

CITY OF SEAFORD, DELAWARE

**Financial Statements with
Report of Independent Public Accountants**

For the Year Ended June 30, 2022



JUNE 30, 2022

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Change in Fund Balance - Governmental Funds	15
Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance - Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Net Position - Fiduciary Fund	20
Statement of Changes in Net Position - Fiduciary Fund	21
Notes to the Financial Statements	22

CONTENTS (continued)

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund	52
Schedule of Changes in the City’s Net OPEB Liability and Related Ratios	53
Schedule of Changes in the City’s Net Pension Liability and Related Ratios – Single Employer Plan	54
Schedule of City Contributions – Single Employer Plan	55
Schedule of Investment Returns – Single Employer Plan	56
Schedule of City’s Proportionate Share of Net Pension Liability – Cost Sharing Plan – Municipal Police/Firefighters Pension Plan	57
Schedule of City’s Contributions to Cost Sharing Pension Plan – Municipal Police/Firefighters Pension Plan	58

SUPPLEMENTARY INFORMATION

Schedules of Revenues and Expenditures – General Fund	59
Schedules of Revenues and Expenses – Electric Fund	60
Schedules of Revenues and Expenses – Sewer Fund	61
Schedules of Revenues and Expenses – Water Fund	62
Schedules of Revenues and Expenses – Golf Fund	63
Schedules of Debt Service – Enterprise Funds	64

GOVERNMENT AUDITING STANDARDS REPORT

Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
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FINANCIAL HIGHLIGHTS	67
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

Mayor and Council
City of Seaford, Delaware

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seaford, Delaware (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a year beyond the date the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – general fund, schedule of changes in net OPEB liability and related ratios, schedule of changes in the City's net pension liability and related ratios – single employer plan, schedule of City contributions – single employer plan, schedule of investment returns – single employer plan, schedule of the City's proportionate share of net pension liability – cost sharing plan, and schedule of the City's contributions to cost sharing pension plan, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules of revenue and expenditures/expenses, schedules of debt service, and financial highlights (collectively, supplementary information), as referenced in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate 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 dated January 12, 2023 on our consideration of the City's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal controls over financial reporting and compliance.

Owings Mills, Maryland
January 12, 2023

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF SEAFORD, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Seaford's (the City) annual report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the City's financial statements, which begin on page 12.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- ☐ The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- ☐ The remaining statements are *fund financial statements* that focus on individual parts of the City reporting the City's operations in more detail than the government-wide financial statements.
 - ☐ *Governmental funds* statements tell how general government services like public safety, public works, parks and recreation, and administration were financed in the *short term* as well as what remains for future spending.
 - ☐ *Proprietary funds* statements offer *short* and *long-term* financial information about the activities which the government operates, *like businesses*, such as the water and sewer system and the electric department.
 - ☐ *Fiduciary fund* statements offer information about the pension funds.

The focus of government-wide financial statements is on the overall financial position and activities of the City. These financial statements are constructed around the concept of a primary government, the City.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that shows a budget comparison to actual for the general fund. In addition to these required elements, we have included certain schedules that provide more detail about the City's finances.

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, you need to consider additional nonfinancial factors such as changes in the property tax base and the condition of the City's roads, water, and sewage plants, electrical plant, and distribution lines.

The government-wide financial statements are divided into two categories:

- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Transfers from the business-type activities, property taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to cover the costs of services it provides. The City's water and sewer system, electric department, and golf course are included here. The City also relies on the electrical services to provide major funding of the governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has three kinds of funds:

- *Governmental funds* – Most of the City’s basic services are included in governmental funds which focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long and short-term financial information. In fact, the City’s *enterprise funds* are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – Pension assets for which the City is responsible for handling are in these funds and placed under its control.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City’s combined net position increased by approximately \$5,522,000, or 14.0% from fiscal year 2021 to 2022.

The net position of the City’s governmental activities increased by approximately \$4,178,000, or 32.9%, for fiscal year 2022. Most of the net position is restricted as to the purposes for which they can be used, or are invested in capital assets (buildings, roads, equipment, and so on).

The net position of the City's business-type activities increased approximately \$1,344,000, for the year. Subject to the annual transfer of funds to help finance the general fund activities, the City generally uses the unrestricted net position to finance the continuing operations of the water, sewer, electric, and golf operations.

The table below compares key financial information in a condensed format between the current year and the prior year.

Table 1
City of Seaford's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 5,451	\$ 6,767	\$ 16,426	\$ 12,561	\$ 21,877	\$ 19,328	13%
Capital assets	16,975	15,589	27,295	25,712	44,270	41,301	7%
Net pension asset	2,516	-	-	-	2,516	-	
Total assets	24,942	22,356	43,721	38,273	68,663	60,629	13%
Deferred outflows	1,200	1,325	585	351	1,785	1,675	7%
Long-term debt	778	922	4,860	5,420	5,638	6,342	-11%
Other liabilities	7,562	8,527	10,776	5,376	18,337	13,902	32%
Total liabilities	8,340	9,449	15,636	10,796	23,975	20,244	100%
Deferred inflows	3,429	1,520	467	970	3,896	2,490	56%
Net position							
Net investment in capital assets	16,197	14,666	22,434	20,293	38,631	34,959	11%
Restricted	911	1,431	8,726	7,137	9,637	8,568	12%
Unrestricted	(219)	(3,386)	(2,957)	(571)	(3,176)	(3,957)	-20%
Total net position	\$ 16,889	\$ 12,711	\$ 28,203	\$ 26,859	\$ 45,093	\$ 39,571	14%

Changes in Net Position

The City's total revenues were approximately \$30,107,000. Approximately 69% of the City's revenues come from fees charged for services. Another 1% comes from capital grants and 9% from property taxes. The remaining revenues were from state grants and miscellaneous fees and taxes.

The total cost of all programs and services was approximately \$24,586,000. The City's expenses cover a range of services with about 66% related to the business activities.

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately for the years ended June 30, 2021 and 2022.

