



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

CITY OF DELAWARE CITY

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR**

Years Ended June 30, 2017 and 2016

CITY OF DELAWARE CITY, DELAWARE

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WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

Report of Independent Auditor

To Mayor and City Council
City of Delaware City
Delaware City, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Delaware City, Delaware as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The financial statements of the City of Delaware City, Delaware as of and for the year ended June 30, 2016 were audited by Haggerty & Haggerty, P.A. [which merged with Whisman Giordano & Associates, LLC effective August 1, 2017], whose report dated December 13, 2016 expressed unmodified opinions on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Delaware City, Delaware, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, reflected on page 27, be presented to supplement the basic financial statements. Such 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. 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 to provide any assurance. Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Delaware City, Delaware's financial statements. The supplementary information, reflected on pages 28 and 29, 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report [under separate cover] dated December 18, 2017 on our consideration of the City of Delaware 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the City of Delaware 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 Council, others within the entity, the Office of the Governor, the Office of Controller General, Office of Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

Whisman Giordano & Associates, LLC
Certified Public Accountants

December 18, 2017
Newark, Delaware

Basic Financial Statements Section

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2017 and 2016

	2017			2016			Component Unit Delaware City Day Committee
	Primary Government		Total	Primary Government		Total	
	Activity Type	Business		Activity Type	Business		
	Governmental			Governmental			
ASSETS							
Current assets							
Cash and equivalents	\$ 474,947	\$...	\$ 474,947	\$ 463,210	\$...	\$ 463,210	\$ 39,539
Receivables, net of allowance:							
Property taxes	4,357	...	4,357	7,785	...	7,785	...
Accounts	7,713	7,713	7,713	7,713	7,713	7,713	...
Other	6,043	...	6,043	7,273	...	7,273	...
Prepaid expenses and other assets	...	19,000	...	...	...	...	...
Due from other governments	138,738	...	138,738	396,243	...	396,243	...
Due from primary government	...	36,000	...	...	...	...	...
Total current assets	<u>624,085</u>	<u>7,713</u>	<u>631,798</u>	<u>874,511</u>	<u>7,713</u>	<u>882,224</u>	<u>36,000</u> <u>75,539</u>
Noncurrent assets							
Capital assets, net of depreciation:							
Nondepreciable	421,737	18,331	440,068	421,737	18,331	440,068	...
Depreciable	5,864,264	248,734	6,112,998	6,143,489	366,324	6,509,813	...
Total noncurrent assets	<u>6,286,001</u>	<u>267,065</u>	<u>6,553,066</u>	<u>6,565,228</u>	<u>384,655</u>	<u>6,949,881</u>	...
TOTAL ASSETS	<u>6,910,086</u>	<u>274,778</u>	<u>7,184,864</u>	<u>7,439,737</u>	<u>392,368</u>	<u>7,832,105</u>	<u>75,539</u>
DEFERRED OUTFLOWS OF RESOURCES							
Bond issue costs, net of amortization	...	13,172	13,172	...	14,570	14,570	...
LIABILITIES							
Current liabilities							
Line of credit	79,736	...	79,736	72,251	...	72,251	...
Accounts payable	4,443	4,443	4,443	4,443	4,443	4,443	...
Accrued interest payable	28,185	28,185	71,775	34,171	38,788	72,959	...
Current portion of long-term debt	17,278	...	17,278	30,842	...	30,842	...
Funds held in custody	90,637	14,850	105,487	73,340	13,550	86,890	6,543
Refundable advances and other deposits	36,000	...	36,000	36,000	...	36,000	...
Due to component unit	...	...	...	...	...	...	...
Total current liabilities	<u>267,241</u>	<u>47,478</u>	<u>314,719</u>	<u>245,604</u>	<u>56,781</u>	<u>303,385</u>	<u>6,543</u>
Noncurrent liabilities							
Long-term debt, net of current portion	286,743	612,428	899,171	305,290	640,717	946,007	...
Long-term portion of compensated absences	21,698	...	21,698	14,262	...	14,262	...
Total noncurrent liabilities	<u>308,441</u>	<u>612,428</u>	<u>920,869</u>	<u>319,552</u>	<u>640,717</u>	<u>960,269</u>	...
TOTAL LIABILITIES	<u>575,682</u>	<u>659,906</u>	<u>1,235,588</u>	<u>566,156</u>	<u>697,498</u>	<u>1,263,654</u>	<u>6,543</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-other	...	...	...	8,499	...	8,499	...
NET POSITION							
Net investment in capital assets	5,955,668	(360,376)	5,595,292	6,225,765	(280,280)	5,945,485	...
Restricted for specific programs	77,476	...	77,476	62,136	...	62,136	68,996
Unrestricted (deficit)	301,260	(11,580)	289,680	577,181	(10,280)	566,901	...
TOTAL NET POSITION	<u>\$ 6,334,404</u>	<u>\$ (371,956)</u>	<u>\$ 5,962,448</u>	<u>\$ 6,865,082</u>	<u>\$ (290,560)</u>	<u>\$ 6,574,522</u>	<u>\$ 68,996</u>

Accompanying notes are an integral part of these financial statements

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

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Grants and Contributions	Activity Type		Total	
				Governmental	Business		
	\$	\$	\$	\$	\$	\$	
GOVERNMENTAL ACTIVITIES							
General government	480,430	72,645	11,041	(396,744)	...	(396,744)	...
Code enforcement	54,856	8,746	...	(46,110)	...	(46,110)	...
Public safety-police	364,717	13,316	19,770	(331,631)	...	(331,631)	...
Public works-streets	85,905	...	42,785	(43,120)	...	(43,120)	...
Public works-sanitation	204,697	4,943	...	(199,754)	...	(199,754)	...
Parks and recreation	238,469	...	87,316	(92,953)	...	(92,953)	...
Community Center	32,233	10	21,913	(10,310)	...	(10,310)	...
Interest on long-term debt	13,919	...	...	(13,919)	...	(13,919)	...
Depreciation-unallocated	388,673	...	...	(388,673)	...	(388,673)	...
Total governmental activities	1,863,899	99,660	182,825	(1,523,214)	...	(1,523,214)	...
BUSINESS-TYPE ACTIVITIES							
Water system	387,151	253,546	...	...	(133,605)	(133,605)	...
Total business-type activities	387,151	253,546	...	...	(133,605)	(133,605)	...
TOTAL PRIMARY GOVERNMENT	2,251,050	353,206	182,825	(1,523,214)	(133,605)	(1,656,819)	...
DISCRETELY PRESENTED COMPONENT UNIT							
Delaware City Day Committee	68,729	11,115	50,518	...	...	...	(7,096)
TOTAL PRIMARY GOV'T AND COMPONENT UNIT	\$ 2,319,779	\$ 364,321	\$ 233,343	(1,523,214)	(133,605)	(1,656,819)	(7,096)
GENERAL REVENUES AND TRANSFERS							
Property taxes levied for general purposes				933,695	...	933,695	...
Cable franchise taxes				17,570	...	17,570	...
Investment earnings and rents				168,311	...	168,311	...
Gain from sale of capital assets				...	...	...	...
Refunded grant award revenues				(75,619)	...	(75,619)	...
Miscellaneous revenues				...	788	788	...
Transfers between governmental, BT activities				(51,421)	51,421	...	...
Total general revenues and transfers				992,536	52,209	1,044,745	...
CHANGES IN NET POSITION							
				(530,678)	(81,396)	(612,074)	(7,096)
NET POSITION							
Beginning of year				6,865,082	(290,560)	6,574,522	68,996
End of year				\$ 6,334,404	\$ (371,956)	\$ 5,962,448	\$ 61,900

