



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, 2024 and 2023

CITY OF NEW CASTLE, DELAWARE

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Report of Independent Auditor

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

Report on the Financial Statements

Opinions

We have audited the 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the primary government financial statements as listed in the table of contents.

In our opinion, the primary government financial statements 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, 2024 and 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of primary government financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the primary government financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the primary government financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the primary government financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the primary government financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the primary government financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the primary government financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the primary government financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, presented on pages 34 to 35, along with schedules of net pension liability and schedules of pension contributions, presented on pages 36 to 39, be presented to supplement the basic financial statements of the primary government. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or 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.

Required Supplementary Information (Continued)

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 financial statements of the primary government is not affected by the missing information.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements of the primary government that collectively comprise the City of New Castle, Delaware's financial statements. The supplementary information, reported on pages 40 through 49, 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.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Restriction on Use

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

Whisman Giordano & Associates, LLC

Newark, Delaware
February 3, 2025

Basic Financial Statements Section

CITY OF NEW CASTLE, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023

	Primary Government	
	Governmental Activities	
	2024	2023
ASSETS		
Current assets		
Cash and equivalents	\$ 10,899,601	\$ 10,575,112
Cash and equivalents-restricted	162,458	128,517
Receivables, net of allowance:		
Property taxes	245,612	260,465
Accounts	31,960	50,137
Other	61,247	16,060
Due from other governments	25,479	96,901
Total current assets	11,426,357	11,127,192
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	30,720,141	30,490,546
Depreciable	5,411,428	4,830,132
Net pension (liability) asset	-	122,186
Total noncurrent assets	36,131,569	35,442,864
TOTAL ASSETS	47,557,926	46,570,056
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	595,636	468,182
Deferred investment earnings of pension activity	346,321	326,434
Total deferred outflows of resources	941,957	794,616
LIABILITIES		
Current liabilities		
Accounts payable and other	328,863	270,820
Accrued wages and related taxes	223,636	164,116
Current portion of debt obligation	346,164	291,548
Unearned revenues	33,026	42,870
Refundable advances	1,383,106	1,270,926
Total current liabilities	2,314,795	2,040,280
Noncurrent liabilities		
Long-term portion:		
Compensated absences liability	434,062	449,504
Debt obligation, net of current portion	865,127	1,025,427
Net pension liability	130,228	-
Total noncurrent liabilities	1,429,417	1,474,931
TOTAL LIABILITIES	3,744,212	3,515,211
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings of pension activity	-	-
Unavailable revenue-property taxes	245,612	258,763
Unavailable revenue-fees and assessments	31,960	50,137
Total deferred inflows of resources	277,572	308,900
NET POSITION		
Net investment in capital assets	34,920,278	34,003,703
Restricted for specific programs	499,373	371,699
Unrestricted	9,058,448	9,165,159
TOTAL NET POSITION	\$ 44,478,099	\$ 43,540,561

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

					Net (Expense) Revenues and Change In Net Position
					Primary Government
Program Revenues					Total Governmental Activities
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 1,343,121	\$ -	\$ -	\$ -	\$ (1,343,121)
Board of Adjustments	-	-	-	-	-
Building maintenance	-	-	-	-	-
Insurance costs	-	-	-	-	-
Outside professional services	-	-	-	-	-
Public safety	2,795,202	130,995	255,682	-	(2,408,525)
Public services	1,287,791	547,370	946,248	-	205,827
Parks and recreation	236,208	-	-	-	(236,208)
Committees and commissions	50,779	-	-	-	(50,779)
Interest on long-term debt obligations	55,807	-	-	225,000	169,193
Depreciation-unallocated	568,062	-	-	-	(568,062)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 6,336,970	\$ 678,365	\$ 1,201,930	\$ 225,000	(4,231,675)
GENERAL REVENUES					
Property taxes levied for general purposes					3,942,314
Franchise taxes levied for general purposes					89,748
Federal funding not restricted for a specific function					-
Investment earnings and rents					401,545
Gain (loss) from sale of capital assets					(86,858)
Miscellaneous revenues (expenditures)					127,515
Component unit appropriations					694,949
Total general revenues					5,169,213
CHANGE IN NET POSITION					937,538
NET POSITION					
Beginning of year					43,540,561
End of year					\$ 44,478,099

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

					Net (Expense) Revenues and Change In Net Position
Functions	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
General government:					
City Administration	\$ 1,032,712	\$ -	\$ -	\$ -	\$ (1,032,712)
Board of Adjustments	-	-	-	-	-
Building maintenance	-	-	-	-	-
Insurance costs	-	-	-	-	-
Outside professional services	-	-	-	-	-
Public safety	2,388,651	107,173	80,848	-	(2,200,630)
Public services	1,251,202	580,124	836,875	-	165,797
Parks and recreation	243,467	-	-	-	(243,467)
Committees and commissions	80,796	-	-	-	(80,796)
Interest on long-term debt obligations	67,419	-	-	225,000	157,581
Depreciation-unallocated	350,421	-	-	-	(350,421)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 5,414,668	\$ 687,297	\$ 917,723	\$ 225,000	(3,584,648)
GENERAL REVENUES					
Property taxes levied for general purposes					3,599,022
Franchise taxes levied for general purposes					112,145
Federal funding not restricted for a specific function					98,242
Investment earnings and rents					238,857
Gain (loss) from sale of capital assets					3,000
Miscellaneous revenues (expenditures)					98,800
Component unit appropriations					670,209
Total general revenues					4,820,275
CHANGE IN NET POSITION					1,235,627
NET POSITION					
Beginning of year					42,304,934
End of year					\$ 43,540,561

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2024 and 2023

	2024				2023			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
ASSETS								
ASSETS								
Cash and equivalents	\$ 10,175,319	\$ 599,282	\$ 125,000	\$ 10,899,601	\$ 9,978,056	\$ 472,056	\$ 125,000	\$ 10,575,112
Cash and equivalents-restricted	162,458	-	-	162,458	128,517	-	-	128,517
Receivables, net of allowance:								
Property taxes	245,612	-	-	245,612	260,465	-	-	260,465
Accounts	31,960	-	-	31,960	50,137	-	-	50,137
Other	61,247	-	-	61,247	16,060	-	-	16,060
Due from other governments	25,479	-	-	25,479	-	96,901	-	96,901
Interfund receivable (payable)	(37,549)	37,549	-	-	80,677	(80,677)	-	-
TOTAL ASSETS	\$ 10,664,526	\$ 636,831	\$ 125,000	\$ 11,426,357	\$ 10,513,912	\$ 488,280	\$ 125,000	\$ 11,127,192
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 240,499	\$ 88,364	\$ -	\$ 328,863	\$ 223,325	\$ 47,495	\$ -	\$ 270,820
Accrued wages and related taxes	223,636	-	-	223,636	164,116	-	-	164,116
Unearned revenues	8,528	24,498	-	33,026	9,263	33,607	-	42,870
Refundable advances	1,383,106	-	-	1,383,106	1,270,926	-	-	1,270,926
Total liabilities	1,855,769	112,862	-	1,968,631	1,667,630	81,102	-	1,748,732
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	245,612	-	-	245,612	258,763	-	-	258,763
Unavailable revenue-fees/assessments	31,960	-	-	31,960	50,137	-	-	50,137
Total deferred inflows of resources	277,572	-	-	277,572	308,900	-	-	308,900
FUND BALANCES								
Restricted for specific programs	-	499,373	-	499,373	-	371,699	-	371,699
Committed by Council	162,458	-	125,000	287,458	128,517	-	125,000	253,517
Assigned-encumbrances and other	-	24,596	-	24,596	-	35,479	-	35,479
Unassigned	8,368,727	-	-	8,368,727	8,408,865	-	-	8,408,865
Total fund balances	8,531,185	523,969	125,000	9,180,154	8,537,382	407,178	125,000	9,069,560
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,664,526	\$ 636,831	\$ 125,000	\$ 11,426,357	\$ 10,513,912	\$ 488,280	\$ 125,000	\$ 11,127,192

