASSIFICATIONS

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform with the 2019 financial statement presentation.

NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS

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

Required Supplementary Information [RSI] Section

CITY OF NEW CASTLE, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL—
GENERAL FUND
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 3,115,000	\$ 3,115,000	\$ 3,081,381	\$ (33,619)
Property transfer taxes	250,000	250,000	259,194	9,194
Cable franchise taxes	115,000	115,000	126,725	11,725
Licenses and permits	278,000	278,000	329,475	51,475 1
Intergovernmental revenues	-	-	-	- 2
Police fines and court fees	35,000	35,000	50,574	15,574 3
Charges for services	44,600	44,600	44,557	(43)
Interest and rents	78,500	78,500	151,555	73,055 4
Miscellaneous revenues	80,000	80,000	84,644	4,644
Total revenues	3,996,100	3,996,100	4,128,105	132,005
EXPENDITURES				
Current:				
General government	1,149,429	1,149,429	1,112,628	36,801
Public safety	2,193,413	2,193,413	1,855,068	338,345 5
Public services	1,142,933	1,142,933	1,079,088	63,845
Parks and recreation	111,200	111,200	112,851	(1,651)
Committees and commissions	45,400	45,400	29,805	15,595 6
Capital outlay	961,571	961,571	1,263,051	(301,480) 7
Debt service	364,000	364,000	345,024	18,976
Total expenditures	5,967,946	5,967,946	5,797,515	170,431
EXCESS (DEFICIT) OF				
REVENUES OVER EXPENDITURES	(1,971,846)	(1,971,846)	(1,669,410)	302,436
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	-	-	261,911	261,911 8
Proceeds from sale of capital assets	2,500	2,500	106,033	103,533 9
Annual appropriation:				
Municipal Services Commission	665,000	665,000	659,635	(5,365)
Operating transfers (out) in	225,000	225,000	225,974	974
Total other financing sources (uses)	892,500	892,500	1,253,553	361,053
NET CHANGE IN FUND BALANCE	(1,079,346)	(1,079,346)	(415,857)	663,489
FUND BALANCES				
Beginning of year	1,003,346	1,003,346	4,949,920	3,946,574
Budgeted as special revenues	76,000	76,000	-	(76,000) 2
End of year	\$ -	\$ -	\$ 4,534,063	\$ 4,534,063

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 30,2019

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. The favorable variance in licenses and permits is due to business demand for services and the general economic environment.
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 due to the increase in interest rates by the Federal Reserve Bank.
5. The favorable variance in public safety expenditures is primarily due to the lower than budgeted salaries and related personnel costs.
6. The favorable variance in committees and commissions expenditures is primarily due to the costs being lower than budgeted for the Comprehensive Plan Update.
7. Capital outlay expenditures variance is due primarily to the catch up of delayed capital project costs in fiscal year 2018.
8. Proceeds from new financing consists of financing of a 2018 Chevy Tahoe and TYMCO Model 600 Regenerative Air Sweeper.
9. Proceeds from the sale of capital assets was higher than originally budgeted due to the receipt of insurance reimbursements of \$77,533, the sale of police sub-station for \$20,000, and the sale of two 1996 Ford Dump Trucks for \$6,000.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability (asset)	<u>1.3554%</u>	<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>\$ 316,759</u>	<u>\$ 131,244</u>	<u>\$ 211,602</u>	<u>\$ (90,077)</u>	<u>\$ (177,172)</u>
City's covered-employee payroll	<u>\$ 1,151,657</u>	<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>27.50%</u>	<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>94.10%</u>	<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.

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CITY OF NEW CASTLE, DELAWARE
 SCHEDULE OF PENSION CONTRIBUTIONS
 OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN [CMPFPP]
 Years Ended June 30,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 177,043	\$ 134,242	\$ 147,290	\$ 146,588	\$ 159,800
Contributions in relation to contractually required contribution	<u>177,043</u>	<u>134,242</u>	<u>147,290</u>	<u>146,588</u>	<u>159,800</u>
Annual contribution (deficiency) excess	<u>\$ -</u>				
City covered-employee payroll	<u>\$ 1,061,436</u>	<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>16.68%</u>	<u>11.66%</u>	<u>13.77%</u>	<u>13.85%</u>	<u>14.18%</u>