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Functions	Program Revenues		Net (Expense) Revenues and Changes in Net Position			Component Unit Delaware City Day Committee
	Charges for Services	Grants and Contributions	Activity Type			
			Governmental	Business	Total	
	Expenses	Operating	Capital	Governmental	Business	Total
GOVERNMENTAL ACTIVITIES						
General government	\$ 376,542	\$...	\$...	\$ (349,288)	\$...	\$ (349,288)
Code enforcement	8,685	...	...	(8,685)	...	(8,685)
Public safety-police	365,772	20,803	...	(332,669)	...	(332,669)
Public works-streets	147,288	16,774	51,133	(78,501)	...	(78,501)
Public works-sanitation	200,622	5,349	...	(195,273)	...	(195,273)
Parks and recreation	266,249	106,376	254,003	94,130	...	94,130
Community Center	33,704	22,291	...	(11,413)	...	(11,413)
Interest on long-term debt	16,859	...	8,492	(8,367)	...	(8,367)
Depreciation-unallocated	361,797	...	...	(361,797)	...	(361,797)
Total governmental activities	1,777,518	45,783	313,628	(1,251,863)	...	(1,251,863)
BUSINESS-TYPE ACTIVITIES						
Water system	360,986	260,027	...	(100,959)	...	(100,959)
Total business-type activities	360,986	260,027	...	(100,959)	...	(100,959)
TOTAL PRIMARY GOVERNMENT	2,138,504	305,810	313,628	(1,251,863)	(100,959)	(1,352,822)
DISCREETLY PRESENTED COMPONENT UNIT						
Delaware City Day Committee	41,497	11,050	...	...	...	...
TOTAL PRIMARY GOV'T AND COMPONENT UNIT	\$ 2,180,001	\$ 316,860	\$ 313,628	(1,251,863)	(100,959)	(1,352,822)
GENERAL REVENUES AND TRANSFERS						
Property taxes levied for general purposes				893,217	...	893,217
Cable franchise taxes				23,272	...	23,272
Investment earnings and rents				146,015	...	146,015
Gain from sale of capital assets				400	...	400
Miscellaneous revenues				2,670	1,618	4,288
Transfers between governmental, BT activities				(17,408)	17,408	...
Total general revenues and transfers				1,048,166	19,026	1,067,192
CHANGES IN NET POSITION						
Beginning of year				(203,697)	(81,933)	(285,630)
End of year				7,068,779	(208,627)	6,860,152
NET POSITION				\$ 6,865,082	\$ (290,560)	\$ 6,574,522

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2017 and 2016

	2017			2016		
	Governmental Fund Types		Total	Governmental Fund Types		Total
	General	Special Revenue		General	Special Revenue	
ASSETS						
ASSETS						
Cash and equivalents	\$ 360,443	\$ 114,504	\$ 474,947	\$ 348,613	\$ 114,597	\$ 463,210
Receivables, net of allowance:						
Property taxes	4,357	...	4,357	7,785	...	7,785
Other	6,043	...	6,043	7,273	...	7,273
Due from other governments	...	138,738	138,738	53,895	342,348	396,243
Interfund receivables (payables)	84,996	(84,996)	...	323,442	(323,442)	...
TOTAL ASSETS	\$ 455,839	\$ 168,246	\$ 624,085	\$ 741,008	\$ 133,503	\$ 874,511
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Line of credit	\$ 79,736	...	\$ 79,736	\$ 72,251	...	\$ 72,251
Accounts payable	...	...	...	...	...	...
Payroll deductions and withholdings	17,278	...	17,278	30,842	...	30,842
Funds held in custody	9,450	...	90,637	11,449	...	73,340
Refundable advances and other deposits	36,000	81,187	36,000	36,000	61,891	36,000
Due to component unit	142,464	81,187	223,651	150,542	61,891	212,433
Total liabilities	...	...	...	8,499	...	8,499
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-other	...	...	...	...	...	...
FUND BALANCES						
Restricted-specific programs	...	77,476	77,476	...	62,136	62,136
Committed-capital reserve	153,976	...	153,976	153,976	...	153,976
Committed-budget reserve	159,399	...	159,399	427,991	...	427,991
Unassigned	313,375	9,583	9,583	581,967	9,476	9,476
Total fund balances	...	87,059	400,434	84,999	71,612	653,579
TOTAL LIABILITIES AND FUND BALANCES	\$ 455,839	\$ 168,246	\$ 624,085	\$ 741,008	\$ 133,503	\$ 874,511

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
 RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS
 TO THE STATEMENTS OF NET POSITION
 As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 400,434	\$ 653,579
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds. The amounts presented reflect total cost of capital assets net of accumulated depreciation.	6,286,001	6,565,226
Long-term liabilities are not due and payable within the current period, and therefore are not reported as liabilities in the governmental fund types.		
<u>Long-Term Debt Obligations</u>	<u>2017</u>	<u>2016</u>
Current portion	\$ (43,590)	\$ (34,171)
Net of current portion	<u>(286,743)</u>	<u>(305,290)</u>
	(330,333)	(339,461)
Compensated absences not due and payable within the period presented are not reported in the governmental funds.	<u>(21,698)</u>	<u>(14,262)</u>
Total net position-governmental activities	<u>\$ 6,334,404</u>	<u>\$ 6,865,082</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
 Years Ended June 30, 2017 and 2016