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, 2024 and 2023

		Governmental Funds	
		2024	2023
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances-governmental funds		\$ 9,180,154	\$ 9,069,560
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 \$44,978,418 and \$44,482,721 and the related accumulated depreciation is \$9,007,784 and \$9,162,043 for the periods presented.			
		36,131,569	35,320,678
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>2024</u>	<u>2023</u>	
Current portion	\$ 346,164	\$ 291,548	
Net of current portion	865,127	1,025,427	(1,211,291) (1,316,975)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.			
		(434,062)	(449,504)
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		(130,228)	122,186
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 (inflows) contributions and changes in proportion related to pension activity			
		595,636	468,182
Deferred outflows (inflows) of resources related to investment earnings of pension activity.			
		346,321	326,434
Total net position-governmental activities		<u>\$ 44,478,099</u>	<u>\$ 43,540,561</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, 2024 and 2023

	2024				2023			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
REVENUES								
Taxes:								
Property taxes	\$ 3,181,830	\$ -	\$ -	\$ 3,181,830	\$ 3,155,125	\$ -	\$ -	\$ 3,155,125
Property transfer taxes	760,484	-	-	760,484	443,897	-	-	443,897
Cable franchise taxes	89,748	-	-	89,748	112,145	-	-	112,145
Licenses and permits	535,615	-	-	535,615	569,809	-	-	569,809
Intergovernmental revenues:								
Federal funding	-	59,595	-	59,595	98,242	23,296	-	121,538
State funding	196,087	946,248	-	1,142,335	57,552	836,875	-	894,427
Trustees of New Castle Common	-	225,000	-	225,000	-	225,000	-	225,000
Police fines and court fees	29,175	-	-	29,175	35,192	-	-	35,192
Charges for services	113,575	-	-	113,575	82,296	-	-	82,296
Interest and rents	390,252	11,293	-	401,545	224,632	14,225	-	238,857
Miscellaneous revenues	100,860	26,655	-	127,515	64,237	18,620	-	82,857
Total revenues	5,397,626	1,268,791	-	6,666,417	4,843,127	1,118,016	-	5,961,143
EXPENDITURES								
Current:								
General government:								
City Administration	1,358,563	-	-	1,358,563	1,090,398	-	-	1,090,398
Board of Adjustments	-	-	-	-	-	-	-	-
Building maintenance	-	-	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-	-	-
Outside professional services	-	-	-	-	-	-	-	-
Public safety	2,586,028	71,437	-	2,657,465	2,259,665	64,072	-	2,323,737
Public services	1,181,275	1,443	-	1,182,718	1,233,444	106,887	-	1,340,331
Parks and recreation	163,913	72,295	-	236,208	145,578	97,889	-	243,467
Committees and commissions	50,779	-	-	50,779	80,796	-	-	80,796
Capital outlay	582,539	781,825	-	1,364,364	497,669	524,045	-	1,021,714
Debt service:								
Principal	170,679	193,164	-	363,843	97,309	186,219	-	283,528
Interest and other fees	23,971	31,836	-	55,807	28,638	38,781	-	67,419
Total expenditures	6,117,747	1,152,000	-	7,269,747	5,433,497	1,017,893	-	6,451,390
EXCESS (DEFICIT) OF								
REVENUES OVER EXPENDITURES	(720,121)	116,791	-	(603,330)	(590,370)	100,123	-	(490,247)
OTHER FINANCING SOURCES (USES)								
Proceeds from new financing	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	18,975	-	-	18,975	3,000	-	-	3,000
Refund prior years (revenues)/expenditures	-	-	-	-	15,943	-	-	15,943
Annual appropriation:								
Municipal Services Commission	694,949	-	-	694,949	670,209	-	-	670,209
Operating transfers (out) in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	713,924	-	-	713,924	689,152	-	-	689,152
NET CHANGE IN FUND BALANCES	(6,197)	116,791	-	110,594	98,782	100,123	-	198,905
FUND BALANCES								
Beginning of year	8,537,382	407,178	125,000	9,069,560	8,438,600	307,055	125,000	8,870,655
End of year	\$ 8,531,185	\$ 523,969	\$ 125,000	\$ 9,180,154	\$ 8,537,382	\$ 407,178	\$ 125,000	\$ 9,069,560

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, 2024 and 2023

			Governmental Funds	
			2024	2023
Amounts reported for governmental activities in the statement of activities are different because:				
Net change in fund balance-total governmental funds			\$ 110,594	\$ 198,905
Governmental funds report capital outlay as expenditures. However, in government-wide statements, assets with an initial, individual cost of \$5,000 or more are 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	2024	2023		
Capital assets	\$ 1,484,786	\$ 1,034,712		
Depreciation expense	(568,062)	(350,421)	916,724	684,291
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	2024	2023		
Sale and/or disposal of capital assets:				
Proceeds received	\$ 18,975	\$ 3,000		
Loss (gain) recognized	86,858	(3,000)	(105,833)	-
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	2024	2023		
Financing proceeds received	\$ (258,159)	\$ -		
Principal payments made	363,843	283,528	105,684	283,528
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 between the amount used versus the amount earned for periods presented.				
			15,442	(24,673)
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	2024	2023		
City pension contributions for the fiscal years 2024 and 2023	\$ 212,960	\$ 198,388		
Cost of benefits earned net of contributions [pension expense]	(318,033)	(101,812)	(105,073)	93,576
Change in net position-governmental activities			\$ 937,538	\$ 1,235,627

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 entity 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 (MSC) was organized on March 11, 1921 for purposes 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, component unit appropriations, 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 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 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 susceptible to accrual and so have been recognized as revenues of the period. All other revenue items are considered 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 expenditures 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 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 budgeted 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 cash equivalents.

Receivable-Property Taxes

At June 30, 2024 and 2023, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$0. 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, 2024 and 2023, the accounts receivable is reflected net of the estimated uncollectible allowance of \$0. 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 non-spendable 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:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenues

Unearned revenues represent funding received in advance which will be recognized in future periods when the revenue recognition criteria are 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 (CMOEPP) years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category: [1] 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.

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.

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 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, 2024 and 2023, the city has encumbrances outstanding of \$24,956 and \$35,479, 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 governmental units) and may include certain unspent grant award funds. All other net position is considered unrestricted.

