

Report of Independent Auditor

**CITY OF DELAWARE CITY**  
Delaware City, Delaware

Years Ended June 30, 2013 and 2012



**HAGGERTY & HAGGERTY, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

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# CITY OF DELAWARE CITY, DELAWARE

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CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

American Institute of CPA  
Pennsylvania Institute of CPA\*  
Delaware Society of CPA†  
Private Companies Practice Section

James R. Zdimal, CPA†  
Vincent S. Barbone, CPA, CFE\*†

**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 years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 of 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, 2013 and 2012, and the respective changes in financial position and where applicable, cash flows thereof for the years 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 on page 29 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 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 this missing information.

### Other Information

Our audits were 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 on pages 30 and 31 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 taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013 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, 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.

*Haggerty & Haggerty, P.A.*

Certified Public Accountants

October 28, 2013  
Wilmington, Delaware

## **Basic Financial Statements Section**

CITY OF DELAWARE CITY, DELAWARE  
STATEMENTS OF NET POSITION  
June 30, 2013 and 2012

	2013				Discretely Presented Component Unit	2012			
	Primary Government			Total		Primary Government			Total
	Activity Type		Total			Activity Type		Total	
	Governmental	Business				Governmental	Business		
<b>ASSETS</b>									
<b>Current assets:</b>									
Cash and equivalents	\$ 626,772	\$ ...	\$ 626,772	\$ 46,484	\$ 258,948	\$ ...	\$ 258,948	\$ 43,315	
Receivables, net of allowances:									
Taxes	5,134	...	5,134	...	5,435	...	5,435	...	
Accounts	...	7,291	7,291	...	...	7,291	7,291	...	
Other	8,206	...	8,206	...	36,934	...	36,934	...	
Due from other governments	30,379	...	30,379	...	221,191	...	221,191	...	
Restricted assets:									
Cash and equivalents	369,876	...	369,876	...	369,839	...	369,839	...	
Prepayments and other assets	...	...	...	...	...	...	...	...	
<b>Total current assets</b>	<b>1,040,367</b>	<b>7,291</b>	<b>1,047,658</b>	<b>46,484</b>	<b>892,347</b>	<b>7,291</b>	<b>899,638</b>	<b>43,315</b>	
<b>Noncurrent assets:</b>									
Capital assets, net of depreciation:									
Nondepreciable	531,792	18,331	550,123	...	823,502	18,331	841,833	...	
Depreciable	5,988,554	732,751	6,721,305	...	7,707,173	857,264	8,564,437	...	
Bond issue costs, net of amortization	...	18,764	18,764	...	...	20,162	20,162	...	
<b>Total noncurrent assets</b>	<b>6,520,346</b>	<b>769,846</b>	<b>7,290,192</b>	<b>...</b>	<b>8,530,675</b>	<b>895,757</b>	<b>9,426,432</b>	<b>...</b>	
<b>TOTAL ASSETS</b>	<b>7,560,713</b>	<b>777,137</b>	<b>8,337,850</b>	<b>46,484</b>	<b>9,423,022</b>	<b>903,048</b>	<b>10,326,070</b>	<b>43,315</b>	
<b>LIABILITIES</b>									
<b>Current liabilities:</b>									
Line of credit	...	...	...	...	...	...	...	...	
Accounts payable	24,213	...	24,213	14,500	3,322	...	3,322	...	
Accrued interest payable	...	5,676	5,676	...	...	5,676	5,676	...	
Current portion of long-term debt	43,190	34,617	77,807	...	48,310	33,197	81,507	...	
Payroll deductions and withholdings	237	...	237	...	1,600	...	1,600	...	
Deferred revenues due within one year	10,042	...	10,042	2,663	5,810	...	5,810	1,563	
Refundable advances and deposits	394,321	12,500	406,821	...	390,312	12,700	403,012	...	
<b>Total current liabilities</b>	<b>472,003</b>	<b>52,793</b>	<b>524,796</b>	<b>17,163</b>	<b>449,354</b>	<b>51,573</b>	<b>500,927</b>	<b>1,563</b>	
<b>Noncurrent liabilities:</b>									
Long-term debt, net of current portion	409,677	753,217	1,162,894	...	838,154	787,832	1,625,986	...	
Long-term portion of compensated absences	7,432	...	7,432	...	9,374	...	9,374	...	
<b>Total noncurrent liabilities</b>	<b>417,109</b>	<b>753,217</b>	<b>1,170,326</b>	<b>...</b>	<b>847,528</b>	<b>787,832</b>	<b>1,635,360</b>	<b>...</b>	
<b>TOTAL LIABILITIES</b>	<b>889,112</b>	<b>806,010</b>	<b>1,695,122</b>	<b>17,163</b>	<b>1,296,882</b>	<b>839,405</b>	<b>2,136,287</b>	<b>1,563</b>	
<b>NET POSITION</b>									
Invested in capital assets, net of related debt	6,067,479	(17,988)	6,049,491	...	7,644,211	74,728	7,718,939	...	
Restricted for specific programs	72,170	...	72,170	29,321	65,641	...	65,641	41,752	
Unrestricted	531,952	(10,885)	521,067	...	416,288	(11,085)	405,203	...	
<b>TOTAL NET POSITION</b>	<b>\$ 6,671,601</b>	<b>\$ (28,873)</b>	<b>\$ 6,642,728</b>	<b>\$ 29,321</b>	<b>\$ 8,126,140</b>	<b>\$ 63,643</b>	<b>\$ 8,189,783</b>	<b>\$ 41,752</b>	