	2017			2016		
	Governmental Fund Types		Total	Governmental Fund Types		Total
	General	Special Revenue		General	Special Revenue	
REVENUES						
Taxes:						
Property taxes	\$ 877,846	\$...	\$ 877,846	\$ 838,221	\$...	\$ 838,221
Property taxes-transfer tax	55,849	...	55,849	54,996	...	54,996
Cable franchise taxes	17,570	...	17,570	23,272	...	23,272
Licenses and permits	72,155	...	72,155	26,360	...	26,360
Intergovernmental revenues:						
Federal	...	83,634	83,634	...	216,372	216,372
State	...	155,679	155,679	53,895	187,773	241,668
Local	...	...	...	...	...	...
Police fines and court fees	6,871	...	6,871	12,300	...	12,300
Charges for services	20,634	...	20,634	11,878	...	11,878
Interest and rents	168,204	107	168,311	145,907	108	146,015
Contributions	1,712	...	1,712	17,077	...	17,077
Miscellaneous revenues	...	...	...	...	...	...
Total revenues	<u>1,220,841</u>	<u>239,420</u>	<u>1,460,261</u>	<u>1,183,906</u>	<u>404,253</u>	<u>1,588,159</u>
EXPENDITURES						
Current:						
General government	464,888	10,486	475,374	374,054	...	374,054
Code enforcement	54,856	...	54,856	8,685	...	8,685
Public safety-police	342,567	19,770	362,337	345,855	15,545	361,400
Public works-streets	67,305	18,600	85,905	130,514	16,774	147,288
Public works-sanitation	204,697	...	204,697	200,622	...	200,622
Parks and recreation	77,926	88,463	166,389	63,664	37,894	101,558
Community Center	11,477	20,756	32,233	13,082	20,622	33,704
Capital outlay	122,974	58,554	181,528	65,921	305,136	371,057
Debt service:						
Principal	34,292	8,491	42,783	172,987	6,367	179,354
Interest and other fees	13,919	...	13,919	14,734	2,125	16,859
Total expenditures	<u>1,394,901</u>	<u>225,120</u>	<u>1,620,021</u>	<u>1,390,118</u>	<u>404,463</u>	<u>1,794,581</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	<u>(174,060)</u>	<u>14,300</u>	<u>(159,760)</u>	<u>(206,212)</u>	<u>(210)</u>	<u>(206,422)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from new financing	33,655	...	33,655	147,223	...	147,223
Proceeds from sale of capital assets	...	...	...	400	...	400
Refund of prior year expenditures	(75,619)	...	(75,619)	2,670	...	2,670
Interfund transfers in (out)	(52,568)	1,147	(51,421)	(17,726)	318	(17,408)
Total other financing sources (uses)	<u>(94,532)</u>	<u>1,147</u>	<u>(93,385)</u>	<u>132,567</u>	<u>318</u>	<u>132,885</u>
NET CHANGES IN FUND BALANCES	(268,592)	15,447	(253,145)	(73,645)	108	(73,537)
FUND BALANCES						
Beginning of year	581,967	71,612	653,579	655,612	71,504	727,116
End of year	<u>\$ 313,375</u>	<u>\$ 87,059</u>	<u>\$ 400,434</u>	<u>\$ 581,967</u>	<u>\$ 71,612</u>	<u>\$ 653,579</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>		
Amounts reported for governmental activities in the statement of activities are different because:				
Net changes in fund balance-total governmental funds	\$ (253,145)	\$ (73,537)		
The governmental funds report capital outlay as expenditures. However, in government-wide financial statements, capital assets with an initial individual cost of \$1,500 or more are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The following represents the amount by which capital outlay capitalized exceeds or is less than and depreciation expense for the periods presented.				
<u>Description</u>	<u>2017</u>	<u>2016</u>		
Capital outlay	\$ 109,448	\$ 206,366		
Depreciation expense	<u>(388,673)</u>	<u>(361,797)</u>	(279,225)	(155,431)
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 the governmental funds when it is due. However, in the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of long-term obligations and related items is as follows:				
<u>Long-Term Obligations</u>	<u>2017</u>	<u>2016</u>		
Financing proceeds received	\$ (33,655)	\$ (147,223)		
Principal payments made	<u>42,783</u>	<u>179,354</u>	9,128	32,131
Some expenses reported in the statement of activities do not require current financial resources, and therefore are not reported as expenditures in the governmental funds.				
<u>Description</u>	<u>2017</u>	<u>2016</u>		
Proceeds from sale of assets	\$...	\$ (400)		
Gain from sale of capital assets	<u>...</u>	<u>400</u>	...	...
In the statement of activities, certain operating expenses such as compensated absences for vacation are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. The difference reflected represents the amount used versus the amount earned.				
			<u>(7,436)</u>	<u>(6,860)</u>
Changes in net position-governmental activities	\$ (530,678)	\$ (203,697)		

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
 STATEMENTS OF NET POSITION-PROPRIETARY FUND
 As of June 30, 2017 and 2016

	Water Fund	
	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$...	\$...
Accounts receivable, net of allowances	<u>7,713</u>	<u>7,713</u>
Total current assets	<u>7,713</u>	<u>7,713</u>
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation:		
Nondepreciable	18,331	18,331
Depreciable	<u>248,734</u>	<u>366,324</u>
Total noncurrent assets	<u>267,065</u>	<u>384,655</u>
TOTAL ASSETS	<u>274,778</u>	<u>392,368</u>
DEFERRED OUTFLOWS OF RESOURCES		
Bond issue costs, net of accumulated amortization	<u>13,172</u>	<u>14,570</u>
LIABILITIES		
CURRENT LIABILITIES		
Accrued interest payable	4,443	4,443
Current portion of long-term debt	28,185	38,788
Refundable advances and other deposits	<u>14,850</u>	<u>13,550</u>
Total current liabilities	47,478	56,781
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	<u>612,428</u>	<u>640,717</u>
TOTAL LIABILITIES	<u>659,906</u>	<u>697,498</u>
NET POSITION (LIABILITIES)		
Net investment in capital assets	(360,376)	(280,280)
Unrestricted (deficit)	<u>(11,580)</u>	<u>(10,280)</u>
TOTAL NET POSITION (LIABILITIES)	<u>\$ (371,956)</u>	<u>\$ (290,560)</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-PROPRIETARY FUND
Years Ended June 30, 2017 and 2016

	Water Fund	
	2017	2016
OPERATING REVENUES		
Charges for services	\$ 253,546	\$ 260,027
OPERATING EXPENSES		
Salaries	62,285	55,129
Payroll taxes	5,282	4,305
Employee benefits	11,226	9,809
Contractual services	57,279	56,613
Insurance	17,575	15,964
Telephone	2,160	2,552
Electricity	15,833	17,194
Professional fees	43,598	27,993
Distribution system maintenance	17,591	15,994
Office supplies	1,246	1,177
Materials and supplies	2,737	2,106
Fuel for heating	654	1,240
Miscellaneous	892	680
Depreciation and amortization	118,988	119,585
Total operating expenses	<u>357,346</u>	<u>330,341</u>
OPERATING INCOME (LOSS)	<u>(103,800)</u>	<u>(70,314)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(29,805)	(30,645)
Miscellaneous revenues	788	1,618
Total nonoperating revenues (expenses)	<u>(29,017)</u>	<u>(29,027)</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)	(132,817)	(99,341)
OTHER FINANCING SOURCES (USES)		
Transfers from governmental activities	<u>51,421</u>	<u>17,408</u>
CHANGES IN NET POSITION	(81,396)	(81,933)
NET POSITION (LIABILITIES)		
Beginning of year	<u>(290,560)</u>	<u>(208,627)</u>
End of year	<u>\$ (371,956)</u>	<u>\$ (290,560)</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
STATEMENTS OF CASH FLOWS-PROPRIETARY FUND
Years Ended June 30, 2017 and 2016

