

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

CITY OF NEW CASTLE
New Castle, Delaware

Years Ended June 30, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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 December 9, 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.

Newark, Delaware
December 9, 2025

Basic Financial Statements Section

DRAFT FOR DISCUSSION
PURPOSES ONLY
SUBJECT TO CHANGE
DECEMBER 9, 2025

CITY OF NEW CASTLE, DELAWARE
 STATEMENTS OF NET POSITION
 As of June 30, 2025 and 2024

	Primary Government Governmental Activities	
	2025	2024
ASSETS		
Current assets		
Cash and equivalents	\$ 11,058,091	\$ 10,899,601
Cash and equivalents-restricted	182,004	162,458
Receivables, net of allowance:		
Property taxes	272,314	245,612
Accounts	23,487	31,960
Other	65,059	61,247
Due from other governments	2,211	25,479
Total current assets	<u>11,603,166</u>	<u>11,426,357</u>
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	30,908,169	30,720,141
Depreciable	5,679,151	5,411,428
Net pension asset	-	-
Total noncurrent assets	<u>36,587,320</u>	<u>36,131,569</u>
TOTAL ASSETS	<u>48,190,486</u>	<u>47,557,926</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	488,223	595,636
Deferred investment earnings of pension activity	403,778	346,321
Total deferred outflows of resources	<u>892,001</u>	<u>941,957</u>
LIABILITIES		
Current liabilities		
Accounts payable and other	393,733	328,863
Accrued wages and related taxes	259,990	223,636
Current portion of debt obligation	344,114	346,164
Unearned revenues	44,896	33,026
Refundable advances	1,830,111	1,383,106
Total current liabilities	<u>2,872,844</u>	<u>2,314,795</u>
Noncurrent liabilities		
Long-term portion:		
Compensated absences liability	557,048	434,062
Debt obligation, net of current portion	599,314	865,127
Net pension liability	161,155	130,228
Total noncurrent liabilities	<u>1,317,517</u>	<u>1,429,417</u>
TOTAL LIABILITIES	<u>4,190,361</u>	<u>3,744,212</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings of pension activity	-	-
Unavailable revenue-property taxes	272,316	245,612
Unavailable revenue-fees and assessments	23,487	31,960
Total deferred inflows of resources	<u>295,803</u>	<u>277,572</u>
NET POSITION		
Net investment in capital assets	35,643,892	34,920,278
Restricted for specific programs	625,967	499,373
Unrestricted	8,326,464	9,058,448
TOTAL NET POSITION	<u>\$ 44,596,323</u>	<u>\$ 44,478,099</u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
 STATEMENT OF ACTIVITIES
 Year Ended June 30, 2025

Functions	Expenses	Program Revenues			Primary Government	Net (Expense) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
GOVERNMENTAL ACTIVITIES						
General government:						
City Administration	\$ 1,560,700	\$ -	\$ -	\$ -	\$ -	\$ (1,560,700)
Board of Adjustments	-	-	-	-	-	-
Building maintenance	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-
Outside professional services	-	-	-	-	-	-
Public safety	3,075,114	168,714	277,642	-	-	(2,628,758)
Public services	1,417,877	483,696	1,069,647	-	-	135,466
Parks and recreation	353,098	-	-	-	-	(353,098)
Committees and commissions	96,796	-	-	-	-	(96,796)
Interest on long-term debt obligations	52,530	-	-	225,000	-	172,470
Depreciation-unallocated	579,846	-	-	-	-	(579,846)
TOTAL PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	\$ 7,135,961	\$ 652,410	\$ 1,347,289	\$ 225,000		(4,911,262)
GENERAL REVENUES						
Property taxes levied for general purposes					3,732,091	
Franchise taxes levied for general purposes					76,187	
Federal funding not restricted for a specific function					-	
Investment earnings and rents					368,604	
Gain (loss) from sale of capital assets					(6,013)	
Miscellaneous revenues (expenditures)					109,186	
Component unit appropriations					749,431	
Total general revenues					5,029,486	
CHANGE IN NET POSITION						
NET POSITION						
Beginning of year					44,478,099	
End of year					\$ 44,596,323	

Accompanying notes are an integral part of these financial statements

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

Functions	Expenses	Program Revenues			Primary Government	Net (Expense) Revenues and Change In Net Position
		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						
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
 BALANCE SHEETS-GOVERNMENTAL FUNDS
 As of June 30, 2025 and 2024

	2025				2024			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
ASSETS								
Cash and equivalents	\$ 10,252,505	\$ 680,586	\$ 125,000	\$ 11,058,091	\$ 10,175,319	\$ 599,282	\$ 125,000	\$ 10,899,601
Cash and equivalents-restricted	182,004	-	-	182,004	162,458	-	-	162,458
Receivables, net of allowance:								
Property taxes	272,314	-	-	272,314	245,612	-	-	245,612
Accounts	23,487	-	-	23,487	31,960	-	-	31,960
Other	65,059	-	-	65,059	61,247	-	-	61,247
Due from other governments	2,211	-	-	2,211	25,479	-	-	25,479
Interfund receivable (payable)	(255,691)	255,691	-	-	(37,549)	37,549	-	-
TOTAL ASSETS	\$ 10,541,889	\$ 936,277	\$ 125,000	\$ 11,603,166	\$ 10,664,526	\$ 636,831	\$ 125,000	\$ 11,426,357
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 186,150	\$ 207,583	\$ -	\$ 393,733	\$ 240,499	\$ 88,364	\$ -	\$ 328,863
Accrued wages and related taxes	259,990	-	-	259,990	223,636	-	-	223,636
Unearned revenues	8,192	36,704	-	44,896	8,528	24,498	-	33,026
Refundable advances	1,830,111	-	-	1,830,111	1,383,106	-	-	1,383,106
Total liabilities	2,284,443	244,287	-	2,528,730	1,855,769	112,862	-	1,968,631
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue-property taxes	272,316	-	-	272,316	245,612	-	-	245,612
Unavailable revenue-fees/assessments	23,487	-	-	23,487	31,960	-	-	31,960
Total deferred inflows of resources	295,803	-	-	295,803	277,572	-	-	277,572
FUND BALANCES								
Restricted for specific programs	-	625,967	-	625,967	-	499,373	-	499,373
Committed by Council	182,004	-	125,000	307,004	162,458	-	125,000	287,458
Assigned-encumbrances and other	(1,815)	66,023	-	64,208	-	24,596	-	24,596
Unassigned	7,781,454	-	-	7,781,454	8,368,727	-	-	8,368,727
Total fund balances	7,961,643	691,990	125,000	8,778,633	8,531,185	523,969	125,000	9,180,154
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,541,889	\$ 936,277	\$ 125,000	\$ 11,603,166	\$ 10,664,526	\$ 636,831	\$ 125,000	\$ 11,426,357