Table 2
Changes in City of Seaford's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Percent Change
	2022	2021	2022	2021	2022	2021	
Revenues							
Program services							
Charges for services	\$ 1,094	\$ 1,080	\$ 19,658	\$ 17,974	\$ 20,752	\$ 19,054	9%
Operating grants	2,203	1,163	-	-	2,203	1,163	89%
Capital grants	233	585	138	329	371	914	-59%
General revenues							
Property taxes	2,694	2,512	-	-	2,694	2,512	7%
Other taxes	653	680	-	-	653	680	-4%
Grants	-	4	-	-	-	4	100%
Other	562	69	3,047	926	3,609	995	263%
Total revenues	7,439	6,093	22,843	19,229	30,282	25,322	20%
Expenses							
Administration	820	769	-	-	820	769	7%
Code enforcement	284	350	-	-	284	350	-19%
Community pool	57	27	-	-	57	27	111%
Executive	95	105	-	-	95	105	-10%
Fire department	355	386	-	-	355	386	-8%
Dispatch	347	369	-	-	347	369	-6%
Highways and streets	776	924	-	-	776	924	-16%
Parks department	716	1,611	-	-	716	1,611	-56%
Police department	4,246	2,957	-	-	4,246	2,957	44%
Recreation	210	164	-	-	210	164	28%
Economic development	418	319	-	-	418	319	31%
Interest on long-term debt	107	29	-	-	107	29	269%
Electric	-	-	11,977	11,002	11,977	11,002	9%
Sewer	-	-	2,615	2,323	2,615	2,323	13%
Water	-	-	1,363	1,140	1,363	1,140	20%
Golf	-	-	374	317	374	317	18%
Total expenses	8,431	8,010	16,329	14,782	24,760	22,792	9%
Changes before transfers	(992)	(1,917)	6,514	4,447	5,522	2,530	118%
Transfers	5,170	3,170	(5,170)	(3,170)	-	-	0%
Changes in net position	\$ 4,178	\$ 1,253	\$ 1,344	\$ 1,277	\$ 5,522	\$ 2,530	118%

Governmental Activities

Revenues for the City's governmental activities were approximately \$7,264,000.

The property tax rate for 2022 and 2021 was 34¢/\$100 of assessed value each year.

The cost of all governmental activities this year was approximately \$8,256,000. Of this cost, the largest program for the City is the police with a cost of approximately \$4,154,000.

Business-Type Activities

Revenues of the City's business-type activities increased about 18.8% to approximately \$22,843,000 and expenses increased 10% to approximately \$16,329,000.

General Fund Activities

For the year ended June 30, 2022, after transfers and loan proceeds, the City had an increase of approximately \$2,190,521 in its general fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the City's budget throughout the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the City had invested approximately \$44,270,000 (net of accumulated depreciation), in a broad range of capital assets, including police equipment, buildings, park facilities, roads, vehicles, electric distribution equipment and lines, and water and sewer lines. This amount represents a net increase (including additions and deductions) of approximately \$2,969,000 or about 7.19%, from last year, driven largely by acquisition of assets.

Table 3
City of Seaford's Capital Assets
Net of Accumulated Depreciation
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,368	\$ 2,368	\$ 958	\$ 958	\$ 3,326	\$ 3,326
Land improvements	2,495	1,513	-	-	2,495	1,513
Buildings and improvements	6,375	6,631	8,593	8,432	14,968	15,063
Equipment	1,053	1,015	(364)	(390)	689	625
Infrastructure	2,329	2,341	15,290	15,277	17,619	17,618
Construction in progress	2,354	1,721	2,818	1,435	5,172	3,156
Total	<u>\$ 16,975</u>	<u>\$ 15,589</u>	<u>\$ 27,295</u>	<u>\$ 25,712</u>	<u>\$ 44,270</u>	<u>\$ 41,301</u>

Long-term Debt

As of June 30, 2022, the City had \$5,640,000, in bonds and notes outstanding, a decrease of 1% from last year. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

Table 4
City of Seaford's Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ -	\$ -	\$ 3,946	\$ 4,289	\$ 3,946	\$ 4,289
Notes payable	540	684	914	1,131	1,454	1,815
Capital leases	238	238	-	-	238	238
Total	<u>\$ 778</u>	<u>\$ 922</u>	<u>\$ 4,860</u>	<u>\$ 5,420</u>	<u>\$ 5,638</u>	<u>\$ 6,342</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Seaford Director of Finance Office, 414 High Street, Seaford, Delaware 19973.

BASIC FINANCIAL STATEMENTS

CITY OF SEAFORD, DELAWARE

Statement of Net Position As of June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets			
Cash and cash equivalents	\$ 6,451,787	\$ 12,324,605	\$ 18,776,392
Accounts receivable, net	527,346	3,225,499	3,752,845
Inventories	18,508	846,158	864,666
Prepaid expense	46,116	29,584	75,700
Restricted cash	912,302	-	912,302
Total current assets	7,956,059	16,425,846	24,381,905
Noncurrent Assets			
Notes receivables	11,002	-	11,002
Net capital assets, net	16,975,064	27,294,544	44,269,608
Net pension asset	2,515,870	-	2,515,870
Total noncurrent assets	19,501,936	27,294,544	46,796,480
Total Assets	27,457,995	43,720,390	71,178,385
Deferred Outflow of Resources:			
Deferred financing outflow - retirement	1,200,038	585,321	1,785,359
Total deferred outflow of resources	1,200,038	585,321	1,785,359
Liabilities:			
Current liabilities			
Accounts payable	399,110	1,282,791	1,681,901
Accrued interest	-	17,853	17,853
Accrued expense-other	170,405	52,589	222,994
Current portion of long-term debt	145,761	557,180	702,941
Deposits	18,184	1,263,664	1,281,848
Unearned grant revenue	1,198,732	4,154,235	5,352,967
Accrued compensated absences	306,938	105,761	412,699
Total current liabilities	2,239,130	7,434,073	9,673,203
Noncurrent liabilities			
Net OPEB liability	2,708,760	1,138,723	3,847,483
Net pension liability	2,759,851	2,759,852	5,519,703
Bonds and notes payable	632,255	4,303,157	4,935,412
Total non-current liabilities	6,100,866	8,201,732	14,302,598
Total Liabilities	8,339,996	15,635,805	23,975,801
Deferred Inflow of Resources:			
Deferred financing inflow - OPEB	844,309	354,916	1,199,225
Deferred financing inflow - retirement	2,584,501	111,707	2,696,208
Total deferred inflow of resources	3,428,810	466,623	3,895,433
Net Position:			
Net investment in capital assets	16,197,048	22,434,207	38,631,255
Restricted	912,302	8,726,403	9,638,705
Unrestricted	(220,123)	(2,957,327)	(3,177,450)
Total Net Position	\$ 16,889,227	\$ 28,203,283	\$ 45,092,510