	Water Fund	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 255,634	\$ 262,045
Cash payments to suppliers for goods and services	(159,565)	(141,513)
Cash payments to employees for services	(78,793)	(69,243)
Net cash provided (used) by operating activities	<u>17,276</u>	<u>51,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	...	...
Principal paid on general obligation bonds and notes	(38,892)	(37,609)
Interest paid on general obligation bonds and notes	(29,805)	(31,088)
Cash received (paid) from/(to) governmental activities	51,421	17,408
Net cash provided (used) by capital and related financing activities	<u>(17,276)</u>	<u>(51,289)</u>
NET INCREASE IN CASH AND EQUIVALENTS	...	...
CASH AND EQUIVALENTS		
Beginning of year	...	...
End of year	<u>\$...</u>	<u>\$...</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (103,800)	\$ (70,314)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	117,590	118,187
Amortization	1,398	1,398
Other nonoperating revenues	788	1,618
Changes in assets and liabilities:		
Receivables	...	...
Refundable advances and other deposits	1,300	400
Total adjustments	<u>121,076</u>	<u>121,603</u>
Net cash provided (used) by operating activities	<u>\$ 17,276</u>	<u>\$ 51,289</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Delaware City, Delaware [the "City"] have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereafter referred to as GAAP. The Governmental Accounting Standards Board [GASB] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

Reporting Entity

The City of Delaware City is a municipal corporation incorporated March 5, 1851 under the provisions of the State of Delaware. The City is governed by a six-member governing body consisting of the Mayor [elected at large] and five Members of Council and provides traditional municipal services authorized by its charter as well as water services. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's basic financial statements. According to GASB, the City is financially accountable if it appoints a voting majority of an entity's governing board and [1] it can impose its will on the entity or [2] there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the statement requires the City to consider other entities for which the nature and significance of their relationship are such that exclusion would cause the City's [reporting entity] financial statements to be misleading or incomplete. The City has one organization meeting the above criteria and the City has elected to include the following component unit:

- **Delaware City Day Committee** was formed for the purpose of accounting for the financial activity of "Delaware City Day" annual celebration.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the only component unit of the City. The component unit is reported in a separate column to emphasize that it is legally separate from the City's primary government operations.

Reclassifications

Certain amounts in the prior year basic financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Government-Wide and Fund Financial Statements

The City's basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the 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. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, the transactions between the governmental and business-type activities have not been eliminated.

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 other charges [business-type activities]. The governmental activities of the City include general government, public safety [police], public works [streets and sanitation], parks and recreation, Community Center, and other general administrative support services. The business-type activities of the City include the water system.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Government-Wide and Fund Financial Statements [continued]

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other revenue sources not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for both the governmental funds and the proprietary fund. The major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned or received, and for property taxes in the period for which they are levied. Expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the respective period or soon enough thereafter to pay liabilities of the period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the respective period.

Grants and similar items are recognized as revenues as soon as all of the eligibility requirements imposed by the provider have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when payment is due.

Charges for services, property taxes, grants and similar items, and interest associated with the period are all considered to be susceptible to accrual and so have been recognized as revenues of the period. All other revenue items are considered to be measurable and available only when received.

The City reports the following major governmental fund types:

- The **general fund** is the City's primary operating fund. The fund accounts for all financial resources, except those required to be accounted in other funds.
- The **special revenue fund** accounts for resources and payments 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 funds and the "Revolving Loan Fund". The purpose of the revolving loan fund is to provide "Façade Improvement" funding to private businesses for the revitalization of the City's downtown area.

Additionally, the City reports the following business [enterprise] fund type:

- The **proprietary fund** accounts for resources and payments made for providing water service to the citizens of the City and the surrounding community. The fund consists of the water fund.

The proprietary fund distinguishes operating revenues and expenses from nonoperating activities. The operating revenues and expenses generally result from providing and delivering goods and services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are water fees. Operating expenses for the proprietary fund include salaries, employee benefits, contracted services, supplies and materials, plant and system maintenance, and administrative expenses. The revenues and expenses not meeting the criteria are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP as it applies to governmental units 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 may differ from those estimates.

Budgetary Accounting

The City Council follows the following procedures in establishing the budgetary data reflected within the financial statements as RSI:

- City Manager submits to Council a proposed budget for ensuing fiscal year. The budget includes proposed expenditures and means of financing them.
- Council meets in open session to review the proposed budget.
- Not later than the final public meeting prior to the end of the preceding fiscal year, the budget is legally enacted.
- City Manager is required to present to Council a monthly budget report explaining any variances from the approved budget.
- Formal budgetary integration is employed as a management control device during the fiscal year for all operating funds.
- The budget for the general fund is adopted on a basis consistent with U.S. GAAP.
- The budget for budgeted special revenue funds is approved on a funding-by-funding basis.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to assign that portion of the applicable appropriation, is employed as an extension of formal budgetary integration for the governmental funds. Encumbrances at the year-end are reported as assigned fund balance since encumbrances do not constitute expenditures or liabilities but serve as the authorization for expenditures in the subsequent year. At June 30, 2017 and 2016, the City has no encumbrances outstanding.

Cash and Equivalents

Demand deposits and highly liquid unrestricted investments with an initial maturity of three months or less are considered to be cash equivalents.

Receivable-Property Taxes

At June 30, 2017 and 2016, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$122,683 and \$55,413, respectively. The uncollectible allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating future probable losses. Management believes they have adequately provided for such losses.

Receivable-Accounts

At June 30, 2017 and 2016, the accounts receivable is reflected net of an estimated uncollectible allowance of \$29,369 and \$24,541, respectively. The uncollectible allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating future probable losses. Management believes they have adequately provided for such losses.

Receivable-Other

At June 30, 2017 and 2016, the other receivable is reflected net of an estimated uncollectible allowance of \$12,143 and \$20,273, respectively. The uncollectible allowance is based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating future probable losses. Management believes they have adequately provided for such losses.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Due From Other Governments

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

Receivables and Payables

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

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 they are not available for appropriation and are not expendable available financial resources. The City has no such activity for the years presented.

Prepayments and Other Assets

Payments made to vendors for goods and services that will benefit periods beyond the current period are recorded as prepayments and other assets using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which the goods and services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as the amount is not available for appropriation.

Restricted Assets

Restricted assets consisted of funds awarded to the City in the "Texaco Settlement Agreement and Release" dated September 20, 2007 in the amount of \$350,000. The restricted assets also include net investment income earned on these funds since receipt of the award. During fiscal years 2017 and 2016, the City expended \$0 and \$0 of said funds with the remainder of the funds in the amount of \$15,205 and \$15,205 reflected as refundable advances and other deposits, respectively.

Capital Assets and Depreciation

Capital assets consist of property, plant, furnishings, equipment, and infrastructure assets completed after June 30, 2003 [such as roads, sidewalks, traffic signals, street lights, and similar items], and are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$1,500 or more and 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 assets are recorded at estimated fair value as of the date of the donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the asset constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest costs were capitalized for the years presented. The capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Categories</u>	<u>Years</u>
Buildings and improvements	10 to 50
Improvements other than buildings	5 to 50
Machinery and equipment	3 to 10
Furniture and office equipment	3 to 10
Water system	15 to 40
Infrastructure assets	20 to 50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Bond Issue Costs

Bond issue costs of \$27,969 resulted from the Bond Issue, Series 2006. The costs are being amortized over the twenty-year [20] life of the bond using the straight-line method. At June 30, 2017 and 2016, accumulated amortization is \$14,797 and \$13,399, respectively. The annual amortization expense is \$1,398.