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, 2025 and 2024

	Governmental Funds	
	2025	2024
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 8,778,633	\$ 9,180,154
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 \$46,124,394 and \$45,152,146 and the related accumulated depreciation is \$9,537,074 and \$9,020,577 for the periods presented.		
	36,587,320	36,131,569
Long-term obligations are not due and payable within the current period and, therefore, not reported as liabilities in the governmental fund types.		
Long-Term Debt Obligations	2025	2024
Current portion	\$ 344,114	\$ 346,164
Net of current portion	<u>599,314</u>	<u>865,127</u>
	(943,428)	(1,211,291)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.		
	(557,048)	(434,062)
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	(161,155)	(130,228)
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	488,223	595,636
Deferred outflows (inflows) of resources related to investment earnings of pension activity.	<u>403,778</u>	<u>346,321</u>
Total net position-governmental activities	<u><u>\$ 44,596,323</u></u>	<u><u>\$ 44,478,099</u></u>

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE

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

Years Ended June 30, 2025 and 2024

	2025				2024			
	Governmental Fund Types				Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals	General	Special Revenue	Capital Projects	Totals
REVENUES								
Taxes:								
Property taxes	\$ 3,151,387	\$ -	\$ -	\$ 3,151,387	\$ 3,181,830	\$ -	\$ -	\$ 3,181,830
Property transfer taxes	580,704	-	-	580,704	760,484	-	-	760,484
Cable franchise taxes	76,187	-	-	76,187	89,748	-	-	89,748
Licenses and permits	473,271	-	-	473,271	535,615	-	-	535,615
Intergovernmental revenues:								
Federal funding	-	138,210	-	138,210	-	59,595	-	59,595
State funding	139,432	1,069,647	-	1,209,079	196,087	946,248	-	1,142,335
Trustees of New Castle Common	-	225,000	-	225,000	-	225,000	-	225,000
Police fines and court fees	27,506	-	-	27,506	29,175	-	-	29,175
Charges for services	151,633	-	-	151,633	113,575	-	-	113,575
Interest and rents	357,239	11,365	-	368,604	390,252	11,293	-	401,545
Miscellaneous revenues	85,104	24,083	-	109,187	100,860	26,655	-	127,515
Total revenues	5,042,463	1,468,305	-	6,510,768	5,397,626	1,268,791	-	6,666,417
EXPENDITURES								
Current:								
General government:								
City Administration	1,437,714	-	-	1,437,714	1,358,563	-	-	1,358,563
Board of Adjustments	-	-	-	-	-	-	-	-
Building maintenance	-	-	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-	-	-
Outside professional services	-	-	-	-	-	-	-	-
Public safety	2,875,775	52,436	-	2,928,211	2,586,028	71,437	-	2,657,465
Public services	1,280,235	67,133	-	1,347,368	1,181,275	1,443	-	1,182,718
Parks and recreation	284,310	68,788	-	353,098	163,913	72,295	-	236,208
Committees and commissions	96,796	-	-	96,796	50,779	-	-	50,779
Capital outlay	192,421	886,927	-	1,079,348	582,539	781,825	-	1,364,364
Debt service:								
Principal	166,662	199,993	-	366,655	170,679	193,164	-	363,843
Interest and other fees	27,523	25,007	-	52,530	23,971	31,836	-	55,807
Total expenditures	6,361,436	1,300,284	-	7,661,720	6,117,747	1,152,000	-	7,269,747
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES								
	(1,318,973)	168,021	-	(1,150,952)	(720,121)	116,791	-	(603,330)
OTHER FINANCING SOURCES (USES)								
Proceeds from new financing	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	18,975	-	-	18,975
Refund prior years (revenues)/expenditures	-	-	-	-	-	-	-	-
Annual appropriation:								
Municipal Services Commission	749,431	-	-	749,431	694,949	-	-	694,949
Operating transfers (out) in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	749,431	-	-	749,431	713,924	-	-	713,924
NET CHANGE IN FUND BALANCES								
Beginning of year	8,531,185	523,969	125,000	9,180,154	8,537,382	407,178	125,000	9,069,560
End of year	\$ 7,961,643	\$ 691,990	\$ 125,000	\$ 8,778,633	\$ 8,531,185	\$ 523,969	\$ 125,000	\$ 9,180,154

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, 2025 and 2024

Governmental Funds	
2025	2024

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

Net change in fund balance-total governmental funds \$ (401,521) \$ 110,594

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	2025	2024	
Capital assets	\$ 1,041,610	\$ 1,484,786	
Depreciation expense	(579,846)	(568,062)	461,764 916,724

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	2025	2024	
Sale and/or disposal of capital assets:			
Proceeds received	\$ -	\$ 18,975	
Loss (gain) recognized	6,013	86,858	(6,013) (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	2025	2024	
Financing proceeds received	\$ (98,792)	\$ (258,159)	
Principal payments made	366,655	363,843	267,863 105,684

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.

(122,986) 15,442

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	2025	2024	
City pension contributions for the fiscal years 2025 and 2024	\$ 297,202	\$ 212,960	
Cost of benefits earned net of contributions [pension expense]	(378,085)	(318,033)	(80,883) (105,073)
Change in net position-governmental activities	\$ 118,224	\$ 937,538	

Accompanying notes are an integral part of these financial statements

CITY OF NEW CASTLE, DELAWARE
NOTES TO 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 GAAAP. 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.