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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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability (asset)	<u>2.2062%</u>	<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>\$ 69,427</u>	<u>\$ 171,148</u>	<u>\$ 157,286</u>	<u>\$ 1,513</u>	<u>\$ (13,121)</u>
City's covered-employee payroll	<u>\$ 878,846</u>	<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>7.90%</u>	<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>94.41%</u>	<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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 65,721	\$ 62,342	\$ 66,409	\$ 57,342	\$ 63,531
Contributions in relation to contractually required contribution	<u>65,721</u>	<u>62,342</u>	<u>66,409</u>	<u>57,342</u>	<u>63,531</u>
Annual contribution (deficiency) excess	<u>\$ -</u>				
City covered-employee payroll	<u>\$ 901,518</u>	<u>\$ 878,846</u>	<u>\$ 902,442</u>	<u>\$ 923,387</u>	<u>\$ 980,414</u>
Contributions as percentage of covered-employee payroll	<u>7.29%</u>	<u>7.09%</u>	<u>7.36%</u>	<u>6.21%</u>	<u>6.48%</u>

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Supplementary Information Section

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2019 with Comparative Totals for 2018

	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	2019	2018
ASSETS	<i>[See Pg 37]</i>	<i>[See Pg 38]</i>						
ASSETS								
Cash and equivalents	\$ -	\$ 258,515	\$ -	\$ -	\$ -	\$ -	\$258,515	\$169,004
Accounts receivable	-	-	28,900	-	-	-	28,900	19,000
Due from other governments	7,050	10,249	-	-	-	-	17,299	18,508
Interfund receivable (payable)	(7,050)	(5,648)	32,146	-	-	-	19,448	(5,378)
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 263,116</u>	<u>\$ 61,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$324,162</u>	<u>\$201,134</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ 4,776	\$ 41,082	\$ -	\$ -	\$ -	\$ 45,858	\$ 12,593
Unearned revenues	-	15,240	-	-	-	-	15,240	16,617
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>20,016</u>	<u>41,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,098</u>	<u>29,210</u>
FUND BALANCES								
Restricted for specific programs	-	243,100	-	-	-	-	243,100	152,374
Assigned	-	-	19,964	-	-	-	19,964	19,550
Total fund balances	<u>-</u>	<u>243,100</u>	<u>19,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,064</u>	<u>171,924</u>
TOTAL LIABILITIES AND FUND	<u>\$ -</u>	<u>\$ 263,116</u>	<u>\$ 61,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$324,162</u>	<u>\$201,134</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2019 with Comparative Totals for 2018

	Federal Funding				Total Federal Funding	
	Criminal	Office of	Homeland	Other	[Memorandum Only]	
	Justice	Highway	Security	Grants	2019	2018
ASSETS						
ASSETS						
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	7,050	-	-	-	7,050	-
Interfund receivable (payable)	(7,050)	-	-	-	(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>

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CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2019 with Comparative Totals for 2018

	State Funding						Total State Funding [Memorandum Only]	
	Municipal Street Aid	Police Pension	SALLE	EIDE	DNREC Grant	Other Grants	2019	2018
ASSETS								
ASSETS								
Cash and equivalents	\$234,975	\$ 8,125	\$ 2,598	\$ 1,365	\$ -	\$ 11,452	\$258,515	\$166,331
Accounts receivable	-	-	-	-	-	-	-	-
Due from other government	-	-	-	-	-	10,249	10,249	18,508
Interfund receivable (payable)	-	-	-	(175)	-	(5,473)	(5,648)	(18,508)
TOTAL ASSETS	<u>\$234,975</u>	<u>\$ 8,125</u>	<u>\$ 2,598</u>	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 16,228</u>	<u>\$263,116</u>	<u>\$166,331</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ -	\$ -	\$ -	-	\$ 4,776	\$ 4,776	\$ -
Unearned revenues	-	-	2,598	1,190	-	11,452	15,240	16,617
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,598</u>	<u>1,190</u>	<u>-</u>	<u>16,228</u>	<u>20,016</u>	<u>16,617</u>
FUND BALANCES								
Restricted for specific programs	234,975	8,125	-	-	-	-	243,100	149,714
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>234,975</u>	<u>8,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,100</u>	<u>149,714</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$234,975</u>	<u>\$ 8,125</u>	<u>\$ 2,598</u>	<u>\$ 1,190</u>	<u>\$ -</u>	<u>\$ 16,228</u>	<u>\$263,116</u>	<u>\$166,331</u>