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

- **Non-spendable 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. Except for 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 2024 are \$1.20 per \$100 of assessed valuation and for fiscal year 2023 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 1½% delinquency fee for each month

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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	2024		2023	
	Book	Bank	Book	Bank
1	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
2	10,560,959	10,591,989	10,202,529	10,037,021
3	1,100	-	1,100	-
Total deposits	<u>\$11,062,059</u>	<u>\$11,091,989</u>	<u>\$10,703,629</u>	<u>\$10,537,021</u>

At June 30, 2024 and 2023, the primary government's deposits are held primarily by one financial institution and are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by the financial institution. Deposits totaling \$11,091,989 and \$10,537,021 held by the financial institution are in excess (or non-coverage) of the FDIC insurance limits in the amount of \$10,591,989 and \$10,037,021, respectively. Deposits that are 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 credit risk and consist of cash on hand. Custodial credit risk is the risk that in the event of a financial institution failure, 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 so 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	2024	2023
Passed through the State of Delaware:		
Delaware Criminal Justice Council [CJC]	\$ 25,063	\$ 6,889
Delaware Office of Highway Safety	416	1,530
Delaware Department of Natural Resources and Environmental Control	-	68,485
Delaware Emergency Management Agency (DEMA)	-	4,062
State Aid to Local Law Enforcement (SALLE)	-	172
Emergency Illegal Drug Enforcement (EIDE)	-	390
Delaware Division of Family Services (DFS)	-	4,940
Fund to Combat Violent Crime (FCVC)	-	10,433
Total intergovernmental receivables	<u>\$ 25,479</u>	<u>\$ 96,901</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Municipal Services Commission (MSC), a component unit of the City, appropriated \$694,949 and \$670,209 to the Mayor and Council of the City for the years ended June 30, 2024 and 2023, respectively. In addition, the City leases real property to MSC.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2024			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,313,504	\$ -	\$ -	\$ 2,313,504
Streets and Roads	25,919,408	2,487,229	-	28,406,637
Construction in progress:				
Streets and sidewalks	2,257,634	-	2,257,634	-
Total, not depreciated	30,490,546	2,487,229	2,257,634	30,720,141
Capital assets, depreciable:				
Buildings and improvements	3,215,700	304,916	-	3,520,616
Furniture and equipment	759,284	110,834	243,998	626,120
Vehicles	2,103,566	217,633	571,363	1,749,836
Streets and sidewalks	6,479,852	621,808	-	7,101,660
Trees, trails and landscape	1,433,773	-	-	1,433,773
Total depreciable	13,992,175	1,255,191	815,361	14,432,005
Less accumulated depreciation:				
Buildings and improvements	1,757,066	86,505	-	1,843,571
Furniture and equipment	621,194	25,222	214,292	432,124
Vehicles	1,248,452	239,370	495,236	992,586
Streets and sidewalks	5,069,355	145,276	-	5,214,631
Trees, trails and landscape	465,976	71,689	-	537,665
Total accumulated depr.	9,162,043	568,062	709,528	9,020,577
Total, net depreciation	4,830,132	687,129	105,833	5,411,428
Net capital assets	\$35,320,678	\$ 3,174,358	\$2,363,467	\$36,131,569

Asset Category	As of and Year Ended June 30, 2023			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,313,504	\$ -	\$ -	\$ 2,313,504
Streets and Roads	25,719,408	200,000	-	25,919,408
Construction in progress:				
Streets and sidewalks	2,257,634	-	-	2,257,634
Total, not depreciated	30,290,546	200,000	-	30,490,546
Capital assets, depreciable:				
Buildings and improvements	2,806,641	409,059	-	3,215,700
Furniture and equipment	731,465	27,819	-	759,284
Vehicles	1,755,732	347,834	-	2,103,566
Streets and sidewalks	6,429,852	50,000	-	6,479,852
Trees, trails and landscape	1,433,773	-	-	1,433,773
Total depreciable	13,157,463	834,712	-	13,992,175
Less accumulated depreciation:				
Buildings and improvements	1,687,004	70,062	-	1,757,066
Furniture and equipment	600,788	20,406	-	621,194
Vehicles	1,062,187	186,265	-	1,248,452
Streets and sidewalks	5,067,355	2,000	-	5,069,355
Trees, trails and landscape	394,288	71,688	-	465,976
Total accumulated depr.	8,811,622	350,421	-	9,162,043
Total, net depreciation	4,345,841	484,291	-	4,830,132
Net capital assets	\$34,636,387	\$ 684,291	\$ -	\$35,320,678

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2024				
	Beginning Balances	Additions / Reclassifications	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Accrued employee benefits	\$ 449,504	\$ -	\$ 15,442	\$ 434,062	\$ -
Note payable-PNC Bank	133,020	-	26,604	79,812	26,604
Note payable-PNC Bank	78,519	-	34,307	8,537	35,675
Note payable-Enterprise	85,046	-	45,110	19,968	19,968
Note payable-Enterprise	26,018	-	9,273	7,471	9,274
Note payable-Enterprise	-	20,738	5,896	9,895	4,947
Note payable-Enterprise	-	19,789	5,963	6,913	6,913
Note payable-Enterprise	-	170,831	34,166	102,499	34,166
Note payable-Enterprise	-	46,801	9,360	28,081	9,360
General Obligation Bonds	994,372	-	193,164	601,951	199,257
Total debt obligations	<u>\$1,766,479</u>	<u>\$ 258,159</u>	<u>\$ 379,285</u>	<u>\$1,299,189</u>	<u>\$ 346,164</u>

Accrued Employee Benefits

On July 12, 2005, the City passed Resolution No. 2005-15 establishing an escrow account to fund accrued employee benefits. In accordance with the resolution, employees can sell back to the City earned sick and vacation time upon separation of employment. Accrued employee benefits balance at June 30, 2024 and 2023 is reflected above. To fund the accrued employee benefits liability, the City established a separate bank account which reflects a balance of \$162,458 and \$128,517 at June 30, 2024 and 2023, respectively.

Note Payable-PNC Bank

On August 10, 2020, the city entered into a borrowing arrangement with PNC Bank for \$186,227 to purchase a Western Star Trash Truck. The note to PNC Bank calls for annual principal payments of \$26,604 plus interest with the first payment beginning August 10, 2022. The note carries a fixed rate of interest of 2.34% and matures on August 10, 2027. Total interest paid on the note is \$0 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2025	\$ 26,604	\$ 2,490	\$ 29,094
2026	26,604	1,868	28,472
2027	26,604	1,245	27,849
2028	26,604	623	27,227
Total required payments	<u>\$ 106,416</u>	<u>\$ 6,226</u>	<u>\$ 112,642</u>

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

Note Payable-PNC Bank

On December 6, 2018, the city entered into a borrowing arrangement 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 \$8,075 and \$7,089 for the years ended June 30, 2024 and 2023, respectively. The city took advantage of the deferred payment program available to borrowers during the COVID-19 pandemic. The accrued interest of \$8,075 was added to the note principal balance. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 35,675	\$ 1,022	\$ 36,697
2026	8,537	48	8,585
Total required payments	<u>\$ 44,212</u>	<u>\$ 1,070</u>	<u>\$ 45,282</u>

Note Payable-Enterprise FM Trust

During fiscal year 2021, the city entered into three arrangements with Enterprise FM Trust totaling \$99,839 to purchase three 2021 Ford Police Interceptors. The arrangements are all for a term of sixty-months and call for monthly payments of \$673 (principal of \$555 and interest of \$118). The arrangements all mature during fiscal year 2026 and carry a fixed monthly interest amount. Total interest paid is \$4,272 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 19,968	\$ 4,272	\$ 24,240
2026	19,968	4,272	24,240
Total required payments	<u>39,936</u>	<u>8,544</u>	<u>48,480</u>

Note Payable-Enterprise FM Trust

During fiscal year 2021, the city entered into two arrangements with Enterprise FM Trust totaling \$46,368 to purchase two 2022 Chevy Volts. The arrangements are both for terms of sixty-months and call for monthly payments \$482 (principal of \$386 and interest of \$96). The arrangements all mature during fiscal year 2026 and carry a fixed monthly interest amount. Total interest paid is \$2,924 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,274	\$ 2,294	\$ 11,568
2026	7,471	1,850	9,321
Total required payments	<u>\$ 16,745</u>	<u>\$ 4,144</u>	<u>\$ 20,889</u>