CITY OF NEW CASTLE, DELAWARE
NOTES TO 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.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2025 and 2024, 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, 2025 and 2024, 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

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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 (CMPPF) 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.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2025 and 2024, the city has encumbrances outstanding of \$4,135 and \$24,956, 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 2025 are \$1.20 per \$100 of assessed valuation and for fiscal year 2024 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 liened 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	2025		2024	
	Book	Bank	Book	Bank
1	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
2	10,738,995	10,793,898	10,560,959	10,591,989
3	1,100	-	1,100	-
Total deposits	<u>\$11,240,095</u>	<u>\$11,293,898</u>	<u>\$11,062,059</u>	<u>\$11,091,989</u>

At June 30, 2025 and 2024, 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 \$11,293,898 and \$11,091,989 held by the financial institution are in excess (or non-coverage) of the FDIC insurance limits in the amount of \$10,793,898 and \$10,591,989, 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	2025	2024
Passed through the State of Delaware:		
Delaware Criminal Justice Council [CJC]	\$ 2,211	\$ 25,063
Delaware Office of Highway Safety	-	416
Total intergovernmental receivables	<u>\$ 2,211</u>	<u>\$ 25,479</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Municipal Services Commission (MSC), a component unit of the City, appropriated \$749,431 and \$694,949 to the Mayor and Council of the City for the years ended June 30, 2025 and 2024, 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, 2025			
	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not depreciated:				
Land	\$ 2,313,504	\$ -	\$ -	\$ 2,313,504
Streets and Roads	28,406,637	188,028	-	28,594,665
Construction in progress:				
Streets and sidewalks	-	-	-	-
Total, not depreciated	<u>30,720,141</u>	<u>188,028</u>	<u>-</u>	<u>30,908,169</u>
Capital assets, depreciable:				
Buildings and improvements	3,520,616	60,239	-	3,580,855
Furniture and equipment	626,120	150,210	23,850	752,480
Vehicles	1,749,836	93,863	45,512	1,798,187
Streets and sidewalks	7,101,660	47,008	-	7,148,668
Trees, trails and landscape	1,433,773	502,262	-	1,936,035
Total depreciable	<u>14,432,005</u>	<u>853,582</u>	<u>69,362</u>	<u>15,216,225</u>
Less accumulated depreciation:				
Buildings and improvements	1,843,571	96,282	-	1,939,853
Furniture and equipment	432,124	42,198	21,466	452,856
Vehicles	992,586	223,344	41,883	1,174,047
Streets and sidewalks	5,214,631	146,333	-	5,360,964
Trees, trails and landscape	537,665	71,689	-	609,354
Total accumulated depr.	<u>9,020,577</u>	<u>579,846</u>	<u>63,349</u>	<u>9,537,074</u>
Total, net depreciation	<u>5,411,428</u>	<u>273,736</u>	<u>6,013</u>	<u>5,679,151</u>
Net capital assets	<u>\$36,131,569</u>	<u>\$ 461,764</u>	<u>\$ 6,013</u>	<u>\$36,587,320</u>

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	-
Total, not depreciated	<u>30,490,546</u>	<u>2,487,229</u>	<u>2,257,634</u>	<u>30,720,141</u>
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	<u>13,992,175</u>	<u>1,255,191</u>	<u>815,361</u>	<u>14,432,005</u>
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.	<u>9,162,043</u>	<u>568,062</u>	<u>709,528</u>	<u>9,020,577</u>
Total, net depreciation	<u>4,830,132</u>	<u>687,129</u>	<u>105,833</u>	<u>5,411,428</u>
Net capital assets	<u>\$35,320,678</u>	<u>\$ 3,174,358</u>	<u>\$ 2,363,467</u>	<u>\$36,131,569</u>

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, 2025					Ending Balances	
	Beginning Balances	Additions / Reclassifications			Long-term Portion		
		Deletions					
Accrued employee benefits	\$ 434,062	\$ 122,986	\$ -	\$ 557,048	\$ -		
Note payable-PNC Bank	106,416	-	26,604	53,208	26,604		
Note payable-PNC Bank	44,212	-	35,670	-	8,542		
Note payable-Enterprise	39,936	-	19,968	-	19,968		
Note payable-Enterprise	16,745	-	9,274	-	7,471		
Note payable-Enterprise	14,842	-	4,947	4,948	4,947		
Note payable-Enterprise	13,826	-	6,913	-	6,913		
Note payable-Enterprise	136,665	-	34,167	68,332	34,166		
Note payable-Enterprise	37,441	-	9,360	18,721	9,360		
Note payable-Enterprise	-	98,792	19,759	59,275	19,758		
General Obligation Bonds	801,208	-	199,993	394,830	206,385		
 Total debt obligations	 \$1,645,353	 \$ 221,778	 \$ 366,655	 \$1,156,362	 \$ 344,114		

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, 2025 and 2024 is reflected above. To fund the accrued employee benefits liability, the City established a separate bank account which reflects a balance of \$182,004 and \$162,458 at June 30, 2025 and 2024, 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 \$2,562 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 26,604	\$ 1,868	\$ 28,472
2027	26,604	1,245	27,849
2028	26,604	623	27,227
 Total required payments	 \$ 79,812	 \$ 3,736	 \$ 83,548

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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 \$1,022 and \$2,316 for the years ended June 30, 2025 and 2024, 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, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 8,542	\$ 48	\$ 8,590
Total required payments	\$ 8,542	\$ 48	\$ 8,590

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, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 19,968	\$ 4,272	\$ 24,240
Total required payments	19,968	4,272	24,240

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 \$2,304 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 7,471	\$ 1,850	\$ 9,321
Total required payments	7,471	1,850	9,321

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 \$2,022 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 6,913	\$ 2,022	\$ 8,935
Total required payments	<u>\$ 6,913</u>	<u>\$ 2,022</u>	<u>\$ 8,935</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 \$1,725 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 4,947	\$ 1,725	\$ 6,672
2027	4,948	1,725	6,673
Total required payments	<u>\$ 9,895</u>	<u>\$ 3,450</u>	<u>\$ 13,345</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, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 34,166	\$ 10,597	\$ 44,763
2027	34,166	10,597	44,763
2028	34,166	10,597	44,763
Total required payments	<u>\$ 102,498</u>	<u>\$ 31,791</u>	<u>\$ 134,289</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 arrangement is 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 \$2,124 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 9,360	\$ 2,124	\$ 11,484
2027	9,360	2,124	11,484
2028	9,361	2,124	11,485
 Total required payments	 \$ 28,081	 \$ 6,372	 \$ 34,453