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Grants and Contributions		Activity Type			
			Operating	Capital	Governmental	Business	Total	
<b>GOVERNMENTAL ACTIVITIES</b>								
General government	\$ 306,006	\$ 3,167	\$ 3,000	\$ 10,483	\$ (289,356)	\$ ...	\$ (289,356)	\$ ...
Public safety-police	303,755	8,294	36,291	5,610	(253,560)	...	(253,560)	...
Public works-streets	104,290	...	73,134	...	(31,156)	...	(31,156)	...
Public works-sanitation	195,549	3,648	...	...	(191,901)	...	(191,901)	...
Parks and recreation	76,301	...	19,790	202	(56,309)	...	(56,309)	...
Community Center	56,566	730	39,139	...	(16,697)	...	(16,697)	...
Interest on long-term debt	26,449	...	...	8,742	(17,707)	...	(17,707)	...
Depreciation-unallocated	346,155	...	...	...	(346,155)	...	(346,155)	...
<b>Total governmental activities</b>	<b>1,415,071</b>	<b>15,839</b>	<b>171,354</b>	<b>25,037</b>	<b>(1,202,841)</b>	<b>...</b>	<b>(1,202,841)</b>	<b>...</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Water system	370,477	259,781	...	...	...	(110,696)	(110,696)	...
<b>Total business-type activities</b>	<b>370,477</b>	<b>259,781</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>(110,696)</b>	<b>(110,696)</b>	<b>...</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>1,785,548</b>	<b>275,620</b>	<b>171,354</b>	<b>25,037</b>	<b>(1,202,841)</b>	<b>(110,696)</b>	<b>(1,313,537)</b>	<b>...</b>
<b>DISCRETELY PRESENTED COMPONENT UNIT</b>	<b>69,323</b>	<b>13,017</b>	<b>43,851</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>(12,455)</b>
<b>TOTAL PRIMARY GOV'T AND COMPONENT UNIT</b>	<b>\$ 1,854,871</b>	<b>\$ 288,637</b>	<b>\$ 215,205</b>	<b>\$ 25,037</b>	<b>(1,202,841)</b>	<b>(110,696)</b>	<b>(1,313,537)</b>	<b>(12,455)</b>
<b>GENERAL REVENUES AND TRANSFERS</b>								
Property taxes levied for general purposes					915,425	...	915,425	...
Cable franchise taxes					18,931	...	18,931	...
Investment earnings and rents					135,154	...	135,154	24
Gain (loss) from sale of capital assets					(1,336,684)	...	(1,336,684)	...
Miscellaneous revenues					33,026	630	33,656	...
Transfers between governmental, BT activities					(17,550)	17,550	...	...
<b>Total general revenues and transfers</b>					<b>(251,698)</b>	<b>18,180</b>	<b>(233,518)</b>	<b>24</b>
<b>CHANGES IN NET POSITION</b>					<b>(1,454,539)</b>	<b>(92,516)</b>	<b>(1,547,055)</b>	<b>(12,431)</b>
<b>NET POSITION</b>								
Beginning of year					<u>8,126,140</u>	<u>63,643</u>	<u>8,189,783</u>	<u>41,752</u>
End of year					<u>\$ 6,671,601</u>	<u>\$ (28,873)</u>	<u>\$ 6,642,728</u>	<u>\$ 29,321</u>

Accompanying notes are an integral part of these financial statements

CITY OF DELAWARE CITY, DELAWARE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Functions	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Grants and Contributions		Activity Type			
			Operating	Capital	Governmental	Business	Total	
<b>GOVERNMENTAL ACTIVITIES</b>								
General government	\$ 486,926	\$ 2,017	\$ 589	\$ 447,076	\$ (37,244)	\$ ...	\$ (37,244)	\$ ...
Public safety-police	283,439	5,628	54,512	60,576	(162,723)	...	(162,723)	...
Public works-streets	144,163	...	62,234	83,214	1,285	...	1,285	...
Public works-sanitation	197,576	4,665	1,901	26,370	(164,640)	...	(164,640)	...
Parks and recreation	87,613	...	35,583	12,590	(39,440)	...	(39,440)	...
Community Center	41,455	190	43,991	...	2,726	...	2,726	...
Interest on long-term debt	31,306	...	...	8,775	(22,531)	...	(22,531)	...
Depreciation-unallocated	337,908	...	...	...	(337,908)	...	(337,908)	...
<b>Total governmental activities</b>	<b>1,610,386</b>	<b>12,500</b>	<b>198,810</b>	<b>638,601</b>	<b>(760,475)</b>	<b>...</b>	<b>(760,475)</b>	<b>...</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Water system	354,528	259,413	...	...	...	(95,115)	(95,115)	...
<b>Total business-type activities</b>	<b>354,528</b>	<b>259,413</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>(95,115)</b>	<b>(95,115)</b>	<b>...</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>1,964,914</b>	<b>271,913</b>	<b>198,810</b>	<b>638,601</b>	<b>(760,475)</b>	<b>(95,115)</b>	<b>(855,590)</b>	<b>...</b>
<b>DISCRETELY PRESENTED COMPONENT UNIT</b>	<b>59,775</b>	<b>12,853</b>	<b>43,103</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>(3,819)</b>
<b>TOTAL PRIMARY GOV'T AND COMPONENT UNIT</b>	<b>\$ 2,024,689</b>	<b>\$ 284,766</b>	<b>\$ 241,913</b>	<b>\$ 638,601</b>	<b>(760,475)</b>	<b>(95,115)</b>	<b>(855,590)</b>	<b>(3,819)</b>
<b>GENERAL REVENUES AND TRANSFERS</b>								
Property taxes levied for general purposes					810,718	...	810,718	...
Cable franchise taxes					17,093	...	17,093	...
Investment earnings and rents					156,667	...	156,667	65
Gain from sale of capital assets					...	...	...	...
Miscellaneous revenues					...	150	150	...
Transfers between governmental, BT activities					(902)	902	...	...
<b>Total general revenues and transfers</b>					<b>983,576</b>	<b>1,052</b>	<b>984,628</b>	<b>65</b>
<b>CHANGES IN NET POSITION</b>					<b>223,101</b>	<b>(94,063)</b>	<b>129,038</b>	<b>(3,754)</b>
<b>NET POSITION</b>								
Beginning of year					<b>7,903,039</b>	<b>157,706</b>	<b>8,060,745</b>	<b>45,506</b>
End of year					<b>\$ 8,126,140</b>	<b>\$ 63,643</b>	<b>\$ 8,189,783</b>	<b>\$ 41,752</b>

Accompanying notes are an integral part of these financial statements



**CITY OF DELAWARE CITY, DELAWARE**  
**BALANCE SHEETS-GOVERNMENTAL FUNDS**  
June 30, 2013 and 2012

	2013			2012		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Total	General	Special Revenue	Total
<b>ASSETS</b>						
<b>ASSETS</b>						
Cash and equivalents	\$ 508,215	\$ 118,557	\$ 626,772	\$ 143,769	\$ 115,179	\$ 258,948
Receivables, net of allowances:						
Taxes	5,134	...	5,134	5,435	...	5,435
Other	8,206	...	8,206	36,934	...	36,934
Due from other governments	...	30,379	30,379	...	221,191	221,191
Prepayments and other assets	...	...	...	...	...	...
Restricted assets:						
Cash and equivalents	...	369,876	369,876	...	369,839	369,839
Interfund receivables (payables)	<u>44,183</u>	<u>(44,183)</u>	<u>...</u>	<u>241,104</u>	<u>(241,104)</u>	<u>...</u>
<b>TOTAL ASSETS</b>	<u>\$ 565,738</u>	<u>\$ 474,629</u>	<u>\$1,040,367</u>	<u>\$ 427,242</u>	<u>\$ 465,105</u>	<u>\$ 892,347</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Line of credit	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...
Accounts payable	24,213	...	24,213	3,322	...	3,322
Payroll deductions and withholdings	237	...	237	1,600	...	1,600
Deferred revenues	10,042	...	10,042	5,810	...	5,810
Refundable advances and deposits	<u>1,050</u>	<u>393,271</u>	<u>394,321</u>	<u>...</u>	<u>390,312</u>	<u>390,312</u>
<b>Total liabilities</b>	<u>35,542</u>	<u>393,271</u>	<u>428,813</u>	<u>10,732</u>	<u>390,312</u>	<u>401,044</u>
<b>FUND BALANCES</b>						
Restricted-Specific programs	...	72,170	72,170	...	65,641	65,641
Committed-Capital reserve	51,125	...	51,125	...	...	...
Committed-Budget reserve	479,071	...	479,071	...	...	...
Unassigned	...	9,188	9,188	416,510	9,152	425,662
<b>Total fund balances</b>	<u>530,196</u>	<u>81,358</u>	<u>611,554</u>	<u>416,510</u>	<u>74,793</u>	<u>491,303</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 565,738</u>	<u>\$ 474,629</u>	<u>\$1,040,367</u>	<u>\$ 427,242</u>	<u>\$ 465,105</u>	<u>\$ 892,347</u>