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Activities For the Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
GOVERNMENTAL ACTIVITIES							
Administration	\$ 819,779	\$ 480,303	\$ -	\$ -	\$ (339,476)	\$ -	\$ (339,476)
Code enforcement	283,760	274,994	-	-	(8,766)	-	(8,766)
Community pool	56,683	-	-	-	(56,683)	-	(56,683)
Executive	94,606	-	-	-	(94,606)	-	(94,606)
Fire department	355,161	-	-	-	(355,161)	-	(355,161)
Dispatch	346,664	-	-	-	(346,664)	-	(346,664)
Highways and streets	775,933	-	210,940	202,562	(362,431)	-	(362,431)
Parks department	717,292	-	-	-	(717,292)	-	(717,292)
Police department	4,245,854	263,300	1,991,954	30,000	(1,960,600)	-	(1,960,600)
Recreation	209,984	70,366	-	-	(139,618)	-	(139,618)
Economic development	418,278	4,650	-	-	(413,628)	-	(413,628)
Interest on long-term debt	107,299	-	-	-	(107,299)	-	(107,299)
Total governmental activities	<u>8,431,293</u>	<u>1,093,613</u>	<u>2,202,894</u>	<u>232,562</u>	<u>(4,902,224)</u>	<u>-</u>	<u>(4,902,224)</u>
BUSINESS-TYPE ACTIVITIES							
Electric	11,976,935	15,032,367	-	-	-	3,055,432	3,055,432
Sewer	2,614,816	3,233,590	-	99,862	-	718,636	718,636
Water	1,362,335	1,391,728	-	37,998	-	67,391	67,391
Golf	374,468	-	-	-	-	(374,468)	(374,468)
Total business-type activities	<u>16,328,554</u>	<u>19,657,685</u>	<u>-</u>	<u>137,860</u>	<u>-</u>	<u>3,466,991</u>	<u>3,466,991</u>
Total	<u>\$ 24,759,847</u>	<u>\$ 20,751,298</u>	<u>\$ 2,202,894</u>	<u>\$ 370,422</u>	<u>(4,902,224)</u>	<u>3,466,991</u>	<u>(1,435,233)</u>
GENERAL REVENUES							
Taxes							
Property taxes					2,694,431	-	2,694,431
Transfer taxes					652,744	-	652,744
Grants and contributions not restricted to specific programs					250	-	250
Unrestricted investment earnings					1,183	3,293	4,476
Miscellaneous					26,428	3,044,231	3,070,659
Gain/(loss) on sale of fixed asset					535,293	(516)	534,777
Transfers - net					<u>5,170,000</u>	<u>(5,170,000)</u>	<u>-</u>
Total general revenues, special items and transfers					<u>9,080,329</u>	<u>(2,122,992)</u>	<u>6,957,337</u>
Changes in net position					4,178,105	1,343,999	5,522,104
NET POSITION, BEGINNING OF YEAR					<u>12,711,121</u>	<u>26,859,284</u>	<u>39,570,405</u>
NET POSITION, END OF YEAR					<u>\$ 16,889,226</u>	<u>\$ 28,203,283</u>	<u>\$ 45,092,509</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Balance Sheet – Governmental Funds As of June 30, 2022

		General Fund
Assets:		
Cash and cash equivalents	\$	6,451,787
Accounts receivable (net of allowance for uncollectibles)		527,346
Inventories		18,508
Prepaid expenses		46,116
Notes receivable		11,002
Restricted cash		912,302
Total Assets	\$	<u>7,967,061</u>
Liabilities:		
Accounts payable	\$	399,110
Accrued expenses		477,343
Unearned revenue		1,198,732
Deposits		18,184
Total Liabilities		<u>2,093,369</u>
Deferred Inflows of Resources:		
Unavailable revenue		<u>138,266</u>
Fund Balances:		
Nonspendable		75,626
Restricted		912,302
Assigned		640,811
Unassigned		4,106,687
Total fund balances		<u>5,735,426</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$	<u>7,967,061</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position As of June 30, 2022

Total fund balances, governmental funds	\$ 5,735,426
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	16,975,064
Certain revenues that do not provide current financial resources are reported as deferred income in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Position.	138,266
Certain deferred inflows and outflows related to net pension expenses as reported in the governmental activities statement, but not in the financial statement.	(2,228,772)
Some liabilities including notes payable, capital leases payable, net pension liabilities (assets), and OPEB obligations are not due and payable in the current period and therefore are not reported in the fund financial statements, but are included in the governmental activities in the Statement of Net Position.	<u>(3,730,757)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 16,889,227</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Funds For the Year Ended June 30, 2022

	<u>General Fund</u>
Revenues	
Taxes	\$ 2,746,281
Transfer taxes	652,744
Intergovernmental revenues	2,435,456
Fines and forfeitures	63,191
Licenses, permits and fees	598,260
Interest and late charges	29,487
Community pool and recreation	41,091
Charges for services	360,177
Miscellaneous	29,268
Total revenues	<u>6,955,955</u>
Expenditures	
Administration	1,090,801
Code enforcement	300,464
Community pool	59,541
Executive	101,133
Fire department	252,010
Dispatch	366,545
Highways and streets	632,905
Parks department	568,453
Police department	4,062,984
Recreation	218,590
Economic development	403,740
Debt service	169,029
Capital outlay	2,244,532
Total Expenditures	<u>10,470,727</u>
Deficiency of revenues over expenditures	<u>(3,514,772)</u>
Other Financing Sources	
Proceeds from sale of fixed asset	535,293
Operating transfers out	(5,500,000)
Operating transfers in	10,670,000
Total Other Financing Sources	<u>5,705,293</u>
Net change in fund balance	2,190,521
Fund Balance, Beginning of Year	<u>3,544,905</u>
Fund Balance, End of Year	<u>\$ 5,735,426</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Funds to the Statement of Activities For the Year Ended June 30, 2022