Funds Held in Custody

Funds held in custody are funds held by the City in an agency capacity to account for assets of other organizations and activities not considered part of the City's budgeted operations.

Refundable Advances

The City records grant awards that are accounted as exchange transactions as refundable advances until such time the related restrictions are met, at which time they are recognized as revenues.

Compensated Absences Liability

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

- The obligation related to employee's right to receive compensation for future absences is attributable to 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, when applicable, the City reflects a liability for vacation pay, which has been earned but not taken by the City's employees, on the government-wide financial statements. As for governmental funds, the long-term portion of the compensated absences liability is not reflected since it is anticipated that none of the liability will be liquidated with expendable available financial resources. However, when present, the proprietary fund liability for compensated absences is reflected as an accrued liability.

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: bond issue costs. The amount is reflected in both the government-wide and proprietary fund statement of net position. The amount is deferred and amortized over the life of the bond.

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 one item that qualifies for reporting in this category; that item is reflected as unavailable revenue. This item is reported in both the government-wide statement of net position and the governmental fund type balance sheet. These amounts are deferred and recognized as inflows from resources in the period that the amounts become available.

Long-Term Obligations

In government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund statement of net position.

In fund financial statements, the governmental fund types recognize bond discounts and issuance costs in the current period. The bond discounts and refunding losses for the proprietary fund type are deferred and amortized over the term of the bonds using the bonds-outstanding method which approximates the effective interest method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Net Position and Fund Equity

In government-wide financial statements and the proprietary fund financial statements, net position is reported in three separate categories: net position invested in capital assets; restricted net position; and unrestricted net position. The net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of the related debt obligation and does not include unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City [such as creditors, grantors, contributors, laws, and regulations of other governments] and may include unspent grant awards. All other net position is considered to be unrestricted.

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

- **Nonspendable fund balance**-Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must remain intact. This 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], grantors, contributors, or other governments; or are 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 a 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 authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds with positive 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 balance in this classification, as the 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 the restricted resources first, then unrestricted resources as they are needed.

NOTE 2 - PROPERTY TAXES

Property taxes within the City limits are \$1.09 per \$100 of assessed valuation for fiscal year 2016 and \$1.09 per \$100 of assessed valuation for fiscal year 2016 as levied by the City Council. The City bills and collects its own property taxes. Delinquent property taxes are lien by the City. The schedule of property taxes levied is as follows:

July 1 - Levy Date [effective date of enforceable lien]
October 1 - 5% Penalty plus 1% for each subsequent month not paid

NOTE 3 - ECONOMIC DEPENDENCY

A substantial portion of the City's annual assessment of property taxes is received from two corporate taxpayers. The collected property taxes from the two taxpayers approximates 60% of the City's total annual assessment.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CASH AND EQUIVALENTS

It is the City's policy to invest its funds principally in money market accounts and with financial institutions that are FDIC insured and provide collateralization for deposits in excess of FDIC insurance.

The City's deposits [cash and equivalents] are categorized to give an indication of the level of risk assumed as of June 30, 2017 and 2016. The categories are described below:

Description	2017		2016	
	Book	Bank	Book	Bank
Category 1	\$ 258,492	\$ 258,492	\$ 258,492	\$ 258,492
Category 2	216,155	356,228	204,418	335,378
Category 3	300	...	300	...
Totals	<u>\$ 474,947</u>	<u>\$ 614,720</u>	<u>\$ 463,210</u>	<u>\$ 593,870</u>

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, 2017 and 2016, the City's deposits held primarily by one financial institution are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling \$614,720 and \$593,870 held by the financial institution are in excess of FDIC limits in the amounts of \$356,228 and \$335,378, respectively. The excess FDIC deposits are collateralized with U.S. Government securities held by the financial institution in the City's name. Category 3 balances are subject to custodial risk.

Custodial credit risk is the risk that in the event of a bank or other failure, the City's deposits may not be returned.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The intergovernmental receivables represent receivables from other governmental agencies for revenues earned but not received as of June 30 by the City.

At June 30, due from other governments consists of receivables due from the following government agencies:

Description	Activity Type			
	2017		2016	
	Governmental	Business	Governmental	Business
U.S. Department of Agriculture	\$...	\$...	\$ 97,641	\$...
U.S. Department of Justice	2,743	...	...	...
Delaware Emergency Management Agency	70,345	...	52,988	...
Delaware Department of Transportation	...	...	35,301	...
Delaware Department of Natural Resources	60,876	...	77,939	...
Delaware Historical & Cultural Affairs	4,774	...	...	...
Delaware Land & Conservation Trust Fund	...	...	132,374	...
Total intergovernmental receivables	<u>\$ 138,738</u>	<u>\$...</u>	<u>\$ 396,243</u>	<u>\$...</u>

NOTE 6 - 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. The premium payment for the insurance policies is recorded as expenditures/expenses of the City, and insurance settlements have not exceeded insurance coverage.

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CAPITAL ASSETS

The following tables summarize annual changes in the activity of capital assets:

Description	As of and Year Ended June 30, 2017			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 421,737	\$...	\$...	\$ 421,737
Construction in progress:				
Streets and sidewalks	...	...	...	...
Trees, trails and landscape	...	...	...	...
Total capital assets, not being depreciated	<u>421,737</u>	<u>...</u>	<u>...</u>	<u>421,737</u>
Capital assets, being depreciated:				
Buildings and improvements	4,831,085	...	...	4,831,085
Furniture and office equipment	58,088	75,000	...	133,088
Vehicles and equipment	195,417	34,448	...	229,865
Streets and sidewalks	2,216,548	...	...	2,216,548
Trees, trails and landscape	2,008,350	...	...	2,008,350
Total being depreciated	<u>9,309,488</u>	<u>109,488</u>	<u>...</u>	<u>9,418,936</u>
Less accumulated depreciation:				
Buildings and improvements	1,508,494	150,840	...	1,659,334
Furniture and office equipment	54,243	2,184	...	56,427
Vehicles and equipment	155,831	27,776	...	183,607
Streets and sidewalks	851,938	114,842	...	966,780
Trees, trails and landscape	595,493	93,031	...	688,524
Accumulated depreciation	<u>3,165,999</u>	<u>388,673</u>	<u>...</u>	<u>3,554,672</u>
Total capital assets, being depreciated	<u>6,143,489</u>	<u>(279,225)</u>	<u>...</u>	<u>5,864,264</u>
Governmental activities capital assets, net	<u>\$ 6,565,226</u>	<u>\$ (279,225)</u>	<u>\$...</u>	<u>\$ 6,286,001</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 18,331	\$...	\$...	\$ 18,331
Construction in progress	...	...	...	...
Total capital assets, not being depreciated	<u>18,331</u>	<u>...</u>	<u>...</u>	<u>18,331</u>
Capital assets, being depreciated:				
Buildings and improvements	415,592	...	...	415,592
Water distribution system	2,711,684	...	...	2,711,684
Machinery and equipment	...	...	...	...
Total being depreciated	<u>3,127,276</u>	<u>...</u>	<u>...</u>	<u>3,127,276</u>
Less accumulated depreciation:				
Buildings and improvements	373,497	10,501	...	383,998
Water distribution system	2,387,455	107,089	...	2,494,544
Machinery and equipment	...	...	...	...
Accumulated depreciation	<u>2,760,952</u>	<u>117,590</u>	<u>...</u>	<u>2,878,542</u>
Total capital assets, being depreciated	<u>366,324</u>	<u>(117,590)</u>	<u>...</u>	<u>248,734</u>
Business-type activities capital assets, net	<u>\$ 384,655</u>	<u>\$ (117,590)</u>	<u>\$...</u>	<u>\$ 267,065</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - CAPITAL ASSETS [continued]