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  
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Amounts reported for governmental activities in the statement of net position are different because:		
<b>Total fund balances-governmental funds</b>	\$ 611,554	\$ 491,303
Capital assets used in governmental activities are not financial resources and, therefore are not reported as capital assets in the governmental funds. The total cost of capital assets is \$8,839,256 and \$10,712,626 and the related accumulated depreciation is \$2,318,910 and \$2,181,951 as of June 30, 2013 and 2012, respectively.	6,520,346	8,530,675
Long-term liabilities are not due and payable within the current period and are therefore not reported as liabilities in the governmental fund types.		
Long-term debt obligations:	<u>2013</u>	<u>2012</u>
Current portion	\$ (43,190)	\$ (48,310)
Net of current portion	<u>(409,677)</u>	<u>(838,154)</u>
	(452,867)	(886,464)
Compensated absences are not due and payable within the current period and, therefore are not reported in the governmental fund types.	<u>(7,432)</u>	<u>(9,374)</u>
<b>Total net position-governmental activities</b>	<u>\$ 6,671,601</u>	<u>\$ 8,126,140</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, 2013 and 2012

	2013			2012		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Total	General	Special Revenue	Total
<b>REVENUES</b>						
Taxes:						
Real estate taxes	\$ 868,225	\$ ...	\$ 868,225	\$ 775,072	\$ ...	\$ 775,072
Real estate transfer taxes	47,200	...	47,200	35,646	...	35,646
Cable franchise taxes	18,931	...	18,931	17,093	...	17,093
Licenses and permits	2,350	...	2,350	1,520	...	1,520
Intergovernmental revenues:						
Federal	38,147	38,696	76,843	88,564	516,575	605,139
State	...	109,132	109,132	...	212,932	212,932
Local	...	202	202	...	...	...
Police fines and court fees	8,294	...	8,294	5,628	...	5,628
Charges for services	5,195	...	5,195	5,352	...	5,352
Interest and rents	135,118	36	135,154	156,614	53	156,667
Contributions	10,214	...	10,214	19,340	...	19,340
Miscellaneous revenues	40,186	...	40,186	...	...	...
<b>Total revenues</b>	<b>1,173,860</b>	<b>148,066</b>	<b>1,321,926</b>	<b>1,104,829</b>	<b>729,560</b>	<b>1,834,389</b>
<b>EXPENDITURES</b>						
Current:						
General government	292,758	...	292,758	270,562	...	270,562
Public safety-police	268,918	36,291	305,209	228,253	52,164	280,417
Public works-streets	75,832	28,458	104,290	115,463	28,700	144,163
Public works-sanitation	195,549	...	195,549	195,675	1,901	197,576
Parks and recreation	56,511	19,790	76,301	52,030	35,583	87,613
Community Center	32,055	24,511	56,566	27,835	13,620	41,455
Capital outlay	100,570	16,295	116,865	89,860	571,291	661,151
Debt service:						
Principal	448,498	5,434	453,932	42,742	5,163	47,905
Interest and other fees	23,141	3,308	26,449	27,694	3,612	31,306
<b>Total expenditures</b>	<b>1,493,832</b>	<b>134,087</b>	<b>1,627,919</b>	<b>1,050,114</b>	<b>712,034</b>	<b>1,762,148</b>
<b>EXCESS (DEFICIT) REVENUES OVER EXPENDITURES</b>	<b>(319,972)</b>	<b>13,979</b>	<b>(305,993)</b>	<b>54,715</b>	<b>17,526</b>	<b>72,241</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from new financing	20,335	...	20,335	...	...	...
Proceeds from sale of capital assets	430,619	...	430,619	...	...	...
Refund of prior year revenues	(7,160)	...	(7,160)	...	...	...
Interfund transfers in (out)	(10,136)	(7,414)	(17,550)	13,066	(13,968)	(902)
<b>Total other financing sources (uses)</b>	<b>433,658</b>	<b>(7,414)</b>	<b>426,244</b>	<b>13,066</b>	<b>(13,968)</b>	<b>(902)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>113,686</b>	<b>6,565</b>	<b>120,251</b>	<b>67,781</b>	<b>3,558</b>	<b>71,339</b>
<b>FUND BALANCES</b>						
Beginning of year	416,510	74,793	491,303	348,729	71,235	419,964
End of year	\$ 530,196	\$ 81,358	\$ 611,554	\$ 416,510	\$ 74,793	\$ 491,303

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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Amounts reported for governmental activities in the statement of activities are different because:		
<b>Net changes in fund balance-total governmental funds</b>	<b>\$ 120,251</b>	<b>\$ 71,339</b>
The governmental funds report capital outlay as expenditures. However, in the statement of activities, capital assets with an initial individual cost of \$1,500 or more are capitalized and the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. The following is the difference between capital outlay and depreciation expense.		
	<u>2013</u>	<u>2012</u>
Capital outlay	\$ 103,129	\$ 448,078
Depreciation expense	<u>(346,155)</u>	<u>(337,908)</u>
	(243,026)	110,170
The 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 liabilities and related items is as follows:		
	<u>2013</u>	<u>2012</u>
Long-term financing:		
Proceeds received	\$ (20,335)	\$ ...
Principal payments made	<u>453,932</u>	<u>47,905</u>
	433,597	47,905
Some expenses reported in the statement of activities do not require current financial resources and, are therefore not reported as expenditures in the governmental funds.		
	<u>2013</u>	<u>2012</u>
Capital assets:		
Proceeds from sale	\$ (430,619)	\$ ...
Gain (loss) from sale	<u>(1,336,684)</u>	<u>...</u>
	(1,767,303)	...
In the statement of activities, certain operating expenses such as compensated absences for vacation are measured by the 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>1,942</u>	<u>(6,313)</u>
<b>Changes in net position-governmental activities</b>	<b>\$ (1,454,539)</b>	<b>\$ 223,101</b>