Net change in fund balances, governmental funds	\$ 2,190,521
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,529,581 exceeded depreciation expense of \$968,032 in the current period.	1,561,549
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In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the loss on sale balances by the book value of the assets sold.	(175,193)
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In the Statement of Activities, the net OPEB liability and the net pension liabilities is measured by the amount accrued during the year. In the governmental funds, however, expenditures for the OPEB and pensions are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year).	508,798
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned: Change in deferred revenue affecting income.	(51,850)
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Governmental funds report repayment of debt principal as an expenditure and loan proceeds as other financing sources. In contrast, the Statement of Activities treats such repayments and loan proceeds as a changes in long-term liabilities.	144,281
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Change in net position of governmental activities	<u>\$ 4,178,106</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Net Position – Proprietary Funds As of June 30, 2022

	Electric Fund	Sewer Fund	Water Fund	Golf Fund	Total
Assets:					
Current Assets					
Cash and cash equivalents	\$ 3,201,999	\$ 6,573,252	\$ 2,140,868	\$ 408,486	\$ 12,324,605
Accounts receivable (net of allowance for uncollectibles)	1,613,528	1,402,200	209,771	-	3,225,499
Inventory	637,379	33,309	130,394	45,076	846,158
Prepaid expenses	11,799	12,794	4,261	730	29,584
Total current assets	5,464,705	8,021,555	2,485,294	454,292	16,425,846
Noncurrent assets					
Capital Assets					
Land, buildings, and improvements	4,916,052	18,702,504	1,474,254	867,893	25,960,703
Machinery and equipment	912,915	1,164,655	821,047	235,389	3,134,006
Transmission mains and extensions	9,069,355	13,651,206	11,374,553	-	34,095,114
Transportation	989,248	14,095	339,410	-	1,342,753
Construction in progress	436,160	2,001,026	382,187	-	2,819,373
Less accumulated depreciation	(11,661,743)	(21,121,953)	(7,027,698)	(246,011)	(40,057,405)
Total noncurrent assets	4,661,987	14,411,533	7,363,753	857,271	27,294,544
Total assets	10,126,692	22,433,088	9,849,047	1,311,563	43,720,390
Deferred Outflows of Resources:					
Deferred financing outflow - retirement	327,780	140,477	117,064	-	585,321
	327,780	140,477	117,064	-	585,321
Liabilities:					
Current Liabilities					
Accounts payable	787,692	414,235	55,184	25,680	1,282,791
Accrued interest	858	13,182	3,813	-	17,853
Accrued expense - other	37,575	9,641	5,373	-	52,589
Unearned revenue	-	3,983,252	170,983	-	4,154,235
Current portion of long-term debt	93,059	327,660	136,461	-	557,180
Deposits	1,249,959	11,329	2,376	-	1,263,664
Accrued compensated absences	60,799	26,421	18,541	-	105,761
Total current liabilities	2,229,942	4,785,720	392,731	25,680	7,434,073
Noncurrent liabilities					
Net OPEB liability	644,948	275,842	217,933	-	1,138,723
Net pension liability	1,545,517	662,365	551,970	-	2,759,852
Bonds, notes and capital leases payable	484,045	3,044,217	774,895	-	4,303,157
Total non-current liabilities	2,674,510	3,982,424	1,544,798	-	8,201,732
Total Liabilities	4,904,452	8,768,144	1,937,529	25,680	15,635,805
Deferred Inflow of Resources:					
Deferred financing inflow - OPEB	201,024	85,970	67,922	-	354,916
Deferred financing inflow - retirement	62,556	26,810	22,341	-	111,707
Total deferred inflow of resources	263,580	112,780	90,263	-	466,623
Net Position:					
Net investment in capital assets	4,084,883	11,039,656	6,452,397	857,271	22,434,207
Restricted	2,735,271	4,318,130	1,267,116	405,886	8,726,403
Unrestricted	(1,533,714)	(1,665,145)	218,806	22,726	(2,957,327)
Total Net Position	\$ 5,286,440	\$ 13,692,641	\$ 7,938,319	\$ 1,285,883	\$ 28,203,283

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds For the Year Ended June 30, 2022

	Electric Fund	Sewer Fund	Water Fund	Golf Fund	Total
Operating Revenues					
Charges for services	\$ 15,032,367	\$ 3,220,540	\$ 1,377,253	\$ -	\$ 19,630,160
Tap fees	-	13,050	14,475	-	27,525
Miscellaneous	285,918	2,201,386	311,799	245,128	3,044,231
Total operating revenues	<u>15,318,285</u>	<u>5,434,976</u>	<u>1,703,527</u>	<u>245,128</u>	<u>22,701,916</u>
Operating Expenses					
Purchased power	9,154,260	-	-	-	9,154,260
Payroll and other costs	1,224,298	600,236	390,446	-	2,214,980
Utilities	35,362	160,056	75,132	-	270,550
Repairs and maintenance	97,674	156,846	229,709	91,790	576,019
Insurance	284,940	230,126	111,373	8,567	635,006
Contracts	-	-	-	151,701	151,701
Other supplies and expenses	830,261	530,783	201,510	89,088	1,651,642
Depreciation and amortization	332,260	847,948	325,317	33,322	1,538,847
Total operating expenses	<u>11,959,055</u>	<u>2,525,995</u>	<u>1,333,487</u>	<u>374,468</u>	<u>16,193,005</u>
Operating income (loss)	<u>3,359,230</u>	<u>2,908,981</u>	<u>370,040</u>	<u>(129,340)</u>	<u>6,508,911</u>
Nonoperating Revenues (Expenses)					
Interest revenue	623	775	369	1,526	3,293
Interest expense	(17,880)	(88,821)	(28,848)	-	(135,549)
Gain (Loss) on disposal of fixed asset	-	(516)	-	-	(516)
Transfers in (out)	(2,500,000)	(2,800,000)	(200,000)	330,000	(5,170,000)
Capital contribution	-	99,862	37,998	-	137,860
Net nonoperating revenues (expenses)	<u>(2,517,257)</u>	<u>(2,788,700)</u>	<u>(190,481)</u>	<u>331,526</u>	<u>(5,164,912)</u>
Changes in net position	<u>841,973</u>	<u>120,281</u>	<u>179,559</u>	<u>202,186</u>	<u>1,343,999</u>
Net Position, Beginning of Year	<u>4,444,467</u>	<u>13,572,360</u>	<u>7,758,760</u>	<u>1,083,697</u>	<u>26,859,284</u>
Net Position, End of Year	<u>\$ 5,286,440</u>	<u>\$ 13,692,641</u>	<u>\$ 7,938,319</u>	<u>\$ 1,285,883</u>	<u>\$ 28,203,283</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2022