Note Payable-Enterprise FM Trust

During fiscal year 2025, the city entered into two arrangements with Enterprise FM Trust totaling \$98,792 for the purchase of two 2024 Dodge Rams. The arrangements are for a term of sixty-months and call for monthly payments of \$1,943 (principal of \$1,647 and interest of \$296). The arrangement matures during fiscal year 2029 and carry a fixed monthly interest amount. Total interest paid is \$3,552 for the year ended June 30, 2025. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 19,758	\$ 3,552	\$ 23,310
2027	\$ 19,758	\$ 3,552	23,310
2028	\$ 19,758	\$ 3,552	23,310
2029	\$ 19,759	\$ 3,552	23,311
 Total required payments	 \$ 79,033	 \$ 14,208	 \$ 93,241

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (continued)

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 \$25,007 and \$32,060 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 206,385	\$ 18,615	\$ 225,000
2027	213,768	11,232	225,000
2028	181,062	3,151	184,949
 Total required payments	 \$ 601,215	 \$ 32,998	 \$ 634,949

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	
2026	\$ 206,385	\$ 18,615	\$ 137,729	\$ 28,058	\$ 390,787
2027	213,768	11,232	94,836	19,243	339,079
2028	181,062	3,151	89,889	16,896	290,998
2029	-	-	19,759	3,552	23,311
 Totals	 \$ 601,215	 \$ 32,998	 \$ 342,213	 \$ 67,749	 \$ 1,044,175

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Plan	At June 30, 2025			
	Net Pension Liability (Asset)	Deferred Resources		
		Outflows	Inflows	
County & Municipal Police and Firefighters' Pension Plan proportionate share (CMPPF)	\$ 169,624	\$ 444,364	\$ (306,293)	
County & Municipal Other Employees' Pension Plan proportionate share (CMOEPP)	(8,469)	43,859	(97,485)	
Totals	\$ 161,155	\$ 488,223	\$ (403,778)	

Plan	At June 30, 2024			
	Net Pension Liability (Asset)	Deferred Resources		
		Outflows	Inflows	
County & Municipal Police and Firefighters' Pension Plan proportionate share (CMPPF)	\$ 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)	

County & Municipal Police and Firefighters' Pension Plan (CMPPF)

The City's first defined-benefit pension plan is part of the "County & Municipal Police and Firefighters' Pension Plan" (CMPPF), 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, 2024 and 2023. 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.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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 2024 and 2023, respectively.
- **Member:** 7% of compensation.

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

At June 30, 2025 and 2024, the City reported a pension liability of \$169,624 and \$159,931, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, 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, 2024 and 2023, the City's proportion was 1.0603% and 1.1125%, which was a decrease of 0.0522%.

As a result of its requirement to contribute to the DPERS, the City recognized pension expense of \$380,083 and \$257,689 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the city reported deferred outflows and inflows of resources from the following sources resulting from its requirement to contribute to DPERS:

Description	Deferred Resources			
	2025		2024	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 211,728	\$ (25,064)	\$ 156,914	\$ (10,598)
Changes of assumptions	(30,772)	3,740	(17,259)	29,104
Net difference between projected and actual earnings on pension plan investments	31,589	(292,669)	213,866	(292,669)
Contributions subsequent to the measurement date	237,184	-	162,271	-
Change in proportion and differences between City contributions and proportionate share of contributions	(5,365)	7,700	(9,031)	15,613
Totals	\$ 444,364	\$ (306,293)	\$ 506,761	\$ (258,550)

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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)

\$444,364 and \$506,761 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, 2025 and 2024, 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
2025		\$ 91,453
2026		334,438
2027		23,043
2028		(26,728)
2029		11,986
2030 and thereafter		79,281
Totals		\$ 513,473

Actuarial assumptions: The total pension asset/liability in the June 30, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions noted below, applied to all periods included in the measurement.

Description	2024	2023
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.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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		Asset Allocations	
	Real Rate of Return		2024	2023
Domestic equity	5.70%	5.70%	33.60%	33.80%
International equity	5.70%	5.70%	13.90%	15.90%
Fixed income	2.00%	2.00%	25.30%	25.20%
Alternative investments	7.80%	7.80%	21.70%	19.30%
Cash and equivalents	0.00%	0.00%	5.50%	5.80%

Discount rate: The discount rate for the Plan used to measure total pension liability was 7.00% for the years ended June 30, 2024 and 2023. 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	Decrease [6.00%]	Rate [7.00%]	Increase [8.00%]
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan (CMPFPP):			
Fiscal year 2024	\$ 817,714	\$ 169,624	(425,774)
	1% Decrease [6.00%]	Discount Rate [7.00%]	1% Increase [8.00%]
Police Officers of City of New Castle's County & Municipal Police and Firefighters' Pension Plan (CMPFPP):			
Fiscal year 2023	\$1,137,431	\$ 159,931	\$ (639,543)

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2024 and 2023. 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 5.70% and 5.59% of employee earnings for fiscal years 2024 and 2023, 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, 2025 and 2024, the City reported a pension asset of \$8,469 and of \$29,703, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and 2023, respectively, and the total pension asset used to calculate the net pension asset 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, 2024 and 2023, the City's proportion was 1.2505% and 1.4368% which was a decrease of 0.1863%.