Accompanying notes are an integral part of these financial statements

**CITY OF DELAWARE CITY, DELAWARE**  
**STATEMENTS OF NET POSITION-PROPRIETARY FUND**  
June 30, 2013 and 2012

	Water Fund	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$           ...	\$           ...
Accounts receivable, net of allowances	7,291	7,291
<b>Total current assets</b>	<u>7,291</u>	<u>7,291</u>
<b>NONCURRENT ASSETS</b>		
Capital assets, net of depreciation:		
Nondepreciable	18,331	18,331
Depreciable	732,751	857,264
Bond issue costs, net of amortization	18,764	20,162
<b>Total noncurrent assets</b>	<u>769,846</u>	<u>895,757</u>
<b>TOTAL ASSETS</b>	<u>777,137</u>	<u>903,048</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accrued interest payable	5,676	5,676
Current portion of long-term debt	34,617	33,197
Refundable deposits	12,500	12,700
<b>Total current liabilities</b>	<u>52,793</u>	<u>51,573</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	<u>753,217</u>	<u>787,832</u>
<b>TOTAL LIABILITIES</b>	<u>806,010</u>	<u>839,405</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	(17,988)	74,728
Unrestricted	<u>(10,885)</u>	<u>(11,085)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (28,873)</u>	<u>\$ 63,643</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, 2013 and 2012

	Water Fund	
	2013	2012
<b>OPERATING REVENUES</b>		
Charges for services	\$ 259,781	\$ 259,413
<b>OPERATING EXPENSES</b>		
Salaries	49,407	43,032
Payroll taxes	4,188	3,881
Employee benefits	6,979	4,244
Contractual services	48,180	48,180
Insurance	16,550	13,486
Telephone	2,179	3,711
Electricity	26,432	24,529
Professional fees	19,657	16,044
Distribution system maintenance	31,292	30,346
Office supplies	846	914
Materials and supplies	1,633	2,302
Fuel for heating	1,230	790
Miscellaneous	490	310
Depreciation and amortization	125,911	125,909
<b>Total operating expenses</b>	<b>334,974</b>	<b>317,678</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(75,193)</b>	<b>(58,265)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest expense	(35,503)	(36,850)
Miscellaneous revenues	630	150
<b>Total nonoperating revenues (expenses)</b>	<b>(34,873)</b>	<b>(36,700)</b>
<b>INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>(110,066)</b>	<b>(94,965)</b>
<b>TRANSFERS FROM GOVERNMENTAL ACTIVITIES</b>	<b>17,550</b>	<b>902</b>
<b>CHANGES IN NET POSITION</b>	<b>(92,516)</b>	<b>(94,063)</b>
<b>NET POSITION</b>		
Beginning of year	63,643	157,706
End of year	\$ (28,873)	\$ 63,643

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, 2013 and 2012**

	Water Fund	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 260,211	\$ 259,563
Cash payments to suppliers for goods and services	(148,489)	(140,612)
Cash payments to employees for services	(60,574)	(51,157)
<b>Net cash provided (used) by operating activities</b>	<u>51,148</u>	<u>67,794</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	...	...
Principal paid on general obligation bonds and notes	(33,195)	(31,846)
Interest paid on general obligation bonds and notes	(35,503)	(36,850)
Cash received (paid) from/(to) governmental activities	17,550	902
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(51,148)</u>	<u>(67,794)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	...	...
<b>CASH AND EQUIVALENTS</b>		
Beginning of year	...	...
End of year	<u>\$ ...</u>	<u>\$ ...</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (75,193)	\$ (58,265)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	124,513	124,511
Amortization	1,398	1,398
Other nonoperating revenues	630	150
Changes in assets and liabilities:		
Receivables	...	...
Refundable deposits	(200)	...
Total adjustments	<u>126,341</u>	<u>126,059</u>
<b>Net cash provided from operating activities</b>	<u>\$ 51,148</u>	<u>\$ 67,794</u>

Accompanying notes are an integral part of these 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 U.S. generally accepted accounting principles as applied to local 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. In the government-wide and proprietary fund financial statements, Financial Accounting Standards Board [FASB] pronouncements and Accounting Principles Board [APB] opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The significant accounting policies of the City are described below.

Reporting Entity

The City of Delaware City was incorporated on March 5, 1851 under the provisions of the State of Delaware, and is a municipal corporation 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 reporting entity's basic financial statements to be misleading or incomplete. The component unit discussed below is included in the City's reporting entity because of the financial relationship with the City.

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.

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

Use of Estimates

Preparation of the 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 may differ from those estimates.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 the statement of net position and the statement of activities. As a general rule, the effect of interfund activity has 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 tax assessments and the intergovernmental revenues [governmental activities] from other functions that are intended to recover all or a significant portion of their costs through user fees and other charges [business-type activities]. The governmental activities of the City include the general government, public safety [police], public works [streets and sanitation], parks and recreation, Community Center, and other general administrative support services. The City's business-type activities include the water system.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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 in governmental funds. Encumbrances as of the year end are reported as assigned fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. At June 30, 2013 and 2012, the City had no encumbrances outstanding.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Measurement Focus, Basis of Accounting, & 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 tax revenues in the period for which levied. Expenses are recorded when a 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 current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all 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 and judgments which are recognized when payment is due.

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

The City reports the following major governmental funds:

- 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 payments of the 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 revitalization of the downtown area.

Additionally, the City reports the following business 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* items. 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 is water fees. Operating expenses for the proprietary fund include salaries, employee benefits, contracted services, supplies and materials, plant and system maintenance, and administrative expenses. Revenues and expenses not meeting this criteria are reported as nonoperating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Budgetary Accounting

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

- The City Manager submits to Council a proposed budget for the ensuing fiscal year. The budget includes proposed expenditures and/or expenses and the means of financing them.
- Council meets in open session to review the proposed budget.
- Not later than the public meeting and prior to the end of the preceding fiscal year, the budget is legally enacted.
- The City Manager is required to present a monthly report to Council 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. generally accepted accounting principles.
- The budget for budgeted special revenue funds are approved based on the individual funding sources.

Cash and Equivalents

The City considers demand deposits and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

Receivable-Taxes

At June 30, 2013 and 2012, taxes receivable are reflected net of the estimated uncollectible allowances of \$43,329 and \$43,329, respectively. The allowances for uncollectible accounts are based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating the possible losses. Management believes that they have adequately provided for future probable losses.