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

Note Payable-Enterprise FM Trust

During fiscal year 2022, the city entered into an arrangement with Enterprise FM Trust for \$38,586 for the purchase of a Ford F-250. The arrangements are for a term of sixty-months and call for monthly payments of \$745 (principal of \$576 and interest of \$169). The arrangement matures during fiscal year 2026 and carry a fixed monthly interest amount. Total interest paid is \$1,218 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,913	\$ 2,022	\$ 8,935
2026	6,913	2,022	8,935
Total required payments	<u>\$ 13,826</u>	<u>\$ 4,044</u>	<u>\$ 17,870</u>

Note Payable-Enterprise FM Trust

During fiscal year 2023, the city entered into an arrangement with Enterprise FM Trust for \$21,984 for the purchase of a 2022 Ford Equinox. The arrangements are for a term of sixty-months and call for monthly payments of \$556 (principal of \$458 and interest of \$98). The arrangement matures during fiscal year 2027 and carry a fixed monthly interest amount. Total interest paid is \$1,176 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,947	\$ 1,725	\$ 6,672
2026	4,947	1,725	6,672
2027	4,948	1,724	6,672
Total required payments	<u>\$ 14,842</u>	<u>\$ 5,174</u>	<u>\$ 20,016</u>

Note Payable-Enterprise FM Trust

During fiscal year 2024, the city entered into three arrangements with Enterprise FM Trust totaling \$170,831 to purchase three 2023 Ford Police Interceptors. The arrangements are all for a term of sixty-months and call for monthly payments of \$1,249 for two interceptors (principal of \$951 and interest of \$298) and \$1,232 for one interceptor (principal of \$944 and interest of \$288). The arrangements all mature during fiscal year 2028 and carry a fixed monthly interest amount. Total interest paid is \$10,597 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 34,166	\$ 10,597	\$ 44,763
2026	34,166	10,597	44,763
2027	34,166	10,597	44,763
2028	34,167	10,596	44,763
Total required payments	<u>\$ 136,665</u>	<u>\$ 42,387</u>	<u>\$ 179,052</u>

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

Note Payable-Enterprise FM Trust

During fiscal year 2024, the city entered into an arrangement with Enterprise FM Trust for \$46,801 for the purchase of a 2023 Dodge Durango. The arrangements are for a term of sixty-months and call for monthly payments of \$1,035 (principal of \$780 and interest of \$255). The arrangement matures during fiscal year 2028 and carry a fixed monthly interest amount. Total interest paid is \$3,061 for the year ended June 30, 2024. At June 30, 2024, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2025	\$ 9,360	\$ 2,124	\$ 11,484
2026	9,360	2,124	11,484
2027	9,360	2,124	11,484
2028	9,361	2,123	11,484
Total required payments	<u>\$ 37,441</u>	<u>\$ 8,495</u>	<u>\$ 45,936</u>

General Obligation Bonds, Series 2018

General Obligation Bonds, Series 2018 (original amount of \$1,894,330) carry a maturity date of May 1, 2028. The proceeds of the general obligation bonds were used to finance multiple capital improvement projects related to City streets and roads. The bonds carry a fixed rate of interest 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 approval since the City had not budgeted the payment for fiscal year 2018. Total interest paid is \$32,060 and \$51,326 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2025	\$ 199,257	\$ 25,743	\$ 225,000
2026	206,385	18,615	225,000
2027	213,768	11,232	225,000
2028	181,798	3,151	184,949
Total required payments	<u>\$ 801,208</u>	<u>\$ 58,741</u>	<u>\$ 859,949</u>

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

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

Years Ending June 30	General Obligation Bonds		Notes Payable		Totals
	Principal	Interest	Principal	Interest	
2025	\$ 199,257	\$ 25,743	\$ 146,907	\$ 26,546	\$ 398,453
2026	206,385	18,615	117,966	24,506	367,472
2027	213,768	11,232	75,078	15,690	315,768
2028	181,798	3,151	70,132	13,342	268,423
Totals	<u>\$ 801,208</u>	<u>\$ 58,741</u>	<u>\$ 410,083</u>	<u>\$ 80,084</u>	<u>\$1,350,116</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

At June 30, 2024			
Plan	Net Pension Liability (Asset)	Deferred Resources	
		Outflows	Inflows
County & Municipal Police and Firefighters'			
Pension Plan proportionate share (CMPFPP)	\$ 159,931	\$ 506,761	\$ (258,550)
County & Municipal Other Employees'			
Pension Plan proportionate share (CMOEPP)	(29,703)	88,875	(87,771)
Totals	\$ 130,228	\$ 595,636	\$ (346,321)

At June 30, 2023			
Plan	Net Pension Liability (Asset)	Deferred Resources	
		Outflows	Inflows
County & Municipal Police and Firefighters'			
Pension Plan proportionate share (CMPFPP)	\$ (112,262)	\$ 372,997	\$ (244,549)
County & Municipal Other Employees'			
Pension Plan proportionate share (CMOEPP)	(9,924)	95,185	(81,885)
Totals	\$ (122,186)	\$ 468,182	\$ (326,434)

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, 2023 and 2022. 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% of 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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

General Information About the Plan (continued)

Retirement: Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of 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.
- **Non-Duty:** Same as Service Benefits. Total disability subject to a minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

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

Contributions:

- **Employer:** Determined by Board of Pension Trustees. Employer contributions were 16.59% and 16.84% of employee earnings for fiscal 2023 and 2022, respectively.
- **Member:** 7% of compensation.

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

At June 30, 2024 and 2023, the City reported a pension liability of \$159,931 and a pension asset of \$112,262, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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, 2023 and 2022, the City's proportion was 1.1125% and 1.1398%, which was a decrease of 0.0273%.

As a result of its requirement to contribute to the DPERS, the City recognized pension expense of \$257,689 and \$217,609 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the city reported deferred outflows and inflows of resources from the following sources resulting from its requirement to contribute to DPERS:

Description	Deferred Resources			
	2024		2023	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 156,914	\$ (10,598)	\$ 83,560	\$ 1,889
Changes of assumptions	(17,259)	29,104	(5,275)	49,612
Net difference between projected and actual earnings on pension plan investments	213,866	(292,669)	148,139	(303,709)
Contributions subsequent to the measurement date	162,271	-	144,927	-
Change in proportion and differences between City contributions and proportionate share of contributions	(9,031)	15,613	1,646	7,659
Totals	<u>\$ 506,761</u>	<u>\$ (258,550)</u>	<u>\$ 372,997</u>	<u>\$ (244,549)</u>

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)

\$506,761 and \$225,328 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, 2024 and 2023, respectively. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending June 30	Amounts
2024	\$ 82,158
2025	108,944
2026	351,929
2027	40,534
2028	9,914
2029 and thereafter	9,561
Totals	<u>\$ 603,040</u>

Actuarial assumptions: The total pension asset/liability in the June 30, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions noted below, applied to all periods included in the measurement.

Description	2023	2022
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

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 Police and Firefighters' Pension Plan (CMPFPP) (continued)

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

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

Asset Class	Long-Term Expected Real Rate of Return		Asset Allocations	
	2023	2022	2023	2022
Domestic equity	5.70%	5.70%	33.80%	31.80%
International equity	5.70%	5.70%	15.90%	15.00%
Fixed income	2.00%	2.00%	25.20%	23.60%
Alternative investments	7.80%	7.80%	19.30%	21.50%

Discount rate: The discount rate for the Plan used to measure total pension liability was 7.00% for the years ended June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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%]	Discount Rate [7.00%]	1% Increase [8.00%]
<hr/>			
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan (CMPFPP):			
Fiscal year 2023	\$1,137,431	\$ 159,931	(639,543)
	<hr/>	<hr/>	<hr/>
Plan	1% Decrease [6.00%]	Discount Rate [7.00%]	1% Increase [8.00%]
	<hr/>	<hr/>	<hr/>
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan (CMPFPP):			
Fiscal year 2022	\$ 746,910	\$ (112,262)	\$ (812,306)
	<hr/>	<hr/>	<hr/>

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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 ex-officio 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, 2023 and 2022. For a more complete Plan description, refer to the 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 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.