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CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2019 with Comparative Totals for 2018

	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]					2019	2018
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ 20,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,565	\$ 10,520
State funding	-	421,464	33,178	-	-	-	454,642	388,581
Trustees of New Castle Common	-	-	-	-	-	350,157	350,157	74,843
Interest revenue	-	1,200	-	-	-	-	1,200	95
Program fees and other	-	-	58,478	-	-	-	58,478	40,898
Total revenues	<u>20,565</u>	<u>422,664</u>	<u>91,656</u>	<u>-</u>	<u>-</u>	<u>350,157</u>	<u>885,042</u>	<u>514,937</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	20,565	175,447	-	-	-	-	196,012	126,966
Public services	-	153,831	-	-	-	-	153,831	133,080
Parks and recreation	-	-	90,268	2,660	-	-	92,928	78,983
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	125,157	125,157	74,843
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	<u>20,565</u>	<u>329,278</u>	<u>90,268</u>	<u>2,660</u>	<u>-</u>	<u>125,157</u>	<u>567,928</u>	<u>413,872</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>93,386</u>	<u>1,388</u>	<u>(2,660)</u>	<u>-</u>	<u>225,000</u>	<u>317,114</u>	<u>101,065</u>
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	(974)	-	-	(225,000)	(225,974)	6,534
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(974)</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>(225,974)</u>	<u>6,534</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>93,386</u>	<u>414</u>	<u>(2,660)</u>	<u>-</u>	<u>-</u>	<u>91,140</u>	<u>107,599</u>
FUND BALANCES								
Beginning 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>
End of year	<u>\$ -</u>	<u>\$ 243,100</u>	<u>\$ 19,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,064</u>	<u>\$ 171,924</u>

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CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2019 with Comparative Totals for 2018

	Federal Funding				Total Federal Funding	
	Criminal Justice Council	Office of Highway	Homeland Security	Other Grants	[Memorandum Only]	
					2019	2018
REVENUES						
Intergovernmental revenues:						
Federal funding	\$ 7,050	\$ 13,515	\$ -	\$ -	\$ 20,565	\$ 10,520
State funding	-	-	-	-	-	-
Trustees of New Castle Common	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-
Program fees and other	-	-	-	-	-	-
Total revenues	<u>7,050</u>	<u>13,515</u>	<u>-</u>	<u>-</u>	<u>20,565</u>	<u>10,520</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	7,050	13,515	-	-	20,565	10,520
Public services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public services	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-
Total expenditures	<u>7,050</u>	<u>13,515</u>	<u>-</u>	<u>-</u>	<u>20,565</u>	<u>10,520</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Beginning of year	-	-	-	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2019 with Comparative Totals for 2018

	State Funding						Total State Funding	
	Municipal	Police			DNREC	Other	[Memorandum Only]	
	Street Aid	Pension	SALLE	EIDE	Grant	Grants	2019	2018
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	123,134	87,931	3,447	7,081	-	199,871	421,464	362,181
Trustees of New Castle Common	-	-	-	-	-	-	-	-
Interest revenue	1,200	-	-	-	-	-	1,200	82
Program fees and other	-	-	-	-	-	-	-	364
Total revenues	<u>124,334</u>	<u>87,931</u>	<u>3,447</u>	<u>7,081</u>	<u>-</u>	<u>199,871</u>	<u>422,664</u>	<u>362,627</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	118,879	3,447	7,081	-	46,040	175,447	116,446
Public services	-	-	-	-	-	153,831	153,831	133,080
Parks and recreation	-	-	-	-	-	-	-	-
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>118,879</u>	<u>3,447</u>	<u>7,081</u>	<u>-</u>	<u>199,871</u>	<u>329,278</u>	<u>249,526</u>
EXCESS REVENUES OVER								
(UNDER) EXPENDITURES	<u>124,334</u>	<u>(30,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,386</u>	<u>113,101</u>
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-	-	(364)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(364)</u>
NET CHANGE IN FUND BALANCES	124,334	(30,948)	-	-	-	-	93,386	112,737
FUND BALANCES								
Beginning of year	<u>110,641</u>	<u>39,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,714</u>	<u>36,977</u>
End of year	<u>\$ 234,975</u>	<u>\$ 8,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,100</u>	<u>\$ 149,714</u>

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