Receivable-Accounts

At June 30, 2013 and 2012, accounts receivable are reflected net of the estimated uncollectible allowances of \$27,322 and \$25,747, respectively. The allowances for uncollectible accounts are based upon historical data established according to experience and other factors which in the judgment of City officials deserve recognition in estimating the possible losses. Management believes that they have adequately provided for future probable losses.

Internal Balances

Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either "interfund balances" [current] or "interfund advances" [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 they are not available for appropriation and are not expendable available financial resources. At June 30, 2013 and 2012, the City had no such activity.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Restricted Assets

Restricted assets consist of funds awarded to the City in the "Texaco Settlement Agreement and Release" in the amount of \$350,000 dated September 20, 2007. The restricted assets also include the net investment income earned on the funds.

Prepayments and Other Assets

Payments to vendors reflecting costs applicable to future periods are recorded as prepayments in both the government-wide and fund financial statements.

Capital Assets and Depreciation

The capital assets, which include property, plant, equipment, and infrastructure assets completed after June 30, 2003 [such as roads, sidewalks, traffic signals, street lights, and similar items], 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. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the capital assets constructed. The amount of interest to be 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. During fiscal years 2013 and 2012, no interest costs were capitalized.

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

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 life of the bond using the straight-line method. At June 30, 2013 and 2012, the accumulated amortization is \$9,205 and \$7,807, respectively. The annual amortization expense is \$1,398.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Deferred Revenues

Deferred revenues represent funds received in advance which will be recognized in future years when the revenue recognition criteria is met. At June 30, 2013 and 2012, deferred revenues in the general fund are \$10,042 and \$5,810, respectively.

Refundable Advances

The City records grant and other awards, accounted for as exchange transactions, as refundable advances until the related services are performed at which time they are recognized as revenues.

Compensated Absences

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

- The obligation relating to an 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 accrues 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 liability for compensated absences is not reflected in the fund financial statements 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 recorded as an accrued liability in accordance with FASB guidelines.

Long-Term Obligations

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

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

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Position and Fund Equity

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

The City follows the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for its governmental funds. Under GASB Statement No. 54, 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 inventories, prepayments and other assets, 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 that are 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 restricted resources first, then unrestricted resources as they are needed.

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 are necessary.

**CITY OF DELAWARE CITY, DELAWARE**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 2 - PROPERTY TAXES**

The tax on real estate within the City limits is \$1.09 per \$100 of assessed valuation for the fiscal year 2013 and \$1.09 per \$100 of assessed valuation for the fiscal year 2012 as levied by City Council. The City bills and collects its own property taxes. The delinquent property taxes are levied by the City. The schedule of property taxes levied for the fiscal years presented follows:

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

**NOTE 3 - CASH AND INVESTMENTS**

It is the City's policy to invest its funds principally in money market accounts and with financial institutions that are FDIC insured.

Cash and Equivalents

The City's deposits [cash and equivalents] are categorized to give an indication of the level of risk assumed as of June 30, 2013 and 2012. The categories are described below:

Description	2013		2012	
	Book	Bank	Book	Bank
Category 1	\$ 234,059	\$ 258,710	\$ 190,393	\$ 258,674
Category 2	392,413	392,413	68,255	68,255
Category 3	300	...	300	...
Totals	<u>\$ 626,772</u>	<u>\$ 651,123</u>	<u>\$ 258,948</u>	<u>\$ 326,929</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.

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

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

The primary government receivables due from other governmental units represent revenues earned by the City. At June 30, 2013 and 2012, the receivables consist of the following:

Description	Activity Type			
	2013		2012	
	Governmental	Business	Governmental	Business
U.S. Department of Justice	\$ 15,089	\$ ...	\$ 15,089	\$ ...
U.S. Department of Agriculture	15,290	...	...	...
Delaware Department of Transportation	...	...	92,542	...
Delaware Department of Natural Resources	...	...	96,868	...
Delaware Criminal Justice Council	...	...	1,938	...
Federal pass-thru agency:				
American Lung Association	...	...	9,224	...
Various other state agencies	...	...	5,530	...
Total intergovernmental receivables	<u>\$ 30,379</u>	<u>\$ ...</u>	<u>\$ 221,191</u>	<u>\$ ...</u>

**CITY OF DELAWARE CITY, DELAWARE**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013 follows:

Description	Beginning Balances	Additions	Deletions	Ending Balances
<b>Governmental activities:</b>				
Capital assets, not depreciated:				
Land	\$ 421,737	\$ ...	\$ ...	\$ 421,737
Construction in progress:				
Buildings and improvements	307,000	...	307,000	...
Streets and sidewalks	...	...	...	...
Trees, trails and landscape	94,765	15,290	...	110,055
Total capital assets, not being depreciated	823,502	15,290	307,000	531,792
Capital assets, being depreciated:				
Buildings and improvements	6,387,621	336,685	1,941,202	4,783,104
Furniture and office equipment	57,520	8,241	7,673	58,088
Vehicles and equipment	347,983	49,913	27,624	370,272
Streets and sidewalks	1,412,574	...	...	1,412,574
Trees, trails and landscape	1,683,426	...	...	1,683,426
Total being depreciated	9,889,124	394,839	1,976,499	8,307,464
Less accumulated depreciation:				
Buildings and improvements	1,073,216	158,819	173,899	1,058,136
Furniture and office equipment	57,520	522	7,673	50,369
Vehicles and equipment	255,714	34,658	27,624	262,748
Streets and sidewalks	515,866	74,644	...	590,510
Trees, trails and landscape	279,635	77,512	...	357,147
Accumulated depreciation	2,181,951	346,155	209,196	2,318,910
Total capital assets, being depreciated	7,707,173	48,684	1,767,303	5,988,554
Governmental activities capital assets, net	\$ 8,530,675	\$ 63,974	\$ 2,074,303	\$ 6,520,346
<b>Business-type activities:</b>				
Capital assets, not depreciated:				
Land	\$ 18,331	\$ ...	\$ ...	\$ 18,331
Construction in progress	...	...	...	...
Total capital assets, not being depreciated	18,331	...	...	18,331
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	3,127,276	...	...	3,127,276
Less accumulated depreciation:				
Buildings and improvements	331,492	10,501	...	341,993
Water distribution system	1,938,520	114,012	...	2,052,532
Machinery and equipment	...	...	...	...
Accumulated depreciation	2,270,012	124,513	...	2,394,525
Total capital assets, being depreciated	857,264	(124,513)	...	732,751
Business-type activities capital assets, net	\$ 875,595	\$ (124,513)	\$ ...	\$ 751,082



**CITY OF DELAWARE CITY, DELAWARE**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 5 - CAPITAL ASSETS** (continued)

Capital assets activity for the year ended June 30, 2012 follows:

Description	Beginning Balances	Additions	Deletions	Ending Balances
<b>Governmental activities:</b>				
Capital assets, not depreciated:				
Land	\$ 421,737	\$ ...	\$ ...	\$ 421,737
Construction in progress:				
Buildings and improvements	...	307,000	...	307,000
Streets and sidewalks	29,003	77,424	106,427	...
Trees, trails and landscape	693,329	...	598,564	94,765
Total capital assets, not being depreciated	1,144,069	384,424	704,991	823,502
Capital assets, being depreciated:				
Buildings and improvements	6,387,621	...	...	6,387,621
Furniture and office equipment	57,520	...	...	57,520
Vehicles and equipment	284,329	63,654	...	347,983
Streets and sidewalks	1,332,287	80,287	...	1,412,574
Trees, trails and landscape	1,058,722	624,704	...	1,683,426
Total being depreciated	9,120,479	768,645	...	9,889,124
Less accumulated depreciation:				
Buildings and improvements	905,667	167,549	...	1,073,216
Furniture and office equipment	56,191	1,329	...	57,520
Vehicles and equipment	229,129	26,585	...	255,714
Streets and sidewalks	446,576	69,290	...	515,866
Trees, trails and landscape	206,480	73,155	...	279,635
Accumulated depreciation	1,844,043	337,908	...	2,181,951
Total capital assets, being depreciated	7,276,436	430,737	...	7,707,173
Governmental activities capital assets, net	\$ 8,420,505	\$ 815,161	\$ 704,991	\$ 8,530,675
<b>Business-type activities:</b>				
Capital assets, not depreciated:				
Land	\$ 18,331	\$ ...	\$ ...	\$ 18,331
Construction in progress	...	...	...	...
Total capital assets, not being depreciated	18,331	...	...	18,331
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	3,127,276	...	...	3,127,276
Less accumulated depreciation:				
Buildings and improvements	320,990	10,502	...	331,492
Water distribution system	1,824,511	114,009	...	1,938,520
Machinery and equipment	...	...	...	...
Accumulated depreciation	2,145,501	124,511	...	2,270,012
Total capital assets, being depreciated	981,775	(124,511)	...	857,264
Business-type activities capital assets, net	\$ 1,000,106	\$ (124,511)	\$ ...	\$ 875,595

**CITY OF DELAWARE CITY, DELAWARE**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 6 - LONG-TERM DEBT OBLIGATIONS**

The schedule summarizes the changes in long-term debt obligations:

Description	Year Ended June 30, 2013				
	Beginning Balances	Additions	Deletions	Ending Balances Long-term Portion	Ending Balances Due Within One Year
<b>Governmental Activities:</b>					
General obligation notes:					
Sun National Bank	\$ 256,000	\$ ...	\$ 256,000	\$ ...	\$ ...
Sun National Bank	170,667	...	170,667	...	...
Ally Financial	...	20,335	...	6,770	13,565
Total note obligations	426,667	20,335	426,667	6,770	13,565
General obligation bonds:					
Citizens Bank	241,403	...	21,113	197,074	23,216
2008 Series	218,394	...	6,152	205,833	6,409
Total governmental	\$ 886,464	\$ 20,335	\$ 453,932	\$ 409,677	\$ 43,190
<b>Business-Type Activities:</b>					
General obligation bonds:					
1995 Series	\$ 542,189	\$ ...	\$ 11,461	\$ 518,684	\$ 12,044
2006 Series	224,111	...	11,765	200,255	12,091
Total bond obligations	766,300	...	23,226	718,939	24,135
General obligation notes:					
SERCAP	54,729	...	9,969	34,278	10,482
Total business-type	\$ 821,029	\$ ...	\$ 33,195	\$ 753,217	\$ 34,617

General Obligation Bonds and Notes

Sun National Bank-Lines of Credit

On October 25, 2007, the City opened two non-revolving lines of credit with Sun National Bank in the amounts of \$300,000 and \$200,000. The lines of credit required nine monthly payments of interest only at the bank's prime rate minus 1%, floating, beginning with the payment due November 25, 2007. The principal balances outstanding on the lines of credit were subsequently converted into five-year term loans with fixed principal payments based on a twenty-five year amortization with the final payment due on July 25, 2013. The lines of credit were collateralized with real property located within the City limits in New Castle County, Delaware, as stipulated in the security agreement. Both lines of credit were repaid in full on December 17, 2012.

Ally Financial

On June 26, 2013, the City entered into a lease-purchase agreement in the amount of \$20,335 maturing on June 26, 2015. The agreement carries a fixed interest rate of 6.34% and requires a downpayment of \$7,199 at signing [the downpayment was made on July 1, 2013] and two annual payments of \$7,199 [principal and interest]. The proceeds were used to purchase a 2012 Chrysler/Dodge Charger. At June 30, 2013, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2014	\$ 13,565	\$ 833	\$ 14,398
2015	6,770	429	7,199
Total required payments	\$ 20,335	\$ 1,262	\$ 21,597

**CITY OF DELAWARE CITY, DELAWARE**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE 6 - LONG-TERM DEBT OBLIGATIONS** (continued)

General Obligation Bonds and Notes (continued)

Citizens Bank-Bond

On June 15, 2006, the City issued a General Obligation Bond in the amount of \$355,000 carrying a maturity date of June 15, 2021. The bond carries an annual interest rate of 5.125% and requires monthly payments of \$2,830.49 [principal and interest]. The note was issued for the purpose of funding the City's 2006 Capital Improvement Project. The bond is secured with the full faith and credit of the City. At June 30, 2013, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 23,216	\$ 10,750	\$ 33,966
2015	24,435	9,531	33,966
2016	25,717	8,249	33,966
2017	27,066	6,900	33,966
2018	28,486	5,480	33,966
2019-2021	<u>91,370</u>	<u>7,146</u>	<u>98,516</u>
Total required payments	<u>\$ 220,290</u>	<u>\$ 48,056</u>	<u>\$ 268,346</u>

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% per annum and are payable in monthly installments of \$1,252 [principal and interest]. At June 30, 2013, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 6,409	\$ 8,615	\$ 15,024
2015	6,678	8,346	15,024
2016	6,937	8,087	15,024
2017	7,251	7,773	15,024
2018	7,555	7,469	15,024
2019-2023	41,895	33,225	75,120
2024-2028	52,224	22,896	75,120
2029-2033	64,188	10,932	75,120
2034-2035	<u>19,105</u>	<u>559</u>	<u>19,664</u>
Total required payments	<u>\$ 212,242</u>	<u>\$ 107,902</u>	<u>\$ 320,144</u>

**CITY OF DELAWARE CITY, DELAWARE**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE 6 - LONG-TERM DEBT OBLIGATIONS** (continued)

General Obligation Bonds and Notes (continued)