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 7.06% and 7.27% of employee earnings for fiscal years 2023 and 2022, 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, 2024 and 2023, the City reported a pension liability of \$29,703 and of \$9,924, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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, 2023 and 2022, the City's proportion was 1.4368% and 1.7610% which was a decrease of 0.3242%.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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)

As a result of its requirement to contribute to DPERS, the City recognized pension expense of \$66,192 and \$38,484 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, 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			
	2024		2023	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 8,461	\$ (11,187)	\$ 10,890	\$ (7,697)
Changes of assumptions	(16,626)	3,803	(11,836)	5,798
Net difference between projected and actual earnings on pension plan investments	40,422	(69,053)	35,649	(71,563)
Contributions subsequent to the measurement date	50,689	-	53,461	-
Change in proportion and differences between City contributions and proportionate share of contributions	5,929	(11,334)	7,021	(8,423)
Totals	<u>\$ 88,875</u>	<u>\$ (87,771)</u>	<u>\$ 95,185</u>	<u>\$ (81,885)</u>

\$93,418 and \$38,675 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, 2024 and 2023, 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	Amounts
2024	\$ 13,206
2025	18,127
2026	7,270
2027	9,866
2028	64,151
2029 and thereafter	13,337
Totals	<u>\$ 125,957</u>

Actuarial assumptions: The total pension liability in the June 30, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2023	2022
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

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 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 Real Rate of Return		Asset Allocations	
	2023	2022	2023	2022
Domestic equity	5.70%	5.70%	33.80%	31.80%
International equity	5.70%	5.70%	15.90%	15.00%
Fixed income	2.00%	2.00%	25.20%	23.60%
Alternative investments	7.80%	7.80%	19.30%	21.50%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% for the years ended June 30, 2023 and 2022. 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 Other Employees' Pension Plan (CMOEPP) (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 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%]	Discount Rate [7.00%]	1% Increase [8.00%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan (CMOEPP):			
Fiscal year 2023	\$ 246,109	\$ (29,703)	\$ (146,999)
Plan	1% Decrease [6.00%]	Discount Rate [7.00%]	1% Increase [8.00%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan (CMOEPP):			
Fiscal year 2022	\$ 187,509	\$ (9,924)	\$ (171,262)

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
Canon Model imageRUNNER ADVANCE DX C5840i Copier	\$ 276	August, 2025
Canon Model imageRUNNER ADVANCE DX C5840i Copier	\$ 276	August, 2025
Canon Model imageRUNNER ADVANCE DX C257iF Copier	\$ 48	October, 2025

At June 30, 2024, 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:

Year Ending June 30	Amount
2025	7,200
2026	1,296
Total minimum future payments required	\$ 8,496

Total leasing costs are \$7,200 and \$6,792 for the years ended June 30, 2024 and 2023, 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, 2024:

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 \$112,477 and \$97,606 for the years ended June 30, 2024 and 2023, 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. The three lease arrangements carry an annual rental of \$1 and consist of the following locations:

- 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.

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 agreement covers all uniformed police officers for the three-year period of July 1, 2021 to June 30, 2024. This was subsequent extended through June 30, 2028.

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, 2022 to June 30, 2026.

Government Grant Awards

The city participates in certain 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 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, 2024, the City is involved in certain disputes which the City solicitor anticipates will not result in significant financial liability to the City.

NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

Leasing Arrangements

The City has leasing arrangements for certain office equipment. These arrangements are usually for a period of three or more years and are generally not significant to the basic financial statements.

The City also has certain leasing arrangements in the capacity of lessor for certain rental activity highlighted in Note 10. These leasing arrangements did not meet the requirements of GASB Statement No. 87.

NOTE 13 - GASB STATEMENT IMPLEMENTATION

In June of 2017, GASB issued Statement No. 87, *Leases*. Implementation is required for periods beginning after June 15, 2022, with earlier application encouraged. The objective of the Statement is to better meet the informational needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of the statement had no significant impact on the financial statements.

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

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

NOTE 13 - GASB STATEMENT IMPLEMENTATION (continued)

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. Implementation for requirements related to Statement No. 87 is effective for fiscal years beginning after December 15, 2020. Implementation for requirements related to Statements 73, 74, and 84 is effective for fiscal years beginning after June 15, 2022. The primary objective of the Statement is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Implementation of the Statement had no significant impact on the financial statements.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Implementation is required for periods ending after December 31, 2022, with earlier application encouraged. The Statement objective is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of the Statement had no significant impact on the financial statements.

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

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

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Implementation is required for fiscal years beginning after June 15, 2022, with earlier application encouraged. The primary objectives of the Statement are to [1] increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; [2] mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit [OPEB] plans, and employee benefit plans other than pension plans or OPEB plans [other employee benefit plans] as fiduciary component units in fiduciary fund financial statements; and [3] enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code [IRC] Section 457 deferred compensation plans [Section 457 plans] that meet the definition of a pension plan and for benefits provided through those plans. Implementation of the Statement had no significant impact on the financial statements.

In October 2021, The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. Implementation is required for periods ending after December 31, 2022, with earlier application encouraged. The primary objective of the Statement is to replace the term comprehensive annual financial report with annual comprehensive financial report (ACFR). Implementation of the Statement had no significant impact on the financial statements.

In June 2022, The GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Implementation is required for periods beginning after June 15, 2023, with earlier application encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of the Statement had no significant impact on the financial statements.

NOTE 14 - PENDING GASB STATEMENT

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 June 2022, The GASB issued Statement No. 101, *Compensated Absences*. Implementation is required for periods beginning after December 15, 2023, with earlier application encouraged. The objective of this Statement is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. Implementation is required for periods beginning after June 15, 2024, with earlier application encouraged. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosure will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. Implementation is required for periods beginning after June 15, 2025, with earlier application encouraged. The requirements of this Statement focus on enhancing the clarity, consistency, and usefulness of financial statements, and aims to improve how governments report on their financial position and performance.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. Implementation is required for periods beginning after June 15, 2025, with earlier application encouraged. The requirements of this Statement improve the disclosure of certain capital assets, aiming for greater clarity and more useful financial information, particularly related to infrastructure and non-depreciable assets.