	Electric Fund	Sewer Fund	Water Fund	Golf Fund	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 14,890,128	\$ 2,223,324	\$ 1,337,164	\$ -	\$ 18,450,616
Other receipts	285,918	2,201,386	311,799	245,128	3,044,231
Payments to suppliers	(10,503,556)	3,083,415	(576,053)	(335,359)	(8,331,553)
Payments to employees	(836,059)	(432,111)	(258,896)	-	(1,527,066)
Net cash from operating activities	<u>3,836,431</u>	<u>7,076,014</u>	<u>814,014</u>	<u>(90,231)</u>	<u>11,636,228</u>
Cash Flows from Noncapital Financing Activities					
Operating transfers in (out)	(2,500,000)	(2,800,000)	(200,000)	330,000	(5,170,000)
Net cash from noncapital financing activities	<u>(2,500,000)</u>	<u>(2,800,000)</u>	<u>(200,000)</u>	<u>330,000</u>	<u>(5,170,000)</u>
Cash Flows from Capital and Related Financing Activities					
Payments for capital acquisitions	(1,170,282)	(1,613,345)	(337,833)	-	(3,121,460)
Contributions	-	99,862	37,998	-	137,860
Proceeds from sale of assets	-	-	-	-	-
Proceeds from new loan	-	-	-	-	-
Principal paid on long-term debt	(103,437)	(318,929)	(132,978)	-	(555,344)
Interest paid on long-term debt	(21,837)	(88,822)	(28,848)	-	(139,507)
Net cash provided from capital and related financing activities	<u>(1,295,556)</u>	<u>(1,921,234)</u>	<u>(461,661)</u>	<u>-</u>	<u>(3,678,451)</u>
Cash Flows from Investing Activities					
Interest income	<u>623</u>	<u>775</u>	<u>369</u>	<u>1,526</u>	<u>3,293</u>
Net increase in cash	41,498	2,355,555	152,722	241,295	2,791,070
Cash and Cash Equivalents, Beginning of Year	<u>3,160,501</u>	<u>4,217,697</u>	<u>1,988,146</u>	<u>167,191</u>	<u>9,533,535</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,201,999</u>	<u>\$ 6,573,252</u>	<u>\$ 2,140,868</u>	<u>\$ 408,486</u>	<u>\$ 12,324,605</u>
Reconciliation of Operating Income (loss) to Net Cash Flows from Operating Activities					
Operating income (loss)	\$ 3,359,230	\$ 2,908,981	\$ 370,040	\$ (129,340)	\$ 6,508,911
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	332,260	847,948	325,317	33,322	1,538,847
Deferred financing outflows - retirement and OPEB	(130,410)	(56,086)	(47,633)	-	(234,129)
Deferred financing inflows - retirement and OPEB	(280,017)	(120,093)	(103,363)	-	(503,473)
(Increase) decrease in assets					
Accounts receivable	(142,239)	(1,010,266)	(54,564)	-	(1,207,069)
Prepaid expenses	152,348	(943)	(13,166)	(3,063)	135,176
Inventory	(525)	(639)	(267)	(24)	(1,455)
(Increase) decrease in liabilities					
Accounts payable	47,784	355,667	35,662	16,385	455,498
Accrued interest	(105)	(1,329)	(374)	-	(1,808)
Accrued expenses- other	(11,834)	(7,830)	(6,404)	-	(26,068)
Unearned revenue	-	3,983,252	170,983	-	4,154,235
Net OPEB liability	(273,796)	(116,641)	(103,365)	-	(493,802)
Deposits	109,866	1,397	(171)	(7,511)	103,581
Accrued compensated absences	(996)	3,367	296	-	2,667
Net pension liability	674,865	289,229	241,023	-	1,205,117
Net cash provided (used) by operating activities	<u>\$ 3,836,431</u>	<u>\$ 7,076,014</u>	<u>\$ 814,014</u>	<u>\$ (90,231)</u>	<u>\$ 11,636,228</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Net Position - Fiduciary Fund As of June 30, 2022

ASSETS

Cash and cash equivalents	\$ 707,860
Mutual funds:	
Fixed income	
Taxable	2,706,618
Closed-end	1,176,165
Total fixed income	3,882,783
Equities	
Domestic equity	189,504
Closed-end equity	5,168,636
International closed-end	2,979,777
Total equity	8,337,917
Total mutual fund	12,220,700
Interest receivable	496
TOTAL ASSETS	12,929,056
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 12,929,056

The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Statement of Changes in Net Position - Fiduciary Fund For the Year Ended June 30, 2022

ADDITIONS

Contributions:

Employer	\$	561,293
Plan members - required contribution		212,892
Plan members - voluntary contribution		5,913
Other		718,584
Total contributions		1,498,682

Investment income:

Net decrease in fair value of investments		(2,213,821)
Interest and dividends		350,563
Total investment income		(1,863,258)

Total additions		(364,576)
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DEDUCTIONS

Benefits		1,592,723
Administrative		83,930

Total deductions		1,676,653
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Changes in net position		(2,041,229)
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Net Position, Beginning of Year		14,970,285
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Net Position, End of Year	\$	12,929,056
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The accompanying notes are an integral part of this financial statement.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Seaford, Delaware (the City) conform to generally accepted accounting principles applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting standards.

Deferred Inflows of Resources

The City's governmental funds and activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The City has three types of items that qualify for reporting in this category; deferred property taxes which are not recognized in the governmental funds until available (collected not later than 60 days after the end of the City's fiscal year), deferred grant revenue which is not recognized until a future event occurs, and deferred inflows related to pension plans.

Deferred Outflows of Resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary statements of net position or the governmental funds balance sheet. The City reports deferred outflows related to pension plans.

Pension Plans

The deferred inflows and outflows related to the Delaware County and Municipal Police/Firefighters' Pension Plan (DCMPFPP) have been determined on the same basis as they are reported by DCMPFPP.

Reporting Entity

The basic criteria for including component units in the City's financial statements is the exercise of oversight responsibility over such units by the City's elected officials. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. Based on criteria set forth by the GASB, the City has no component units.

Basis of Presentation

Government-wide statements: The statement of net position and the statement of activities display the non-fiduciary information about the City. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The statement of net position shows net position divided into three major categories:

- Net investment in capital assets
- Restricted
- Unrestricted

Restricted assets represent those assets which have constraints placed on their expenditure either externally imposed or imposed by law or enabling legislation. When expenditures are incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to use the unrestricted net position first.