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 \$196,808 and \$66,192 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, 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			
	2025		2024	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ (7,363)	\$ (15,817)	\$ 8,461	\$ (11,187)
Changes of assumptions	(21,065)	1,176	(16,626)	3,803
Net difference between projected and actual earnings on pension plan investments	2,116	(69,053)	40,422	(69,053)
Contributions subsequent to the measurement date	60,018	-	50,689	-
Change in proportion and differences between City contributions and proportionate share of contributions	10,153	(13,791)	5,929	(11,334)
Totals	\$ 43,859	\$ (97,485)	\$ 88,875	\$ (87,771)

\$43,859 and \$88,875 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, 2025 and 2024, 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
2025	\$ 13,840
2026	2,983
2027	5,579
2028	59,865
2029	(4,735)
2029 and thereafter	3,794
Totals	\$ 81,326

Actuarial assumptions: The total pension liability in the June 30, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	2024	2023
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

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)

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

Mortality rates are based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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

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

Asset Class	Long-Term Expected		Asset Allocations	
	Real Rate of Return		2024	2023
Domestic equity	5.70%	5.70%	33.60%	33.80%
International equity	5.70%	5.70%	13.90%	15.90%
Fixed income	2.00%	2.00%	25.30%	25.20%
Alternative investments	7.80%	7.80%	21.70%	19.30%
Cash and equivalents	0.00%	0.00%	5.50%	5.80%

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% for the years ended June 30, 2024 and 2023. 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.

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)

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	Decrease [6.00%]	Rate [7.00%]	Increase [8.00%]
Other Employees of City of New Castle's County & Municipal Other Employees' Pension Plan (CMOEPP):			
Fiscal year 2024	<u>\$ 113,908</u>	<u>\$ (8,469)</u>	<u>\$ (120,898)</u>
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	<u>\$ 246,109</u>	<u>\$ (29,703)</u>	<u>\$ (146,999)</u>

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, 2025, 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
2026	<u>1,296</u>
Total minimum future payments required	<u>\$ 1,296</u>

Total leasing costs are \$7,200 and \$7,200 for the years ended June 30, 2025 and 2024, respectively.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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, 2025:

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 \$126,739 and \$112,477 for the years ended June 30, 2025 and 2024, 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 subsequently 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, 2025, the City is involved in certain disputes which the City solicitor anticipates will not result in significant financial liability to the City.

CITY OF NEW CASTLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS

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 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.

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. Implementation of the Statement had no significant impact on the financial statements.

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. 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 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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,155,000	\$ 3,155,000	\$ 3,151,387	\$ (3,613)
Property transfer taxes	400,000	400,000	580,704	180,704 1
Cable franchise taxes	125,000	125,000	76,187	(48,813) 2
Licenses and permits	424,000	424,000	473,271	49,271 3
Intergovernmental revenues	70,000	70,000	139,432	69,432 4
Police fines and court fees	30,000	30,000	27,506	(2,494)
Charges for services	69,000	69,000	151,633	82,633 5
Interest and rents	170,000	170,000	357,239	187,239 6
Miscellaneous revenues	31,000	31,000	85,104	54,104 7
Total revenues	4,474,000	4,474,000	5,042,463	568,463
EXPENDITURES				
Current:				
General government	1,471,782	1,471,782	1,437,714	34,068
Public safety	2,857,065	2,857,065	2,875,775	(18,710)
Public services	1,432,673	1,432,673	1,280,235	152,438 8
Parks and recreation	460,752	460,752	284,310	176,442 9
Committees and commissions	48,040	48,040	96,796	(48,756) 10
Capital outlay	345,500	345,500	192,421	153,079 11
Debt service	186,976	186,976	194,185	(7,209)
Total expenditures	6,802,788	6,802,788	6,361,436	441,352
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,328,788)	(2,328,788)	(1,318,973)	1,009,815
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	-	-	-	-
Proceeds from sale of capital assets	2,500	2,500	-	(2,500)
Refunds of prior years' revenues	-	-	-	-
Annual appropriation:				
Municipal Services Commission	669,600	669,600	749,431	79,831 12
Operating transfers (out) in	-	-	-	-
Total other financing sources (uses)	672,100	672,100	749,431	77,331
NET CHANGE IN FUND BALANCE	(1,656,688)	(1,656,688)	(569,542)	1,087,146
FUND BALANCES				
Beginning of year	1,656,688	1,656,688	8,531,185	6,874,497
End of year	\$ -	\$ -	\$ 7,961,643	\$ 7,961,643

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, 2025

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 cable franchise 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 and improvements within the city limits, demand for services, and the general economic environment.
4. Favorable variance due to the increase of the state pension plan reimbursement.
5. Favorable variance is due to services the City offered which was demanded more than budgeted
6. Favorable variance is due to the City's increased amount of money in the bank, resulting in greater interest earned than budgeted for.
7. Favorable variance due to the City receiving a large donation due to the City of New Castle Legacy Fund.
8. Favorable variance due to reduction in employee-related costs within the Public Services Department.
9. Favorable variance is primarily due to budgeting for a dog park for which the work was not yet started. Additionally, other budgeted projects were not completed in this fiscal year. The funds were presented in the next year's budget.
10. Unfavorable variance due to the increase use of City's Architect.
11. Favorable variance due to budgeted projects not completed in this fiscal year. The funds were presented in the next year's budget.
12. Favorable variance due to higher than expected appropriation payments received from the Municipal Services Commission.

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,

	2025	2024	2023	2022	2021
City's proportion of net pension liability (asset)	1.0603%	1.1125%	1.0677%	1.1398%	1.1988%
City's proportionate share of net pension liability (asset)	\$ 169,624	\$ 159,931	\$ (112,262)	\$ (1,568,450)	\$ 184,229
City's covered-employee payroll	\$ 1,598,088	\$ 1,175,110	\$ 1,114,374	\$ 1,105,348	\$ 1,093,015
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	10.61%	13.61%	-10.07%	-141.90%	16.86%
Plan's fiduciary net position as percentage of total pension liability	97.57%	101.95%	101.95%	128.19%	96.67%
	2020	2019	2018	2017	2016
City's proportion of net pension liability (asset)	1.2007%	1.3754%	1.3018%	1.3312%	1.7091%
City's proportionate share of net pension liability (asset)	\$ 344,872	\$ 316,759	\$ 131,244	\$ 211,602	\$ (90,077)
City's covered-employee payroll	\$ 1,061,436	\$ 1,151,657	\$ 1,069,639	\$ 1,058,392	\$ 1,126,936
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	32.49%	27.50%	12.27%	19.99%	-7.99%
Plan's fiduciary net position as percentage of total pension liability	93.25%	94.10%	97.00%	94.71%	101.97%

Note to Schedule:

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

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

SCHEDULE OF PENSION CONTRIBUTIONS

OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN (CMPFPP)