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

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

Required Supplementary Information [RSI] Section

CITY OF NEW CASTLE, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 3,082,000	\$ 3,082,000	\$ 3,181,830	\$ 99,830
Property transfer taxes	250,000	250,000	760,484	510,484 1
Cable franchise taxes	125,000	125,000	89,748	(35,252) 2
Licenses and permits	317,500	317,500	535,615	218,115 3
Intergovernmental revenues	80,000	80,000	196,087	116,087 4
Police fines and court fees	55,000	55,000	29,175	(25,825) 5
Charges for services	69,500	69,500	113,575	44,075 6
Interest and rents	134,000	134,000	390,252	256,252 7
Miscellaneous revenues	31,000	31,000	100,860	69,860 8
Total revenues	4,144,000	4,144,000	5,397,626	1,253,626
EXPENDITURES				
Current:				
General government	1,199,033	1,199,033	1,358,563	(159,530) 9
Public safety	2,250,075	2,250,075	2,586,028	(335,953) 10
Public services	1,274,853	1,274,853	1,181,275	93,578
Parks and recreation	237,836	237,836	163,913	73,923 11
Committees and commissions	47,040	47,040	50,779	(3,739)
Capital outlay	310,670	310,670	582,539	(271,869) 12
Debt service	160,000	160,000	194,650	(34,650) 13
Total expenditures	5,479,507	5,479,507	6,117,747	(638,240)
EXCESS (DEFICIT) OF				
REVENUES OVER EXPENDITURES	(1,335,507)	(1,335,507)	(720,121)	615,386
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	-	-	-	-
Proceeds from sale of capital assets	2,500	2,500	18,975	16,475
Refunds of prior years' revenues	-	-	-	-
Annual appropriation:				
Municipal Services Commission	669,600	669,600	694,949	25,349
Operating transfers (out) in	-	-	-	-
Total other financing sources				
(uses)	672,100	672,100	713,924	41,824
NET CHANGE IN FUND BALANCE	(663,407)	(663,407)	(6,197)	657,210
FUND BALANCES				
Beginning of year	663,407	663,407	8,537,382	7,873,975
End of year	\$ -	\$ -	\$ 8,531,185	\$ 8,531,185

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, 2024

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. Favorable variance in property transfer taxes is due to the sale of a high value property.
2. Unfavorable variance due to the vendor decline of revenue sales which effects the City's revenue.
3. Favorable variance in licenses and permits is due to an increase in property development within the city limits, demand for services, and the general economic environment.
4. Intergovernmental revenues are generally reported in the special revenue fund. The favorable variance is due to a payment received late for the prior year.
5. Police fines and court fees, charges for services, and miscellaneous revenue are budgeted consistent with recent historical trends; however, these sources of revenue are difficult to predict.
6. Favorable variance is due to services the City offered was in an insures for demand.
7. Favorable variance is due to the City's larger amount of money in the bank because of ARPA money taken as a revenue loss option to the general fund.
8. Favorable variance due to the sale of assets.
9. Unfavorable variance due to unexpected department expenses.
10. Unfavorable variance due to unexpected department expenses.
11. Favorable variance is primarily due to budgeting for a dog park via ARPA funds for which the work was not started.
12. Unfavorable variance is due to unexpected maintenance to City's streets, storm drainage, purchase of vehicles, and building maintenance.
13. Variance in debt service expenditures is due to the accelerated paydown and paying debt.

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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,

	2024	2023	2022	2021	2020
City's proportion of net pension liability (asset)	1.1125%	1.0677%	1.1398%	1.1988%	1.2007%
City's proportionate share of net pension liability (asset)	\$ 159,931	\$ (112,262)	\$ (1,568,450)	\$ 184,229	\$ 344,872
City's covered-employee payroll	\$ 1,278,012	\$ 1,114,374	\$ 1,105,348	\$ 1,093,015	\$ 1,061,436
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	12.51%	-10.07%	-141.90%	16.86%	32.49%
Plan's fiduciary net position as percentage of total pension liability	101.95%	101.95%	128.19%	96.67%	93.25%
	2019	2018	2017	2016	2015
City's proportion of net pension liability (asset)	1.3754%	1.3018%	1.3312%	1.7091%	1.6378%
City's proportionate share of net pension liability (asset)	\$ 316,759	\$ 131,244	\$ 211,602	\$ (90,077)	\$ (177,172)
City's covered-employee payroll	\$ 1,151,657	\$ 1,069,639	\$ 1,058,392	\$ 1,126,936	\$ 1,085,123
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	27.50%	12.27%	19.99%	-7.99%	-16.33%
Plan's fiduciary net position as percentage of total pension liability	94.10%	97.00%	94.71%	101.97%	104.47%

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 162,271	\$ 144,927	\$ 178,154	\$ 183,377	\$ 184,064
Contributions in relation to contractually required contribution	<u>162,271</u>	<u>144,927</u>	<u>178,154</u>	<u>183,377</u>	<u>184,064</u>
Annual contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered-employee payroll	<u>\$ 1,175,110</u>	<u>\$ 1,278,012</u>	<u>\$ 1,114,374</u>	<u>\$ 1,105,348</u>	<u>\$ 1,093,015</u>
Contributions as percentage of covered-employee payroll	<u>13.81%</u>	<u>11.34%</u>	<u>15.99%</u>	<u>16.59%</u>	<u>16.84%</u>
	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OF THE COUNTY & MUNICIPAL OTHER EMPLOYEES' PENSION PLAN (CMOEPP)
As of and Years Ended June 30,

	2024	2023	2022	2021	2020
City's proportion of net pension liability (asset)	<u>1.4368%</u>	<u>1.4624%</u>	<u>1.7610%</u>	<u>1.8870%</u>	<u>2.0295%</u>
City's proportionate share of net pension liability (asset)	<u>\$ (29,703)</u>	<u>\$ (9,924)</u>	<u>\$ (368,843)</u>	<u>\$ 40,067</u>	<u>\$ 92,973</u>
City's covered-employee payroll	<u>\$ 963,260</u>	<u>\$ 886,838</u>	<u>\$ 943,160</u>	<u>\$ 924,795</u>	<u>\$ 901,508</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>-3.08%</u>	<u>-1.12%</u>	<u>-39.11%</u>	<u>4.33%</u>	<u>10.31%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>100.79%</u>	<u>100.79%</u>	<u>127.56%</u>	<u>96.95%</u>	<u>92.74%</u>
	2019	2018	2017	2016	2015
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.

See Report of Independent Auditor

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 50,689	\$ 53,461	\$ 60,128	\$ 66,587	\$ 67,236
Contributions in relation to contractually required contribution	<u>50,689</u>	<u>53,461</u>	<u>60,128</u>	<u>66,587</u>	<u>67,236</u>
Annual contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered-employee payroll	<u>\$ 906,792</u>	<u>\$ 963,260</u>	<u>\$ 886,838</u>	<u>\$ 943,160</u>	<u>\$ 924,795</u>
Contributions as percentage of covered-employee payroll	<u>5.59%</u>	<u>5.55%</u>	<u>6.78%</u>	<u>7.06%</u>	<u>7.27%</u>
	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2024 with Comparative Totals for 2023

City

	Special Revenue Fund			Totals	
	Federal	State	Trustees of	Special Revenue Fund	
	Funding	Funding	New Castle	[Memorandum Only]	
	<u>[See Pg 41]</u>	<u>[See Pg 44]</u>	<u>Common</u>	<u>2024</u>	<u>2023</u>
ASSETS					
ASSETS					
Cash and equivalents	\$ -	\$ 599,282	\$ -	\$ 599,282	\$ 472,056
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	96,901
Interfund receivable (payable)	8,706	28,843	-	37,549	(80,677)
TOTAL ASSETS	<u>\$ 8,706</u>	<u>\$ 628,125</u>	<u>\$ -</u>	<u>\$ 636,831</u>	<u>\$ 488,280</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and other	\$ 8,706	\$ 79,658	\$ -	\$ 88,364	\$ 47,495
Unearned revenues	-	24,498	-	24,498	33,607
Refundable advances	-	-	-	-	-
Total liabilities	<u>8,706</u>	<u>104,156</u>	<u>-</u>	<u>112,862</u>	<u>81,102</u>
FUND BALANCES					
Restricted for specific programs	-	499,373	-	499,373	371,699
Assigned	-	24,596	-	24,596	35,479
Total fund balances	<u>-</u>	<u>523,969</u>	<u>-</u>	<u>523,969</u>	<u>407,178</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,706</u>	<u>\$ 628,125</u>	<u>\$ -</u>	<u>\$ 636,831</u>	<u>\$ 488,280</u>