The statement of activities presents a comparison between direct expenses and revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental, fiduciary, and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grants and investment earnings, result from non-exchange transactions.

The City reports the following major governmental fund: general fund. This is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise funds: electric, sewer, water, and golf. These funds account for the operation and management of the electric, sewer, water, and golf course departments.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of the City Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the City Council ordinance or resolution.
- *Assigned fund balance*—amounts that are designated by the Mayor and Council for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by the City Council.
- *Unassigned fund balance*—all amounts not included in other spendable classifications.

In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balances and then to other, less restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

Measurement Focus, Basis of Accounting

The government-wide, fiduciary fund, and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting (continued)

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year end. Property taxes, charges for services, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt, acquisitions under capital leases, and capital contributions are reported as other financing sources.

As a general rule, the effect of interfund activity has been eliminated from both the government-wide and fund financial statements, but interfund services provided and used are not eliminated in the process of consolidation.

Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds. An annual appropriated budget is adopted for the General Fund and the Proprietary Funds. Budget amendments must be approved by the City Council.

Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid debt instruments to be cash equivalents.

Restricted Cash

Restricted cash in the General Fund and restricted net position in the Government-Wide Statement of Net Position consists of various accounts, the proceeds of which are from the State or other parties and the expenditures of which are limited to certain guidelines. Included in the restricted cash and restricted net position is \$640,811 that the Council has designated as Fire Equipment Reserve.

Allowance for Doubtful Accounts

The City utilizes the allowance method for recognizing bad debt expense for receivables other than taxes, water, and sewer. The amount of the allowance is determined by a review of receivables and prior years' experience. As of June 30, 2022, the allowance account in the General Fund was \$324,505 and the Electric Fund was \$74,548.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Deferred Inflow of Resources/Revenue

Deferred revenue represents income received but not earned at year end. In addition, the City reports deferred revenue in the General Fund when a revenue does not meet both the "measurable" and the "available" criteria for recognition in the current period. For the governmental funds statements, property taxes not collected within sixty days following the end of the year are considered not available to pay liabilities that are owed at the balance sheet date and therefore are reported as deferred revenue.

Property Taxes

Property taxes are levied on July 1 and are payable by September 1. A 1% penalty plus 0.5% simple interest per month accrue on unpaid property taxes beginning September 1. All taxes attach as an enforceable lien on the property as of July 1. The City provides tax exemptions for qualifying senior citizens. The City bills and collects its own property taxes.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20 - 50
Buildings and improvements	20 - 40
Machinery and equipment	5 - 10
Transportation equipment	5 - 15

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncements

The GASB issued Statement No. 87, Leases; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 92, Omnibus 2020; and Statement No. 97, Certain Component Unit Criteria, which all took effect during FY 2022. The implementation of these statements did not have a material impact on the City's financial statements.

The GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; Statement No. 96, Subscription-Based Information Technology Arrangements; Statement No. 99, Omnibus 2022; Statement No. 100, Accounting Changes and Error Corrections; and Statement No. 101, Compensated Absences, which will require adoption in the future, if applicable. Some of these statements and implementation guides will have a material effect on the City's financial statements once implemented. The City will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

2. CASH - OTHER THAN PENSION PLAN

As of June 30, 2022, the carrying amount of the City's cash deposits was \$19,688,694, and the bank balance was \$20,079,845. Of the bank balance, \$500,000 was covered by federal depository insurance, \$18,452,794, was collateralized by a tri-party collateral agreement with the Bank of New York Mellon, and M&T Bank with \$6,297,794 in securities but not in the City's name and a \$12,156,000 letter of credit. The total uncollateralized bank balance was \$1,127,051.

3. INVESTMENTS - PENSION PLAN

All assets of the Pension Plan are invested in various open and closed-end mutual funds and further identified on the Statement of Fiduciary Net Position and reported at fair value based on current share price. Assets of the Pension Plan are not covered by FDIC insurance.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

3. INVESTMENTS - PENSION PLAN (continued)

Investments are recorded at fair value based on current share price as of June 30, 2022, and consisted of the following:

Money market funds	\$ 707,860
Mutual Funds	
Fixed Income	
Taxable	2,706,618.00
Closed-end	1,176,165
Equity	
Domestic equity	189,504
Close-end equity	5,168,636
International closed-end	2,979,777
Total Market Value	<u>\$ 12,928,560</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2022:

Mutual funds, both fixed income and equity, are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those investments.

Investments By Fair Value Level	6/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 707,860	\$ 707,860	\$ -	\$ -
Mutual Funds				
Fixed Income				
Taxable	2,706,618	2,706,618	-	-
Closed-end	1,176,165	1,176,165	-	-
Equity				
Domestic equity	189,504	189,504	-	-
Close-end equity	5,168,636	5,168,636	-	-
International closed-end	2,979,777	2,979,777	-	-
Total Investments	<u>\$ 12,220,700</u>	<u>\$ 12,220,700</u>	<u>\$ -</u>	<u>\$ -</u>

The City discloses investment risks as follows:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

3. INVESTMENTS - PENSION PLAN (continued)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either (a) the counterparty, or (b) the counterparty's trust department or agent but not in the government's name.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 2,368,107	\$ -	\$ -	\$ 2,368,107
Construction in progress	1,721,494	2,064,965	(1,432,149)	2,354,310
Total capital assets, not being depreciated	4,089,601	2,064,965	(1,432,149)	4,722,417
Capital assets, being depreciated				
Land improvements	3,928,304	1,308,472	(174,810)	5,061,966
Infrastructure	10,202,952	116,844	-	10,319,796
Buildings and improvements	10,979,719	116,874	-	11,096,593
Machinery and equipment	3,806,952	125,521	(32,124)	3,900,349
Transportation equipment	1,594,940	229,054	(15,673)	1,808,321
Total capital assets, being depreciated	30,512,867	1,896,765	(222,608)	32,187,024
Less accumulated depreciation for:				
Land improvements	2,415,776	151,234	-	2,567,010
Infrastructure	7,861,901	128,851	-	7,990,752
Buildings and improvements	4,349,061	372,282	-	4,721,343
Machinery and equipment	3,075,961	180,650	(31,754)	3,224,857
Transportation equipment	1,311,074	135,015	(15,673)	1,430,416
Total accumulated depreciation	19,013,773	968,032	(47,427)	19,934,378
Capital Assets, net	\$ 15,588,695	\$ 2,993,698	\$ (1,607,329)	\$ 16,975,064