Years Ended June 30,

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 237,184	\$ 162,271	\$ 144,927	\$ 178,154	\$ 183,377
Contributions in relation to contractually required contribution	<u>237,184</u>	<u>162,271</u>	<u>144,927</u>	<u>178,154</u>	<u>183,377</u>
Annual contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
City covered-employee payroll	<u>\$ 1,598,088</u>	<u>\$ 1,175,110</u>	<u>\$ 1,278,012</u>	<u>\$ 1,114,374</u>	<u>\$ 1,105,348</u>
Contributions as percentage of covered-employee payroll	<u>14.84%</u>	<u>13.81%</u>	<u>11.34%</u>	<u>15.99%</u>	<u>16.59%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 184,064	\$ 177,043	\$ 134,242	\$ 147,290	\$ 146,588
Contributions in relation to contractually required contribution	<u>184,064</u>	<u>177,043</u>	<u>134,242</u>	<u>147,290</u>	<u>146,588</u>
Annual contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
City covered-employee payroll	<u>\$ 1,093,015</u>	<u>\$ 1,061,436</u>	<u>\$ 1,151,657</u>	<u>\$ 1,069,639</u>	<u>\$ 1,058,392</u>
Contributions as percentage of covered-employee payroll	<u>16.84%</u>	<u>16.68%</u>	<u>11.66%</u>	<u>13.77%</u>	<u>13.85%</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,

	2025	2024	2023	2022	2021
City's proportion of net pension liability (asset)	<u>1.2505%</u>	<u>1.4368%</u>	<u>1.4624%</u>	<u>1.7610%</u>	<u>1.8870%</u>
City's proportionate share of net pension liability (asset)	<u>\$ (8,469)</u>	<u>\$ (29,703)</u>	<u>\$ (9,924)</u>	<u>\$ (368,843)</u>	<u>\$ 40,067</u>
City's covered-employee payroll	<u>\$ 1,052,946</u>	<u>\$ 963,260</u>	<u>\$ 886,838</u>	<u>\$ 943,160</u>	<u>\$ 924,795</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>-0.80%</u>	<u>-3.08%</u>	<u>-1.12%</u>	<u>-39.11%</u>	<u>4.33%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>100.64%</u>	<u>100.79%</u>	<u>100.79%</u>	<u>127.56%</u>	<u>96.95%</u>
	2020	2019	2018	2017	2016
City's proportion of net pension liability (asset)	<u>2.0295%</u>	<u>2.2062%</u>	<u>2.6415%</u>	<u>2.5386%</u>	<u>3.5470%</u>
City's proportionate share of net pension liability (asset)	<u>\$ 92,973</u>	<u>\$ 69,427</u>	<u>\$ 171,148</u>	<u>\$ 157,286</u>	<u>\$ 1,513</u>
City's covered-employee payroll	<u>\$ 901,508</u>	<u>\$ 878,846</u>	<u>\$ 902,442</u>	<u>\$ 923,387</u>	<u>\$ 980,414</u>
City's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	<u>10.31%</u>	<u>7.90%</u>	<u>18.96%</u>	<u>17.03%</u>	<u>0.15%</u>
Plan's fiduciary net position as percentage of total pension liability	<u>92.74%</u>	<u>94.41%</u>	<u>87.62%</u>	<u>86.38%</u>	<u>99.89%</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,

	2025	2024	2023	2022	2021
Contractually required contribution	\$ 60,018	\$ 50,689	\$ 53,461	\$ 60,128	\$ 66,587
Contributions in relation to contractually required contribution	<u>60,018</u>	<u>50,689</u>	<u>53,461</u>	<u>60,128</u>	<u>66,587</u>
Annual contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
City covered-employee payroll	<u>\$ 1,052,946</u>	<u>\$ 906,792</u>	<u>\$ 963,260</u>	<u>\$ 886,838</u>	<u>\$ 943,160</u>
Contributions as percentage of covered-employee payroll	<u>5.70%</u>	<u>5.59%</u>	<u>5.55%</u>	<u>6.78%</u>	<u>7.06%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 67,236	\$ 65,721	\$ 62,342	\$ 66,409	\$ 57,342
Contributions in relation to contractually required contribution	<u>67,236</u>	<u>65,721</u>	<u>62,342</u>	<u>66,409</u>	<u>57,342</u>
Annual contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -
City covered-employee payroll	<u>\$ 924,795</u>	<u>\$ 901,518</u>	<u>\$ 878,846</u>	<u>\$ 902,442</u>	<u>\$ 923,387</u>
Contributions as percentage of covered-employee payroll	<u>7.27%</u>	<u>7.29%</u>	<u>7.09%</u>	<u>7.36%</u>	<u>6.21%</u>

See Report of Independent Auditor

Supplementary Information Section

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2025 with Comparative Totals for 2024

	Special Revenue Fund			Totals	
	Federal Funding	State Funding	Trustees of	Special Revenue Fund	
			New Castle Common	[Memorandum Only]	2025
ASSETS	<i>[See Pg 40]</i>	<i>[See Pg 43]</i>			
ASSETS					
Cash and equivalents	\$ -	\$ 680,586	\$ -	\$ 680,586	\$ 599,282
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivable (payable)	2,211	253,480	-	255,691	37,549
TOTAL ASSETS	\$ 2,211	\$ 934,066	\$ -	\$ 936,277	\$ 636,831
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and other	\$ 2,211	\$ 205,372	\$ -	\$ 207,583	\$ 88,364
Unearned revenues	-	36,704	-	36,704	24,498
Refundable advances	-	-	-	-	-
Total liabilities	2,211	242,076	-	244,287	112,862
FUND BALANCES					
Restricted for specific programs	-	625,967	-	625,967	499,373
Assigned	-	66,023	-	66,023	24,596
Total fund balances	-	691,990	-	691,990	523,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,211	\$ 934,066	\$ -	\$ 936,277	\$ 636,831

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2025 with Comparative Totals for 2024