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CITY OF NEW CASTLE, DELAWARE
COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
As of June 30, 2024 with Comparative Totals for 2023

	Federal Funding		Total Federal Funding	
	Criminal	Office of	[Carried To Page 40]	
	Justice	Highway	2024	2023
	Council	Safety		
ASSETS				
ASSETS				
Cash and equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	8,419
Interfund receivable (payable)	8,706	-	8,706	(8,419)
TOTAL ASSETS	\$ 8,706	\$ -	\$ 8,706	\$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other	\$ 8,706	\$ -	\$ 8,706	\$ -
Unearned revenues	-	-	-	-
Refundable advances	-	-	-	-
Total liabilities	8,706	-	8,706	-
FUND BALANCES				
Restricted for specific programs	-	-	-	-
Assigned	-	-	-	-
Total fund balances	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,706	\$ -	\$ 8,706	\$ -

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
As of June 30, 2024 with Comparative Totals for 2023

	State Funding						Total State Funding [Carried To Page 43]	
	Municipal	Police			Separation			
	Street Aid	Pension	SALLE	EIDE	Day	FCVC	2024	2023
ASSETS								
ASSETS								
Cash and equivalents	\$ 499,373	\$ -	\$ 6,432	\$ 4,746	\$ 69,021	\$ 19,710	\$ 599,282	472,056
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	10,995
Interfund receivable (payable)	-	-	-	-	(13,934)	(9,360)	(23,294)	5,229
TOTAL ASSETS	\$ 499,373	\$ -	\$ 6,432	\$ 4,746	\$ 55,087	\$ 10,350	\$ 575,988	\$ 488,280
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ -	\$ -	\$ -	\$ 30,491	\$ -	\$ 30,491	\$ 47,495
Unearned revenues	-	-	6,432	4,746	-	10,350	21,528	33,607
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	-	-	6,432	4,746	30,491	10,350	52,019	81,102
FUND BALANCES								
Restricted for specific programs	499,373	-	-	-	-	-	499,373	371,699
Assigned	-	-	-	-	24,596	-	24,596	35,479
Total fund balances	499,373	-	-	-	24,596	-	523,969	407,178
TOTAL LIABILITIES AND FUND BALANCES	\$ 499,373	\$ -	\$ 6,432	\$ 4,746	\$ 55,087	\$ 10,350	\$ 575,988	\$ 488,280

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CITY OF NEW CASTLE, DELAWARE
COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
As of June 30, 2024 with Comparative Totals for 2023

	State Funding						Total State Funding	
	[Total Carried			Certified	DFS Urban		[Carried To Page 44]	
	From Page 42]	DELDOT	SLEAF	Local Gov't	Forestry	DEMA	2024	2023
ASSETS								
ASSETS								
Cash and equivalents	\$ 599,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,282	472,056
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	19,997
Interfund receivable (payable)	(23,294)	-	2,970	-	-	-	(20,324)	(3,773)
TOTAL ASSETS	\$ 575,988	\$ -	\$ 2,970	\$ -	\$ -	\$ -	\$ 578,958	\$ 488,280
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 30,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,491	\$ 47,495
Unearned revenues	21,528	-	2,970	-	-	-	24,498	33,607
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	52,019	-	2,970	-	-	-	54,989	81,102
FUND BALANCES								
Restricted for specific programs	499,373	-	-	-	-	-	499,373	371,699
Assigned	24,596	-	-	-	-	-	24,596	35,479
Total fund balances	523,969	-	-	-	-	-	523,969	407,178
TOTAL LIABILITIES AND FUND BALANCES	\$ 575,988	\$ -	\$ 2,970	\$ -	\$ -	\$ -	\$ 578,958	\$ 488,280

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CITY OF NEW CASTLE, DELAWARE
COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
As of June 30, 2024 with Comparative Totals for 2023

	State Funding		Total State Funding	
	[Total Carried		[Carried To Page 40]	
	From Page 43]	DNREC	2024	2023
ASSETS				
ASSETS				
Cash and equivalents	\$ 599,282	\$ -	\$ 599,282	472,056
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	88,482
Interfund receivable (payable)	(20,324)	49,167	28,843	(72,258)
TOTAL ASSETS	\$ 578,958	\$ 49,167	\$ 628,125	\$ 488,280
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other	\$ 30,491	49,167	\$ 79,658	\$ 47,495
Unearned revenues	24,498	-	24,498	33,607
Refundable advances	-	-	-	-
Total liabilities	54,989	49,167	104,156	81,102
FUND BALANCES				
Restricted for specific programs	499,373	-	499,373	371,699
Assigned	24,596	-	24,596	35,479
Total fund balances	523,969	-	523,969	407,178
TOTAL LIABILITIES AND FUND BALANCES	\$ 578,958	\$ 49,167	\$ 628,125	\$ 488,280

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUND

Year Ended June 30, 2024 with Comparative Totals for 2023

	Special Revenue Fund			Totals	
	Federal	State	Trustees of	Special Revenue Fund	
	Funding	Funding	New Castle	[Memorandum Only]	
			Common	2024	2023
	[See Pg 46]	[See Pg 49]			
REVENUES					
Intergovernmental revenues:					
Federal funding	\$ 59,595	\$ -	\$ -	\$ 59,595	\$ 23,296
State funding	-	946,248	-	946,248	836,875
Trustees of New Castle Common	-	-	225,000	225,000	225,000
Interest revenue	-	11,293	-	11,293	14,225
Program fees and other	-	26,655	-	26,655	18,620
Total revenues	59,595	984,196	225,000	1,268,791	1,118,016
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	20,035	51,402	-	71,437	64,072
Public services	-	1,443	-	1,443	106,887
Parks and recreation	-	72,295	-	72,295	97,889
Capital outlay:					
General government	-	-	-	-	375,000
Public safety	39,560	-	-	39,560	4,307
Public services	-	564,840	-	564,840	-
Parks and recreation	-	177,425	-	177,425	144,738
Debt service:					
Principal	-	-	193,164	193,164	186,219
Interest and other fees	-	-	31,836	31,836	38,781
Total expenditures	59,595	867,405	225,000	1,152,000	1,017,893
EXCESS REVENUES OVER					
(UNDER) EXPENDITURES	-	116,791	-	116,791	100,123
OTHER FINANCING SOURCES (USES)					
Refund of prior year revenues	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-
Total other financing					
sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	116,791	-	116,791	100,123
FUND BALANCES					
Beginning of year	-	407,178	-	407,178	307,055
End of year	\$ -	\$ 523,969	\$ -	\$ 523,969	\$ 407,178

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

SPECIAL REVENUE FUND

Year Ended June 30, 2024 with Comparative Totals for 2023

	Federal Funding		Total Federal Funding	
	Criminal Justice Council	Office of Highway Safety	[Carried To Page 45]	
			2024	2023
REVENUES				
Intergovernmental revenues:				
Federal funding	\$ 49,157	\$ 10,438	\$ 59,595	\$ 23,296
State funding	-	-	-	-
Trustees of New Castle Common	-	-	-	-
Interest revenue	-	-	-	-
Program fees and other	-	-	-	-
Total revenues	49,157	10,438	59,595	23,296
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	9,597	10,438	20,035	22,889
Public services	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay:			-	-
General government	-	-	-	-
Public safety	39,560	-	39,560	407
Public services	-	-	-	-
Parks and recreation	-	-	-	-
Debt service:			-	-
Principal	-	-	-	-
Interest and other fees	-	-	-	-
Total expenditures	49,157	10,438	59,595	23,296
EXCESS REVENUES OVER				
(UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenues	-	-	-	-
Operating transfers in (out)	-	-	-	-
Total other financing				
sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUND
Year Ended June 30, 2024 with Comparative Totals for 2023