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

4. CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Electric:</u>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 342,659	\$ -	\$ -	\$ 342,659
Construction in progress	175,063	890,583	(629,486)	436,160
Total capital assets, not being depreciated	517,722	890,583	(629,486)	778,819
<i>Capital assets, being depreciated</i>				
Buildings and improvements	4,027,193	546,200	-	4,573,393
Machinery and equipment	849,037	63,879	-	912,916
Distribution system	8,798,243	271,112	-	9,069,355
Transportation equipment	982,422	27,995	(21,168)	989,249
Total capital assets, being depreciated	14,656,895	909,185	(21,168)	15,544,912
Less accumulated depreciation for:				
Buildings and improvements	3,635,958	24,943	-	3,660,901
Machinery and equipment	466,288	38,714	-	505,002
Distribution system	6,431,308	209,589	-	6,640,897
Transportation equipment	817,098	59,015	(21,168)	854,944
Total accumulated depreciation	11,350,652	332,260	(21,168)	11,661,744
Electric activities, capital assets, net	\$ 3,823,965	\$ 1,467,508	\$ (629,486)	\$ 4,661,987
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Sewer:</u>				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 471,801	\$ 1,529,225	\$ -	\$ 2,001,026
Total capital assets, not being depreciated	471,801	1,529,225	-	2,001,026
<i>Capital assets, being depreciated</i>				
Buildings and improvements	18,702,505	-	-	18,702,505
Machinery and equipment	1,112,445	84,120	(31,910)	1,164,655
Transmissions	13,651,204	-	-	13,651,204
Transportation equipment	14,095	-	-	14,095
Total capital assets, being depreciated	33,480,249	84,120	(31,910)	33,532,459
Less accumulated depreciation for:				
Buildings and improvements	11,145,401	328,917	-	11,474,318
Machinery and equipment	1,706,421	49,483	(31,395)	1,724,509
Transmissions	7,347,672	469,548	-	7,817,220
Transportation equipment	105,905	-	-	105,905
Total accumulated depreciation	20,305,399	847,948	(31,395)	21,121,952
Sewer activities, capital assets, net	\$ 13,646,651	\$ 765,397	\$ (515)	\$ 14,411,533

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

4. CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Water:</u>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 8,750	\$ -	\$ -	\$ 8,750
Construction in progress	790,129	273,362	(681,304)	382,187
Total capital assets, not being depreciated	798,879	273,362	(681,304)	390,937
<i>Capital assets, being depreciated</i>				
Buildings and improvements	1,465,504	-	-	1,465,504
Machinery and equipment	796,323	24,725	-	821,048
Transmissions	10,653,504	721,050	-	11,374,554
Transportation equipment	339,410	-	-	339,410
Total capital assets, being depreciated	13,254,741	745,775	-	14,000,516
Less accumulated depreciation for:				
Buildings and improvements	1,139,489	19,952	-	1,159,441
Machinery and equipment	1,102,083	36,057	-	1,138,140
Transmissions	4,151,669	269,308	-	4,420,977
Transportation equipment	309,142	-	-	309,142
Total accumulated depreciation	6,702,383	325,317	-	7,027,700
Water activities, capital assets, net	\$ 7,351,237	\$ 693,820	\$ (681,304)	\$ 7,363,753
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Golf:</u>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 606,363	\$ -	\$ -	\$ 606,363
Total capital assets, not being depreciated	606,363	-	-	606,363
<i>Capital assets, being depreciated</i>				
Buildings and improvements	261,531	-	-	261,531
Machinery and equipment	235,389	-	-	235,389
Total capital assets, being depreciated	496,920	-	-	496,920
Less accumulated depreciation for:				
Buildings and improvements	104,081	11,622	-	115,703
Machinery and equipment	108,609	21,700	-	130,309
Total accumulated depreciation	212,690	33,322	-	246,012
Golf activities, capital assets, net	\$ 890,593	\$ (33,322)	\$ -	\$ 857,271
Business-type activities, capital assets, net	\$ 25,712,446	\$ 2,893,403	\$ (1,311,305)	\$ 27,294,544

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

4. CAPITAL ASSETS (continued)

Depreciation expense of governmental activities was charged to functions as follows:

Administration	\$	87,396
Code enforcement		5,647
Community pool		1,044
Executive		3,864
Fire department		124,889
Dispatch		16,639
Highways and streets		179,603
Parks department		176,382
Police department		332,592
Recreation		8,772
Information technology		14,773
Economic development		16,431
Total	\$	968,032

5. INTERFUND BALANCES AND ACTIVITY

In the current year, the following transfers were made and were treated as other financing sources or expenses within their respective funds. Operating transfers were included in the original budget.

Electric to General	\$	2,500,000
Sewer to General		2,800,000
Water to General		200,000
General to Golf		330,000

6. LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Governmental Activities					
Notes payable	\$ 683,536	\$ -	\$ (74,444)	\$ 609,092	\$ 76,105
Capital leases	238,761	-	(69,837)	168,924	69,656
Total Governmental Activities	<u>\$ 979,371</u>	<u>\$ -</u>	<u>\$ (144,281)</u>	<u>\$ 778,016</u>	<u>\$ 145,761</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

6. LONG-TERM DEBT (continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Business-type Activities					
Sewer					
General obligation bonds	\$ 3,519,542	\$ -	\$ (277,122)	\$ 3,242,420	\$ 284,561
Notes payable	171,265	-	(41,807)	129,458	43,099
	<u>3,690,807</u>	<u>-</u>	<u>(318,929)</u>	<u>3,371,878</u>	<u>327,660</u>
Water					
General obligation bonds	769,683	-	(66,321)	703,362	68,487
Notes payable	274,651	-	(66,657)	207,994	67,974
	<u>1,044,334</u>	<u>-</u>	<u>(132,978)</u>	<u>911,356</u>	<u>136,461</u>
Electric					
Notes payable	680,540	-	(103,437)	577,103	93,059
Total Business-type Activities	<u>\$ 5,375,799</u>	<u>\$ -</u>	<u>\$ (555,344)</u>	<u>\$ 4,860,337</u>	<u>\$ 557,180</u>
Total Governmental and Business-type Activities	<u>\$ 6,335,170</u>	<u>\$ -</u>	<u>\$ (699,625)</u>	<u>\$ 5,638,353</u>	<u>\$ 702,941</u>

Governmental Activities

Notes payable consist of the following:

Note payable to Sussex County, DE secured by buildings. Effective April 5, 2011,
payable in monthly installments of \$987 at 0% interest. Matures in April, 2026.