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% per annum and are payable in quarterly installments of \$9,593 [principal and interest]. At June 30, 2013, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,044	\$ 26,328	\$ 38,372
2015	12,658	25,714	38,372
2016	13,303	25,069	38,372
2017	13,981	24,391	38,372
2018	14,693	23,679	38,372
2019-2023	85,485	106,375	191,860
2024-2028	109,595	82,265	191,860
2029-2033	140,505	51,355	191,860
2034-2037	<u>128,464</u>	<u>13,074</u>	<u>141,538</u>
<b>Total required payments</b>	<b>\$ 530,728</b>	<b>\$ 378,250</b>	<b>\$ 908,978</b>

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 an annual 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, 2013, the repayment schedule is as follows:

<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,091	\$ 5,778	\$ 17,869
2015	12,428	5,441	17,869
2016	12,773	5,096	17,869
2017	13,128	4,741	17,869
2018	13,492	4,377	17,869
2019-2023	73,301	16,046	89,347
2024-2028	<u>75,133</u>	<u>5,279</u>	<u>80,412</u>
<b>Total required payments</b>	<b>\$ 212,346</b>	<b>\$ 46,758</b>	<b>\$ 259,104</b>

**CITY OF DELAWARE CITY, DELAWARE**  
NOTES TO FINANCIAL STATEMENTS

**NOTE 6 - LONG-TERM DEBT OBLIGATIONS** (continued)

General Obligation Bonds and Notes (continued)

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 requires monthly payments of \$1,037.90 [principal and interest] for fifteen years and matures on May 21, 2017. The note was issued for the City's "Well No. 4 Water Filter Rehabilitation Project". The note is secured with an interest in land [parcel no. 22.008.00.055] located at 321 Washington Street, Delaware City, Delaware. At June 30, 2013, the repayment schedule is as follows:

Years Ending June 30	Principal	Interest	Total
2014	\$ 10,482	\$ 1,973	\$ 12,455
2015	11,018	1,437	12,455
2016	11,582	873	12,455
2017	<u>11,678</u>	<u>281</u>	<u>11,959</u>
Total required payments	<u>\$ 44,760</u>	<u>\$ 4,564</u>	<u>\$ 49,324</u>

Future maturities of principal and interest payments follow:

Years Ending June 30	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		Totals
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<b>Governmental Activities:</b>					
2014	\$ 29,625	\$ 19,365	\$ 13,565	\$ 833	\$ 63,388
2015	31,113	17,877	6,770	429	56,189
2016	32,654	16,336	...	...	48,990
2017	34,317	14,673	...	...	48,990
2018	36,041	12,949	...	...	48,990
2019-2023	133,265	40,371	...	...	173,636
2024-2028	52,224	22,896	...	...	75,120
2029-2033	64,188	10,932	...	...	75,120
2034-2035	<u>19,105</u>	<u>559</u>	<u>...</u>	<u>...</u>	<u>19,664</u>
Totals	<u>\$ 432,532</u>	<u>\$ 155,958</u>	<u>\$ 20,335</u>	<u>\$ 1,262</u>	<u>\$ 610,087</u>

**Business-Type Activities:**

2014	\$ 24,135	\$ 32,106	\$ 10,482	\$ 1,973	\$ 68,696
2015	25,086	31,155	11,018	1,437	68,696
2016	26,076	30,165	11,582	873	68,696
2017	27,109	29,132	11,678	281	68,200
2018	28,185	28,056	...	...	56,241
2019-2023	158,786	122,421	...	...	281,207
2024-2028	184,728	87,544	...	...	272,272
2029-2033	140,505	51,355	...	...	191,860
2034-2037	<u>128,464</u>	<u>13,074</u>	<u>...</u>	<u>...</u>	<u>141,538</u>
Totals	<u>\$ 743,074</u>	<u>\$ 425,008</u>	<u>\$ 44,760</u>	<u>\$ 4,564</u>	<u>\$ 1,217,406</u>

**CITY OF DELAWARE CITY, DELAWARE**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE 7 - ECONOMIC DEPENDENCY**

A substantial portion of the City's annual property taxes assessment is received from one corporate taxpayer. The collected amount approximates 40% of the City's total annual assessments.

**NOTE 8 - LEASING ARRANGEMENTS AS LESSEE**

The City leases the following office equipment under an operating leasing arrangement. Total rental cost was \$2,629 and \$5,008 for the years ended June 30, 2013 and 2012, respectively.

Description	Monthly Rentals	Expiration Date
Konica-Minolta Digital Copier System and Fax	\$ 239	August, 2015

At June 30, 2013, the minimum future rentals under the non-cancelable leasing arrangement having remaining terms in excess of one year in the aggregate are:

Years Ending June 30	Amount
2014	\$ 2,868
2015	2,868
2016	239
<b>Total minimum future rental payments required</b>	<b>\$ 5,975</b>

**NOTE 9 - LEASING ARRANGEMENTS 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 at June 30, 2013:

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 and as such the rentals cannot be estimated for future periods. Total rentals received for the years ended June 30, 2013 and 2012 was \$135,031 and \$156,373, respectively.

**NOTE 10 - 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 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 tax revenues. At June 30, 2013 and 2012, the City had no balance outstanding.

**NOTE 11 - 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.

Grant Activity

The City receives federal and state financial assistance in the form of grants. The disbursement of funds received under these grants generally requires compliance with the terms and conditions specified in grant agreements and is generally subject to audit by the federal and state agencies. Disallowed claims resulting from such audits, if any, could become a liability of the City. The City's management believes that such disallowance would not be material to the financial statements.

**NOTE 12 - GASB STATEMENT IMPLEMENTATION**

The City has implemented GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*". The statement codifies pre-1989 standards set by the Financial Accounting Standards Board [FASB] and the American Institute of Certified Public Accountants [AICPA], which are used for proprietary fund and government-wide reporting. The City's notes to the basic financial statements have been revised to reflect the level of disclosure required by the new Statement.

The City has implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*". The new guidance creates two sections to the balance sheet [deferred outflows and deferred inflows] and revises other proprietary and government-wide terminology as a result of this change. The City's proprietary and government-wide financial statements have been revised to reflect the new terminology.