The following tables summarize annual changes in the activity of capital assets:

Description	As of and Year Ended June 30, 2016			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 421,737	\$...	\$...	\$ 421,737
Construction in progress:				
Streets and sidewalks	170,559	33,415	203,974	...
Trees, trails and landscape	<u>116,908</u>	<u>114,465</u>	<u>231,373</u>	<u>...</u>
Total capital assets, not being depreciated	<u>709,204</u>	<u>147,880</u>	<u>435,347</u>	<u>421,737</u>
Capital assets, being depreciated:				
Buildings and improvements	4,831,085	...	...	4,831,085
Furniture and office equipment	58,088	...	...	58,088
Vehicles and equipment	200,236	...	4,819	195,417
Streets and sidewalks	2,012,574	203,974	...	2,216,548
Trees, trails and landscape	<u>1,718,491</u>	<u>289,859</u>	<u>...</u>	<u>2,008,350</u>
Total being depreciated	<u>8,820,474</u>	<u>493,833</u>	<u>4,819</u>	<u>9,309,488</u>
Less accumulated depreciation:				
Buildings and improvements	1,357,656	150,838	...	1,508,494
Furniture and office equipment	52,952	1,291	...	54,243
Vehicles and equipment	138,752	21,898	4,819	155,831
Streets and sidewalks	744,059	107,879	...	851,938
Trees, trails and landscape	<u>515,602</u>	<u>79,891</u>	<u>...</u>	<u>595,493</u>
Accumulated depreciation	<u>2,809,021</u>	<u>361,797</u>	<u>4,819</u>	<u>3,165,999</u>
Total capital assets, being depreciated	<u>6,011,453</u>	<u>132,036</u>	<u>...</u>	<u>6,143,489</u>
Governmental activities capital assets, net	<u>\$ 6,720,657</u>	<u>\$ 279,916</u>	<u>\$ 435,347</u>	<u>\$ 6,565,226</u>
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 18,331	\$...	\$...	\$ 18,331
Construction in progress	...	...	...	...
Total capital assets, not being depreciated	<u>18,331</u>	<u>...</u>	<u>...</u>	<u>18,331</u>
Capital assets, being depreciated:				
Buildings and improvements	415,592	...	...	415,592
Water distribution system	2,711,684	...	...	2,711,684
Machinery and equipment	...	...	...	...
Total being depreciated	<u>3,127,276</u>	<u>...</u>	<u>...</u>	<u>3,127,276</u>
Less accumulated depreciation:				
Buildings and improvements	362,996	10,501	...	373,497
Water distribution system	2,279,769	107,686	...	2,387,455
Machinery and equipment	...	...	...	...
Accumulated depreciation	<u>2,642,765</u>	<u>118,187</u>	<u>...</u>	<u>2,760,952</u>
Total capital assets, being depreciated	<u>484,511</u>	<u>(118,187)</u>	<u>...</u>	<u>366,324</u>
Business-type activities capital assets, net	<u>\$ 502,842</u>	<u>\$ (118,187)</u>	<u>\$...</u>	<u>\$ 384,655</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LINE OF CREDIT

On August 12, 2011, the City issued a general obligation note for \$150,000 to Wilmington Savings Fund Society, FSB. The note [a line of credit] carries a variable interest rate [currently at 4.00%] and is payable on demand. The note is for the purpose of providing working capital and is secured with the full faith and credit of the City and the assignment of property tax revenues. As of and for the years ended June 30, 2017 and 2016, the City did not utilize the line of credit and has no outstanding balance.

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

The following tables summarize the annual changes in long-term debt obligations:

Description	As of and Year Ended June 30, 2017				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Governmental Activities:					
General obligation bonds:					
2008 Series	\$ 192,238	\$...	\$ 7,252	\$ 177,431	\$ 7,555
Promissory note-WSFS Bank	147,223	...	26,833	92,237	28,153
Ford Motor Credit	...	33,655	8,698	17,075	7,882
Total bonds and note	339,461	33,655	42,783	286,743	43,590
Compensated absences	14,262	7,436	...	21,698	...
Total governmental	\$ 353,723	\$ 41,091	\$ 42,783	\$ 308,441	\$ 43,590

The compensated absences liability for governmental activities is generally liquidated with general fund resources.

Description	As of and Year Ended June 30, 2017				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Business-Type Activities:					
General obligation bonds:					
1995 Series	\$ 492,772	\$...	\$ 14,086	\$ 463,993	\$ 14,693
2006 Series	175,054	...	13,127	148,435	13,492
Total bond obligations	667,826	...	27,213	612,428	28,185
General obligation notes:					
SERCAP	11,679	...	11,679	...	...
Total business-type	\$ 679,505	\$...	\$ 38,892	\$ 612,428	\$ 28,185

General Obligation Bonds and Notes

General Obligation Bonds, Series 2008

The general obligation bonds, Series 2008 [originally issued in the amount of \$234,000] carry a maturity date of August 14, 2034. The proceeds of the general obligation bonds were used to finance the City's "Community Center Roof Replacement Project". The bonds carry a fixed interest rate of 4.125% and are payable in monthly installments of \$1,252 [principal and interest]. At June 30, 2017, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2018	\$ 7,555	\$ 7,469	\$ 15,024
2019	7,205	7,819	15,024
2020	8,131	6,893	15,024
2021	8,491	6,533	15,024
2022	8,848	6,176	15,024
2023-2027	50,127	24,993	75,120
2028-2032	61,589	13,531	75,120
2033-2035	33,040	1,792	34,832
Total required payments	\$ 184,986	\$ 75,206	\$ 260,192

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT OBLIGATIONS [continued]

General Obligation Bonds and Notes [continued]

Promissory Note-WSFS Bank

On June 29, 2016, the City issued a promissory note to WSFS Bank in the amount of \$147,223, with a fixed interest rate of 4.49%. The note requires monthly payments of \$2,748.35 [principal and interest] for five years and has a maturity date of June 29, 2021. The note was issued for the purpose of refinancing the Citizens Bank General Obligation Bond. The note is secured with an interest in land located at 321 Washington Street, Delaware City, Delaware. At June 30, 2017, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 28,153	\$ 4,827	\$ 32,980
2019	29,444	3,536	32,980
2020	30,793	2,187	32,980
2021	<u>32,000</u>	<u>1,067</u>	<u>33,067</u>
Total required payments	<u>\$ 120,390</u>	<u>\$ 11,617</u>	<u>\$ 132,007</u>