	Federal Funding		Total Federal Funding	
	Criminal Justice Council	Office of Highway Safety	[Carried To Page 39]	
			2025	2024
ASSETS				
ASSETS				
Cash and equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivable (payable)	2,211	-	2,211	8,706
TOTAL ASSETS	\$ 2,211	\$ -	\$ 2,211	\$ 8,706
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other	\$ 2,211	\$ -	\$ 2,211	\$ 8,706
Unearned revenues	-	-	-	-
Refundable advances	-	-	-	-
Total liabilities	\$ 2,211	\$ -	\$ 2,211	\$ 8,706
FUND BALANCES				
Restricted for specific programs	-	-	-	-
Assigned	-	-	-	-
Total fund balances	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,211	\$ -	\$ 2,211	\$ 8,706

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2025 with Comparative Totals for 2024

	State Funding						Total State Funding	
	Municipal Street Aid	Police Pension	SALLE	EIDE	Separation Day	FCVC	[Carried To Page 42]	
							2025	2024
ASSETS								
ASSETS								
Cash and equivalents	\$ 625,967	\$ -	\$ 4,094	\$ 4,746	\$ 20,885	\$ 24,894	\$ 680,586	599,282
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund receivable (payable)	-	-	-	-	78,616	-	78,616	(23,294)
TOTAL ASSETS	\$ 625,967	\$ -	\$ 4,094	\$ 4,746	\$ 99,501	\$ 24,894	\$ 759,202	\$ 575,988
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ -	\$ -	\$ -	\$ 33,478	\$ -	\$ 33,478	\$ 30,491
Unearned revenues	-	-	4,094	4,746	-	24,894	33,734	21,528
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	-	-	4,094	4,746	33,478	24,894	67,212	52,019
FUND BALANCES								
Restricted for specific programs	625,967	-	-	-	-	-	625,967	499,373
Assigned	-	-	-	-	66,023	-	66,023	24,596
Total fund balances	625,967	-	-	-	66,023	-	691,990	523,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 625,967	\$ -	\$ 4,094	\$ 4,746	\$ 99,501	\$ 24,894	\$ 759,202	\$ 575,988

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2025 with Comparative Totals for 2024

	State Funding						Total State Funding	
	[Total Carried From Page 41]		DELDOT	SLEAF	Certified Local Gov't	DFS Urban Forestry	DEMA	[Carried To Page 43]
	2025	2024						
ASSETS								
ASSETS								
Cash and equivalents	\$ 680,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,586	599,282
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund receivable (payable)	78,616	-	2,970	-	-	-	81,586	(20,324)
TOTAL ASSETS	\$ 759,202	\$ -	\$ 2,970	\$ -	\$ -	\$ -	\$ 762,172	\$ 578,958
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ 33,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,478	\$ 30,491
Unearned revenues	33,734	-	2,970	-	-	-	36,704	24,498
Refundable advances	-	-	-	-	-	-	-	-
Total liabilities	67,212	-	2,970	-	-	-	70,182	54,989
FUND BALANCES								
Restricted for specific programs	625,967	-	-	-	-	-	625,967	499,373
Assigned	66,023	-	-	-	-	-	66,023	24,596
Total fund balances	691,990	-	-	-	-	-	691,990	523,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 759,202	\$ -	\$ 2,970	\$ -	\$ -	\$ -	\$ 762,172	\$ 578,958

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2025 with Comparative Totals for 2024

	State Funding		Total State Funding	
	[Total Carried From Page 42]		[Carried To Page 39]	
	DNREC		2025	2024
ASSETS				
ASSETS				
Cash and equivalents	\$ 680,586	\$ -	\$ 680,586	599,282
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivable (payable)	81,586	171,894	253,480	28,843
TOTAL ASSETS	\$ 762,172	\$ 171,894	\$ 934,066	\$ 628,125
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other	\$ 33,478	171,894	\$ 205,372	\$ 79,658
Unearned revenues	36,704	-	36,704	24,498
Refundable advances	-	-	-	-
Total liabilities	70,182	171,894	242,076	104,156
FUND BALANCES				
Restricted for specific programs	625,967	-	625,967	499,373
Assigned	66,023	-	66,023	24,596
Total fund balances	691,990	-	691,990	523,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 762,172	\$ 171,894	\$ 934,066	\$ 628,125

See Report of Independent Auditor

CITY OF NEW CASTLE, DELAWARE

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

SPECIAL REVENUE FUND

Year Ended June 30, 2025 with Comparative Totals for 2024

	Special Revenue Fund			Totals	
	Trustees of			Special Revenue Fund	
	Federal Funding	State Funding	New Castle Common	[Memorandum Only]	2025
	[See Pg 45]	[See Pg 48]			2024
REVENUES					
Intergovernmental revenues:					
Federal funding	\$ 138,210	\$ -	\$ -	\$ 138,210	\$ 59,595
State funding	-	1,069,647	-	1,069,647	946,248
Trustees of New Castle Common	-	-	225,000	225,000	225,000
Interest revenue	-	11,365	-	11,365	11,293
Program fees and other	-	24,083	-	24,083	26,655
Total revenues	138,210	1,105,095	225,000	1,468,305	1,268,791
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	21,788	30,648	-	52,436	71,437
Public services	-	67,133	-	67,133	1,443
Parks and recreation	-	68,788	-	68,788	72,295
Capital outlay:					
General government	-	173,904	-	173,904	-
Public safety	116,422	62,000	-	178,422	39,560
Public services	-	64,527	-	64,527	564,840
Parks and recreation	-	470,074	-	470,074	177,425
Debt service:					
Principal	-	-	199,993	199,993	193,164
Interest and other fees	-	-	25,007	25,007	31,836
Total expenditures	138,210	937,074	225,000	1,300,284	1,152,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES					
	-	168,021	-	168,021	116,791
OTHER FINANCING SOURCES (USES)					
Refund of prior year revenues	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-
Total other financing sources (uses)					
	-	-	-	-	-
NET CHANGE IN FUND BALANCES					
	-	168,021	-	168,021	116,791
FUND BALANCES					
Beginning of year	-	523,969	-	523,969	407,178
End of year	\$ -	\$ 691,990	\$ -	\$ 691,990	\$ 523,969

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, 2025 with Comparative Totals for 2024