	State Funding						Total State Funding [Carried To Page 48]	
	Municipal Street Aid	Police Pension	SALLE	EIDE	Separation Day	FCVC	2024	2023
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	116,381	-	6,477	98	34,757	44,827	202,540	195,304
Trustees of New Castle Common	-	-	-	-	-	-	-	-
Interest revenue	11,293	-	-	-	-	-	11,293	14,225
Program fees and other	-	-	-	-	26,655	-	26,655	18,620
Total revenues	<u>127,674</u>	<u>-</u>	<u>6,477</u>	<u>98</u>	<u>61,412</u>	<u>44,827</u>	<u>240,488</u>	<u>228,149</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	6,477	98	-	44,827	51,402	41,183
Public services	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	72,295	-	72,295	86,843
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>6,477</u>	<u>98</u>	<u>72,295</u>	<u>44,827</u>	<u>123,697</u>	<u>128,026</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>127,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,883)</u>	<u>-</u>	<u>116,791</u>	<u>100,123</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>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>127,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,883)</u>	<u>-</u>	<u>116,791</u>	<u>100,123</u>
FUND BALANCES								
Beginning of year	<u>371,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,479</u>	<u>-</u>	<u>407,178</u>	<u>307,055</u>
End of year	<u>\$ 499,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,596</u>	<u>\$ -</u>	<u>\$ 523,969</u>	<u>\$ 407,178</u>

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUND
Year Ended June 30, 2024 with Comparative Totals for 2023

	State Funding					Total State Funding	
	[Total Carried From Page 47]	DELDOT	SLEAF	Certified Local Gov't	DFS Urban Forestry	DEMA	[Carried To Page 49] 2024 2023
REVENUES							
Intergovernmental revenues:							
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	202,540	-	-	-	-	1,443	203,983 238,646
Trustees of New Castle Common	-	-	-	-	-	-	-
Interest revenue	11,293	-	-	-	-	-	11,293 14,225
Program fees and other	26,655	-	-	-	-	-	26,655 18,620
Total revenues	240,488	-	-	-	-	1,443	241,931 271,491
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	51,402	-	-	-	-	-	51,402 41,183
Public services	-	-	-	-	-	1,443	1,443 38,402
Parks and recreation	72,295	-	-	-	-	-	72,295 91,783
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-
Total expenditures	123,697	-	-	-	-	1,443	125,140 171,368
EXCESS REVENUES OVER (UNDER) EXPENDITURES	116,791	-	-	-	-	-	116,791 100,123
OTHER FINANCING SOURCES (USES)							
Refund of prior year revenues	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	116,791	-	-	-	-	-	116,791 100,123
FUND BALANCES							
Beginning of year	407,178	-	-	-	-	-	407,178 307,055
End of year	\$ 523,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 523,969 \$ 407,178

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUND
Year Ended June 30, 2024 with Comparative Totals for 2023

	State Funding		Total State Funding	
	[Total Carried From Page 48]	DNREC	[Carried To Page 45]	
			2024	2023
REVENUES				
Intergovernmental revenues:				
Federal funding	\$ -	\$ -	\$ -	\$ -
State funding	203,983	742,265	946,248	836,875
Trustees of New Castle Common	-	-	-	-
Interest revenue	11,293	-	11,293	14,225
Program fees and other	26,655	-	26,655	18,620
Total revenues	241,931	742,265	984,196	869,720
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	51,402	-	51,402	41,183
Public services	1,443	-	1,443	106,887
Parks and recreation	72,295	-	72,295	97,889
Capital outlay:				
General government	-	-	-	375,000
Public safety	-	-	-	3,900
Public services	-	564,840	564,840	-
Parks and recreation	-	177,425	177,425	144,738
Debt service:				
Principal	-	-	-	-
Interest and other fees	-	-	-	-
Total expenditures	125,140	742,265	867,405	769,597
EXCESS REVENUES OVER (UNDER) EXPENDITURES	116,791	-	116,791	100,123
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenues	-	-	-	-
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	116,791	-	116,791	100,123
FUND BALANCES				
Beginning of year	407,178	-	407,178	307,055
End of year	\$ 523,969	\$ -	\$ 523,969	\$ 407,178

See Report of Independent Auditor

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of New Castle (the "City and Primary government as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying [include the title of the schedule in which the findings are reported (e.g., schedule of findings and responses or schedule of findings and questioned costs)], we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2022-01 to be a material weakness.

Report on Internal Control over Financial Reporting (Continued)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs)] as items 2022-03 and 2022-04 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs) The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

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

Whisman Giordano & Associates, LLC

Newark, Delaware
February 3, 2025

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

Current Year Findings

None reported.

Prior Year Findings

2022-001 Post Audit Entries to General Ledger

During the 2022 audit, we noted that the City's management did not post the prior year's adjusting journal entries to their general ledger. Failure to post the prior year's adjusting entries will cause the City's opening balance to be different than the audited balances. In addition, this will cause extra time and complications in the subsequent year's audit.

Recommendation

We recommended that the City's management post all adjusting entries in the future and ensure that the opening balances for the new audit year agree with the ending audit balances of the prior audit year.

Status

During the 2024 audit, we noted that the City could not post the adjustments because the prior year audit was completed after the closing the general ledger for fiscal year ended June 30, 2023.

City's Management Response

The City was unable to post prior year's adjustments to do the format the auditor provided the adjustment Edmunds would not allow the transactions. Moving forward the City plans to meet with the auditor and with Edmunds to make sure the recommended adjustments are properly entered into Edmunds.

2022-002 Property and Equipment Schedules

During the 2022 audit, procedures regarding the property and equipment revealed that the City did not update the schedule of capital assets.

Recommendation

We recommended that the City's management maintain and update on a regular basis the property and equipment schedules.

Status

During the 2024 audit, the City's management provided additions and disposals of capital assets to the auditor, so that the auditor could keep track of the capital assets within their Capital Asset software. This finding is considered closed.

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2024

Prior Year Findings (Continued)

2022-003 Maintenance of Account Groups/Funds in Edmunds Accounting System

During the 2022 audit, procedures revealed that the city does not maintain the General Fixed Assets and the General Long-Term Debt Account Groups in Edmunds accounting system now that it has completely converted to the modified accrual basis of accounting.

Recommendation

We recommended that the City's management include the General Fixed Assets and the General Long-Term Debt Account Groups in the Edmunds accounting system and record the transactions impacting them.

Status

During the 2024 audit, we noted no change.

City's Management Response

The City will work with the auditor to implement recording the fixed assets and the general long-term debt accounts in Edmunds.

2022-004 Reconcile the Due From/To Account Balances Between The Funds

During the 2022 audit, we noted that the City's management does not reconcile the due from/to account balances between the funds. Failure to reconcile the due from/to account balances may result in incorrect recording of transactions between the funds.

Recommendation

We recommended that the City's management reconcile the due from/to account balances on a monthly basis to ensure transactions are recorded properly between the funds.

Status

During the 2024 audit, we noted no change.

City's Management Response

The City experiences a timing issue due to when funds are received. The City has to expense funds and wait to receive the reimbursements of these funds. The City will continue to reconcile these funds on a monthly basis and investigate any variances.