Ford Motor Credit

On August 26, 2016, the City entered into a lease-purchase agreement in the amount of \$35,241 maturing on November 26, 2019. The agreement carries a fixed interest rate of 6.45%, required a downpayment of \$9,491 at signing, and requires three annual payments of \$9,491 [principal and interest]. The proceeds were used to purchase a 2016 Ford Police Interceptor Sedan. At June 30, 2017, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,882	\$ 1,609	\$ 9,491
2019	8,390	1,101	9,491
2020	<u>8,685</u>	<u>561</u>	<u>9,246</u>
Total required payments	<u>\$ 24,957</u>	<u>\$ 3,271</u>	<u>\$ 28,228</u>

General Obligation Bonds, Series 1995

The general obligation bonds, Series 1995 [originally issued in the amount of \$662,000] carry a maturity date of February 21, 2037. The proceeds of the general obligation bonds were used to finance the City's "Water System Improvement Project". The bonds carry a fixed interest rate of 5.00% and are payable in quarterly installments of \$9,593 [principal and interest]. At June 30, 2017, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 14,693	\$ 23,679	\$ 38,372
2019	15,441	22,931	38,372
2020	16,228	22,144	38,372
2021	17,055	21,317	38,372
2022	17,924	20,448	38,372
2023-2027	104,282	87,578	191,860
2028-2032	133,694	58,166	191,860
2033-2035	<u>159,369</u>	<u>20,435</u>	<u>179,804</u>
Total required payments	<u>\$ 478,686</u>	<u>\$ 276,698</u>	<u>\$ 755,384</u>

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT OBLIGATIONS [continued]

General Obligation Bonds and Notes [continued]

General Obligation Bond, Series 2006

On October 11, 2006, the City issued a General Obligation Bond to the Delaware Safe Drinking Water Revolving Fund, Delaware Department of Health & Social Services, Division of Public Health in the amount of \$273,237, with a maturity date of August 1, 2027. The bond carries a fixed interest rate of 2.76% on the principal amount thereof, and requires semiannual payments of \$8,934.69 [principal and interest] on August 1 and February 1 of each year. The bond was issued for the purpose of funding the "Delaware City Well No. 5 Upgrade Project". The bond is secured with the full faith and credit of the City. At June 30, 2017, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 13,492	\$ 4,377	\$ 17,869
2019	13,867	4,002	17,869
2020	14,253	3,616	17,869
2021	14,649	3,220	17,869
2022	15,056	2,813	17,869
2023-2027	81,795	7,552	89,347
2028	8,815	120	8,935
Total required payments	\$ 161,927	\$ 25,700	\$ 187,627

SERCAP Note

On May 21, 2002, the City issued a general obligation note to the Southeast Rural Community Assistance Project, Inc. [SERCAP] in the amount of \$131,250, with an annual interest rate of 5.00%. The note required monthly payments of \$1,037.90 [principal and interest] for fifteen years and had a maturity date of May 21, 2017. The note was issued for the City's "Well No. 4 Water Filter Rehabilitation Project" and secured with an interest in land [parcel no. 22.008.00.055] located at 321 Washington Street, Delaware City, Delaware. The note was repaid during the year ended June 30, 2017.

The following schedules summarize future maturities of principal and interest payments:

<u>Years Ending June 30</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<u>Governmental Activities:</u>					
2018	\$ 7,555	\$ 7,469	\$ 36,035	\$ 6,436	\$ 57,495
2019	7,205	7,819	37,834	4,637	57,495
2020	8,131	6,893	39,478	2,748	57,250
2021	8,491	6,533	32,000	1,067	48,091
2022	8,848	6,176	...	...	15,024
2023-2027	50,127	24,993	...	...	75,120
2028-2032	61,589	13,531	...	...	75,120
2033-2035	33,040	1,792	...	...	34,832
Totals	\$ 184,986	\$ 75,206	\$ 145,347	\$ 14,888	\$ 420,427

Business-Type Activities:

2018	\$ 28,185	\$ 28,056	\$...	\$...	\$ 56,241
2019	29,308	26,933	...	...	56,241
2020	30,481	25,760	...	...	56,241
2021	31,704	24,537	...	...	56,241
2022	32,980	23,261	...	...	56,241
2023-2027	186,077	95,130	...	...	281,207
2028-2032	142,509	58,286	...	...	200,795
2033-2035	159,369	20,435	...	...	179,804
Totals	\$ 640,613	\$ 302,398	\$...	\$...	\$ 943,011

CITY OF DELAWARE CITY, DELAWARE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN

The City adopted a "5304 Savings Incentive Plan for Employees of Small Employers [SIMPLE]" administered by Edward Jones for the City's employees. The plan is intended to provide benefits for eligible City employees. The City contributes to each eligible employee's SIMPLE IRA a matching contribution equal to the employee's salary reduction contributions up to a limit of 3.00% of the employee's compensation for the calendar year. The City contributed \$8,185 and \$7,409 for eligible employees participating in the retirement plan for fiscal years ended June 30, 2017 and 2016, respectively.

NOTE 11 - LEASING ARRANGEMENTS

At June 30, 2017, the City is involved in the following leasing arrangements:

Operating Leases as Lessee

The City leases the following office equipment under operating leasing arrangements:

Description	Monthly Rentals	Expiration Date
Konica-Minolta C364e Digital Copier System	\$ 365	September, 2018
Konica-Minolta C224e Digital Copier System	154	June, 2022

At June 30, 2017, the minimum future rentals under non-cancelable leasing arrangements having remaining terms in excess of one year in the aggregate are:

Years Ending June 30	Amount
2018	\$ 6,228
2019	2,943
2020	1,848
2021	1,848
2022	<u>1,848</u>
Total minimum future rental payments required	<u>\$ 14,715</u>

Total rental costs are \$6,228 and \$3,886 for the years ended June 30, 2017 and 2016, respectively.

Operating Leases as Lessor

The City is the lessor of certain real property under operating leasing arrangements expiring at various dates. The following is a summary of property held for lease for the years presented:

Property Under Lease	Purpose of Rental	Cost Basis
Certain land parcels	Commercial	\$...
Water Tower-Air Rights	Mobile Antennae	...
511 Fifth Street, Delaware City	Public Works Yard	...

The leasing arrangements are generally based on a percentage of lessee collections in conjunction with fixed rentals and as such the rentals cannot be estimated for future periods. Total rentals received are \$166,319 and \$143,807 for the years ended June 30, 2017 and 2016, respectively.

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 losses as a result of these transactions.

Government Grant Awards

The City participates in a number of federally and state assisted grant awards. These awards are subject to compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, 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, 2017, the City is involved in one dispute which the City solicitor anticipates will not result in significant financial liability to the City.

NOTE 13 - GASB STATEMENT IMPLEMENTATION

The City has implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of the Statement is to improve financial reporting by [1] raising the category of GASB *Implementation Guides* in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; [2] emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and [3] requiring the consideration of consistency with the GASB *Concepts Statements* when evaluating accounting treatments specified in the nonauthoritative literature.