	Federal Funding		Total Federal Funding	
	Criminal Justice Council	Office of Highway Safety	[Carried To Page 44]	
			2025	2024
REVENUES				
Intergovernmental revenues:				
Federal funding	\$ 122,624	\$ 15,586	\$ 138,210	\$ 59,595
State funding	-	-	-	-
Trustees of New Castle Common	-	-	-	-
Interest revenue	-	-	-	-
Program fees and other	-	-	-	-
Total revenues	122,624	15,586	138,210	59,595
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	6,202	15,586	21,788	20,035
Public services	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	116,422	-	116,422	39,560
Public services	-	-	-	-
Parks and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other fees	-	-	-	-
Total expenditures	122,624	15,586	138,210	59,595
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	\$ -	\$ -	\$ -	\$ -

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CITY OF NEW CASTLE, DELAWARE

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

Year Ended June 30, 2025 with Comparative Totals for 2024

	State Funding						Total State Funding	
	Municipal Street Aid	Police Pension	SALLE	EIDE	Separation Day	FCVC	[Carried To Page 47]	
							2025	2024
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	117,129	-	8,338	-	86,132	76,613	288,212	202,540
Trustees of New Castle Common	-	-	-	-	-	-	-	-
Interest revenue	11,365	-	-	-	-	-	11,365	11,293
Program fees and other	-	-	-	-	24,083	-	24,083	26,655
Total revenues	128,494	-	8,338	-	110,215	76,613	323,660	240,488
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	8,338	-	-	22,310	30,648	51,402
Public services	-	-	-	-	-	54,303	54,303	-
Parks and recreation	-	-	-	-	68,788	-	68,788	72,295
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	1,900	-
Parks and recreation	1,900	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	1,900	-	8,338	-	68,788	76,613	155,639	123,697
EXCESS REVENUES OVER (UNDER) EXPENDITURES								
	126,594	-	-	-	41,427	-	168,021	116,791
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES								
Beginning of year	499,373	-	-	-	24,596	-	523,969	407,178
End of year	\$ 625,967	\$ -	\$ -	\$ -	\$ 66,023	\$ -	\$ 691,990	\$ 523,969

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, 2025 with Comparative Totals for 2024

	State Funding						Total State Funding	
	[Total Carried From Page 45]		DELDOT	SLEAF	Certified Local Gov't	DFS Urban Forestry	DEMA	[Carried To Page 48]
	2025	2024						
REVENUES								
Intergovernmental revenues:								
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State funding	288,212	-	-	-	-	12,830	301,042	203,983
Trustees of New Castle Common	-	-	-	-	-	-	-	-
Interest revenue	11,365	-	-	-	-	-	11,365	11,293
Program fees and other	24,083	-	-	-	-	-	24,083	26,655
Total revenues	323,660	-	-	-	-	12,830	336,490	241,931
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	30,648	-	-	-	-	-	30,648	51,402
Public services	54,303	-	-	-	-	12,830	67,133	1,443
Parks and recreation	68,788	-	-	-	-	-	68,788	72,295
Capital outlay:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public services	1,900	-	-	-	-	-	1,900	-
Parks and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other fees	-	-	-	-	-	-	-	-
Total expenditures	155,639	-	-	-	-	12,830	168,469	125,140
EXCESS REVENUES OVER (UNDER) EXPENDITURES								
	168,021	-	-	-	-	-	168,021	116,791
OTHER FINANCING SOURCES (USES)								
Refund of prior year revenues	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES								
	168,021	-	-	-	-	-	168,021	116,791
FUND BALANCES								
Beginning of year	523,969	-	-	-	-	-	523,969	407,178
End of year	\$ 691,990	\$ See Report of Independent Auditor	-	\$ -	\$ -	\$ -	\$ 691,990	\$ 523,969

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

Year Ended June 30, 2025 with Comparative Totals for 2024

	State Funding		Total State Funding	
	[Total Carried From Page 47]		[Carried To Page 44]	
	DNREC		2025	2024
REVENUES				
Intergovernmental revenues:				
Federal funding	\$ -	\$ -	\$ -	\$ -
State funding	301,042	768,605	1,069,647	946,248
Trustees of New Castle Common	-	-	-	-
Interest revenue	11,365	-	11,365	11,293
Program fees and other	24,083	-	24,083	26,655
Total revenues	336,490	768,605	1,105,095	984,196
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	30,648	-	30,648	51,402
Public services	67,133	-	67,133	1,443
Parks and recreation	68,788	-	68,788	72,295
Capital outlay:				
General government	-	173,904	173,904	-
Public safety	-	62,000	62,000	-
Public services	1,900	62,627	64,527	564,840
Parks and recreation	-	470,074	470,074	177,425
Debt service:				
Principal	-	-	-	-
Interest and other fees	-	-	-	-
Total expenditures	168,469	768,605	937,074	867,405
EXCESS REVENUES OVER (UNDER) EXPENDITURES				
	168,021	-	168,021	116,791
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenues	-	-	-	-
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES				
	168,021	-	168,021	116,791
FUND BALANCES				
Beginning of year	523,969	-	523,969	407,178
End of year	\$ 691,990	\$ -	\$ 691,990	\$ 523,969

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 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.

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 City of New Castle's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

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.

Newark, Delaware
December 9, 2025

Current Year Findings

None reported.

Prior Year Findings

2022-001 Post Audit Entries to General Ledger

During the previous audits, 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 2025 audit, we noted certain prior year entries were not posted, however, subsequent to year end, management met with the external auditors and Edmund's support staff to review all prior period adjustments. They ensured that all necessary entries were properly posted and reconciled, and verified that the opening balances for the current audit year align with the prior year's ending balances. These steps address the recommendation and strengthen procedures for accurate financial reporting going forward. We consider this matter resolved.

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 fiscal year 2025, management has created account groupings for the General Fixed Asset and General Long-Term Debt Accounts, which are now actively used to record the related activity. We consider this matter resolved.

Prior Year Findings (Continued)

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

During the previous audits, 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 2025 audit, we noted no change, however, subsequent to year end, management met with the auditors and Edmund's support staff to post prior year entries significantly affecting due to/from account balances. Following this, all prior discrepancies relating to the due to/from accounts were reconciled and a process to perform monthly reconciliations going forward was implemented by management. This ensures that interfund transactions are properly recorded and balances remain accurate throughout the year. We consider this matter resolved.