**Required Supplemental 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Real estate taxes	\$ 860,000	\$ 860,000	\$ 868,225	\$ 8,225
Real estate transfer taxes	22,000	22,000	47,200	25,200
Cable franchise taxes	18,000	18,000	18,931	931
Licenses and permits	1,000	1,000	2,350	1,350
Intergovernmental revenues	...	...	38,147	38,147
Police fines and court fees	5,500	5,500	8,294	2,794
Charges for services	4,900	4,900	5,195	295
Interest and rents	112,900	112,900	135,118	22,218
Contributions	...	...	10,214	10,214
Miscellaneous revenues	...	...	40,186	40,186
<b>Total revenues</b>	<b>1,024,300</b>	<b>1,024,300</b>	<b>1,173,860</b>	<b>149,560</b>
<b>EXPENDITURES</b>				
Current:				
General government	265,321	274,321	292,758	(18,437)
Public safety-police	260,227	251,227	268,918	(17,691)
Public works-streets	81,670	81,670	75,832	5,838
Public works-sanitation	195,000	195,000	195,549	(549)
Parks and recreation	51,449	51,449	56,511	(5,062)
Community Center	34,200	34,200	32,055	2,145
Capital reserve	51,125	51,125	...	51,125
Capital outlay	...	...	100,570	(100,570)
Debt service	70,050	70,050	471,639	(401,589)
<b>Total expenditures</b>	<b>1,009,042</b>	<b>1,009,042</b>	<b>1,493,832</b>	<b>(484,790)</b>
<b>EXCESS (DEFICIT)</b>				
<b>REVENUES OVER EXPENDITURES</b>	<b>15,258</b>	<b>15,258</b>	<b>(319,972)</b>	<b>(335,230)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from new financing	...	...	20,335	20,335
Proceeds from sale of capital assets	...	...	430,619	430,619
Refund of prior year expenditures	...	...	(7,160)	(7,160)
Operating transfers in (out)	(15,258)	(15,258)	(10,136)	5,122
<b>Total other financing sources (uses)</b>	<b>(15,258)</b>	<b>(15,258)</b>	<b>433,658</b>	<b>448,916</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>...</b>	<b>...</b>	<b>113,686</b>	<b>113,686</b>
<b>FUND BALANCE</b>				
Beginning of year	...	...	416,510	416,510
End of year	\$ ...	\$ ...	\$ 530,196	\$ 530,196

**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. generally accepted accounting principles on a basis consistent with the legally adopted budgets as amended. The 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  
 June 30, 2013 With Comparative Totals for 2012

	Federal Funding	State Funding			Local Funding	Revolving Loan Fund	Totals	
		Municipal Street Aid	SALLE and EIDE	Other			2013	2012
<b>ASSETS</b>								
<b>ASSETS</b>								
Cash and equivalents	\$ ...	\$ 47,369	\$ ...	\$ ...	\$ ...	\$ 71,188	\$ 118,557	\$ 115,179
Due from other governments	15,089	...	...	15,290	...	...	30,379	221,191
Restricted assets:								
Cash and equivalents	...	...	...	...	369,876	...	369,876	369,839
Interfund balances	(7,762)	(37,199)	13,279	(10,303)	(2,198)	...	(44,183)	(241,104)
<b>TOTAL ASSETS</b>	<u>\$ 7,327</u>	<u>\$ 10,170</u>	<u>\$ 13,279</u>	<u>\$ 4,987</u>	<u>\$ 367,678</u>	<u>\$ 71,188</u>	<u>\$ 474,629</u>	<u>\$ 465,105</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Refundable advances and deposits	\$ 7,327	\$ ...	\$ 13,279	\$ 4,987	\$ 367,678	\$ ...	\$ 393,271	\$ 390,312
<b>Total liabilities</b>	<u>7,327</u>	<u>...</u>	<u>13,279</u>	<u>4,987</u>	<u>367,678</u>	<u>...</u>	<u>393,271</u>	<u>390,312</u>
<b>FUND BALANCES</b>								
Restricted-Specific programs	...	10,170	...	...	...	62,000	72,170	65,641
Unassigned	...	...	...	...	...	9,188	9,188	9,152
<b>Total fund balances</b>	<u>...</u>	<u>10,170</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>71,188</u>	<u>81,358</u>	<u>74,793</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,327</u>	<u>\$ 10,170</u>	<u>\$ 13,279</u>	<u>\$ 4,987</u>	<u>\$ 367,678</u>	<u>\$ 71,188</u>	<u>\$ 474,629</u>	<u>\$ 465,105</u>

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**CITY OF DELAWARE CITY, DELAWARE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--SPECIAL REVENUE FUND  
 Year Ended June 30, 2013 With Comparative Totals for 2012

	Federal Funding	State Funding			Local Funding	Revolving Loan Fund	Totals	
		Municipal Street Aid	SALLE and EIDE	Other			2013	2012
<b>REVENUES</b>								
Intergovernmental revenues:								
Federal	\$ 38,696	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ 38,696	\$ 516,575
State	...	43,729	5,581	59,822	...	...	109,132	212,932
Local	...	...	...	...	202	...	202	...
Interest revenue	...	...	...	...	...	36	36	53
<b>Total revenues</b>	<b>38,696</b>	<b>43,729</b>	<b>5,581</b>	<b>59,822</b>	<b>202</b>	<b>36</b>	<b>148,066</b>	<b>729,560</b>
<b>EXPENDITURES</b>								
Current:								
Public safety-police	28,213	...	3,578	4,500	...	...	36,291	52,164
Public works-streets	...	28,458	...	...	...	...	28,458	28,700
Public works-sanitation	...	...	...	...	...	...	...	1,901
Parks and recreation	...	...	...	19,790	...	...	19,790	35,583
Community Center	...	...	...	24,511	...	...	24,511	13,620
Capital outlay:								
General government	10,483	...	...	...	...	...	10,483	447,076
Public safety-police	...	...	2,003	3,607	...	...	5,610	2,041
Public works-streets	...	...	...	...	...	...	...	83,214
Public works-sanitation	...	...	...	...	...	...	...	26,370
Parks and recreation	...	...	...	...	202	...	202	12,590
Debt service:								
Principal	...	5,434	...	...	...	...	5,434	5,163
Interest and other fees	...	3,308	...	...	...	...	3,308	3,612
<b>Total expenditures</b>	<b>38,696</b>	<b>37,200</b>	<b>5,581</b>	<b>52,408</b>	<b>202</b>	<b>...</b>	<b>134,087</b>	<b>712,034</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>...</b>	<b>6,529</b>	<b>...</b>	<b>7,414</b>	<b>...</b>	<b>36</b>	<b>13,979</b>	<b>17,526</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in	...	...	...	...	...	...	...	...
Operating transfers out	...	...	...	(7,414)	...	...	(7,414)	(13,968)
<b>Total other financing sources (uses)</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>(7,414)</b>	<b>...</b>	<b>...</b>	<b>(7,414)</b>	<b>(13,968)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>...</b>	<b>6,529</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>36</b>	<b>6,565</b>	<b>3,558</b>
<b>FUND BALANCES</b>								
Beginning of year	...	3,641	...	...	...	71,152	74,793	71,235
End of year	\$ ...	\$ 10,170	\$ ...	\$ ...	\$ ...	\$ 71,188	\$ 81,358	\$ 74,793

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