The City has implemented GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of the Statement is to require governments entering into tax abatement agreements to disclose the following information about such agreements: [1] brief descriptive information; [2] the gross dollar amount of taxes being abated during the period; and [3] commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The implementation of the Statement has no impact on the basic financial statements since the City has not entered into such agreements.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

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

Required Supplementary Information [RSI] Section

CITY OF DELAWARE CITY, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 875,000	\$ 875,000	\$ 877,846	\$ 2,846
Property taxes-transfer tax	75,000	75,000	55,849	(19,151)
Cable franchise taxes	20,000	20,000	17,570	(2,430)
Licenses and permits	58,500	58,500	72,155	13,655
Intergovernmental revenues	...	...	...	...
Police fines and court fees	15,000	15,000	6,871	(8,129)
Charges for services	5,800	5,800	20,634	14,834
Interest and rents	146,750	146,750	168,204	21,454
Contributions	...	...	1,712	1,712
Miscellaneous revenues	...	...	...	...
Total revenues	<u>1,196,050</u>	<u>1,196,050</u>	<u>1,220,841</u>	<u>24,791</u>
EXPENDITURES				
Current:				
General government	320,654	320,654	464,888	(144,234)
Code enforcement	52,692	52,692	54,856	(2,164)
Public safety-police	345,833	345,833	342,567	3,266
Public works-streets	97,170	97,170	67,305	29,865
Public works-sanitation	208,565	208,565	204,697	3,868
Parks and recreation	44,300	44,300	77,926	(33,626)
Community Center	12,500	12,500	11,477	1,023
Capital reserve	58,128	58,128	...	58,128
Capital outlay	...	...	122,974	(122,974)
Debt service	48,990	48,990	48,211	779
Total expenditures	<u>1,188,832</u>	<u>1,188,832</u>	<u>1,394,901</u>	<u>(206,069)</u>
EXCESS (DEFICIT)				
REVENUES OVER EXPENDITURES	<u>7,218</u>	<u>7,218</u>	<u>(174,060)</u>	<u>(181,278)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from new financing	...	...	33,655	33,655
Proceeds from sale of capital assets	...	...	...	...
Refund of prior year expenditures	...	...	(75,619)	(75,619)
Operating transfers in (out)	...	...	(52,568)	(52,568)
Total other financing sources (uses)	<u>...</u>	<u>...</u>	<u>(94,532)</u>	<u>(94,532)</u>
NET CHANGE IN FUND BALANCE	<u>7,218</u>	<u>7,218</u>	<u>(268,592)</u>	<u>(275,810)</u>
FUND BALANCE				
Beginning of year	<u>581,967</u>	<u>581,967</u>	<u>581,967</u>	<u>...</u>
End of year	<u>\$ 589,185</u>	<u>\$ 589,185</u>	<u>\$ 313,375</u>	<u>\$ (275,810)</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City annually adopts a budget for the general fund financial statements. 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 the 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 U.S. GAAP as applied to governmental units on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Material Violations

There were no material violations of the annual appropriated budget of the general fund for the fiscal year presented.

See Report of Independent Auditor

Supplementary Information Section

CITY OF DELAWARE CITY, DELAWARE
 COMBINING BALANCE SHEET-SPECIAL REVENUE FUND
 As of June 30, 2017 With Comparative Totals for 2016

	State Funding					Revolving Loan Fund	Totals	
	Federal Funding	Municipal Street Aid	SALLE and EIDE	Other	Local Funding		2017	[Memorandum Only] 2016
ASSETS								
Cash and equivalents	\$...	\$ 42,921	\$...	\$...	\$...	\$ 71,583	\$ 114,504	\$ 114,597
Due from other governments	77,862	...	...	60,876	...	...	138,738	342,348
Interfund balances	(77,862)	(27,445)	4,722	384	15,205	...	(84,996)	(323,442)
TOTAL ASSETS	<u>\$...</u>	<u>\$ 15,476</u>	<u>\$ 4,722</u>	<u>\$ 61,260</u>	<u>\$ 15,205</u>	<u>\$ 71,583</u>	<u>\$ 168,246</u>	<u>\$ 133,503</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Refundable advances and other deposits	\$...	\$...	\$ 4,722	\$ 61,260	\$ 15,205	\$...	\$ 81,187	\$ 61,891
Total liabilities	<u>...</u>	<u>...</u>	<u>4,722</u>	<u>61,260</u>	<u>15,205</u>	<u>...</u>	<u>81,187</u>	<u>61,891</u>
FUND BALANCES								
Restricted-specific programs	...	15,476	...	...	...	62,000	77,476	62,136
Unassigned	...	...	...	...	...	9,583	9,583	9,476
Total fund balances	<u>...</u>	<u>15,476</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>71,583</u>	<u>87,059</u>	<u>71,612</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$...</u>	<u>\$ 15,476</u>	<u>\$ 4,722</u>	<u>\$ 61,260</u>	<u>\$ 15,205</u>	<u>\$ 71,583</u>	<u>\$ 168,246</u>	<u>\$ 133,503</u>

See Report of Independent Auditor

CITY OF DELAWARE CITY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-SPECIAL REVENUE FUND
Year Ended June 30, 2017 With Comparative Totals for 2016

	State Funding				Revolving Loan Fund	Totals [Memorandum Only] 2017 2016	
	Federal Funding	Municipal Street Aid	SALLE and EIDE	Other		Local Funding	
REVENUES							
Intergovernmental revenues:							
Federal	\$ 83,634	\$	\$	\$	\$	\$ 83,634	\$ 216,372
State	...	42,785	4,822	108,072	...	155,679	187,773
Local	...	...	...	...	...	...	...
Interest revenue	...	...	...	...	107	107	108
Total revenues	<u>83,634</u>	<u>42,785</u>	<u>4,822</u>	<u>108,072</u>	<u>107</u>	<u>239,420</u>	<u>404,253</u>
EXPENDITURES							
Current:							
Public-general government	10,486	...	...	...	...	10,486	...
Public safety-police	14,948	...	4,822	...	...	19,770	15,545
Public works-streets	...	18,600	...	...	...	18,600	16,774
Parks and recreation	...	...	...	88,463	...	88,463	37,894
Community Center	...	...	...	20,756	...	20,756	20,622
Capital outlay:							
Public safety-police	...	...	...	...	...	...	...
Public works-streets	...	354	...	...	...	354	51,133
Parks and recreation	58,200	...	...	...	...	58,200	254,003
Community Center	...	...	...	...	...	...	...
Debt service:							
Principal	...	8,491	...	...	...	8,491	6,367
Interest and other fees	...	...	...	...	...	...	2,125
Total expenditures	<u>83,634</u>	<u>27,445</u>	<u>4,822</u>	<u>109,219</u>	<u>...</u>	<u>225,120</u>	<u>404,463</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	...	15,340	...	(1,147)	107	14,300	(210)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	...	...	...	...	...	...	318
Operating transfers out	...	...	...	1,147	...	1,147	...
Total other financing sources (uses)	...	...	...	1,147	...	1,147	318
NET CHANGES IN FUND BALANCES	...	15,340	...	...	107	15,447	108
FUND BALANCES							
Beginning of year	...	136	...	...	71,476	71,612	71,504
End of year	\$	\$ 15,476	\$	\$	\$ 71,583	\$ 87,059	\$ 71,612

See Report of Independent Auditor