\$ 44,399

Note payable to Community Bank, DE secured by buildings. Effective June 24, 2020
payable in monthly installments of \$6,577 at 2.69% interest. Matures in June, 2030.

564,693
\$ 609,092

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

6. LONG-TERM DEBT (continued)

Business-type Activities

General obligation bonds consist of the following:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
1,620,000 – Series 2008 SRF General Obligation notes issued to the Delaware Water Pollution Control Revolving Fund. Requires semi-annual payments of principal and interest at 3.969% over a term of 20 years, matures April 2029.	\$ 768,364	\$ -	\$ 768,364
\$2,729,408 – Series 2009 ARRA/SRF General Obligation notes issued to Water System Improvements Project with 52% forgiven by Delaware Dept. of Health and Social Services. Requires semi-annual payments of principal and interest at 3.24% over a term of 20 years – less 52%, matures May 2031.	-	703,362	703,362
\$2,579,004 – SRF Loan Series, notes issued to Water System Improvements Project. Requires semi-annual payment of principal and interest at 2.00%, matures December 2032.	1,544,633	-	1,544,633
\$1,158,300 – Solar Array Project loan. Requires semi-annual payments of principal and interest at 2.00% over a term of 19.5 years, matures May 2037.	929,423	-	929,423
Total	<u>\$3,242,420</u>	<u>\$ 703,362</u>	<u>\$ 3,945,782</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

6. LONG-TERM DEBT (continued)

Business-type Activities

Notes payable consist of the following:

	<u>Electric</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Note payable, M&T Bank. Payable in monthly installments of principal and interest of \$3,766.95. Interest rate is 3.689%. Matures in April, 2024.	\$ 80,014	\$ -	\$ -	\$ 80,014
Note payable, Fulton Bank. Payable in monthly installments of principal and interest of \$3,869.03. Interest rate is 2.99%. Matures in May, 2025.	-	129,458	-	129,458
Note payable, Community Bank Delaware. Payable in monthly installments of principal and interest of \$5,956.21. Interest rate is 1.95%. Matures in June, 2025.	-	-	207,994	207,994
Note payable, The Bank of Delmarva. Payable in monthly installments of principal and interest of \$5,956.21. Interest rate is 2.60%. Matures in May, 2031.	497,089	-	-	497,089
Total	<u>\$ 577,103</u>	<u>\$ 129,458</u>	<u>\$ 207,994</u>	<u>\$ 914,555</u>

Debt Service Requirements

Debt service requirements on long-term debt as of June 30, 2022 were as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 145,761	\$ 27,373
2024	111,041	18,469
2025	123,276	15,007
2026	101,416	12,804
2027	71,663	7,258
2028-2030	224,859	9,693
	<u>\$ 778,016</u>	<u>\$ 90,604</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

6. LONG-TERM DEBT (continued)

Debt Service Requirements (continued)

Years Ending June 30	Business-Type Activities			
	General Obligation Bonds		Notes	
	Principal	Interest	Principal	Interest
2023	\$ 353,048	\$ 100,329	\$ 204,133	\$ 21,498
2034	362,948	93,009	202,159	15,938
2025	373,154	80,223	165,396	11,169
2026	383,674	69,703	54,144	8,381
2027	394,520	58,857	55,569	6,956
2028-2032	1,656,241	139,522	233,154	12,828
2033-2037	422,197	19,852	-	-
	<u>\$ 3,945,782</u>	<u>\$ 561,495</u>	<u>\$ 914,555</u>	<u>\$ 76,770</u>

Golf Course and Country Club

In June 2010, the City purchased the golf course, club house, tennis court, equipment and pool from the Seaford Golf and Country Club for an agreed-upon price of \$1,400,000.

Also in June 2010, the City entered into an agreement to sell the improvements known as the Club House to the Nanticoke Senior Center, Inc. at an agreed-upon price of \$624,000. The agreement included a 99-year lease of the land under the Club House with rent prepaid.

The remaining property of the golf course of \$776,000 is included in the proprietary golf fund and the remaining debt has zero balance due.

7. RETIREMENT AND PENSION PLANS

City of Seaford Pension Plan and Trusts

Plan Description and Provisions

The City contributed to two separate defined benefit pension plans; the City of Seaford, Delaware Pension Plan, and Trust (General Plan) and the Delaware County Municipal Police/Firefighters' Pension Plan, which together covers substantially all full-time employees.

The General Plan

The General Plan was created by a formal resolution of the Mayor and Council of the City of Seaford and is a single employer plan.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

The General Plan (continued)

The plan administrator for the General Plan is the City of Seaford Retirement Plan Committee comprised of various City employees. The General Plan does not issue separate financial statements.

Employee contributions for the general employees are both voluntary and effective July 1, 2014 and require a mandatory participant contribution of 1% increasing 1% a year to 5% ending on July 1, 2018. Contributions by the City are recommended by the employee benefit plan consultants and actuaries who do a review and actuarial valuation of the plan annually.

The General Plan provides normal retirement benefits only based on length of service and average monthly compensation. Normal retirement is the earlier of (1) the later of the participant reaching age 65 or the fifth anniversary of participation in the plan, or (2) the later of age 62 and the twenty-fifth anniversary of date of hire. The General Plan provides early retirement benefits for participants that have reached age 55 and completed at least 10 years of service. Participants are 100% vested after 10 years of service.

The Plan was amended effective January 1, 2021, to make changes solely with respect to new employees, who are hired on or after January 1, 2021, as follows:

- a) The definition of Average Compensation was changed to 5 Qualifying Years which produce the highest total final average compensation period,
- b) Years of Credited Service used for the purpose of calculating a Participant's Plan benefit is capped at 30 years, and
- c) The mandatory employee contribution rate will be 7% following the Date of Entry.

Investments

The investment policy is established by the Retirement Plan Committee. The policy of the Committee is to pursue an investment strategy that reduces risk through the prudent diversifications of assets. With the exception of cash, the Committee requires a diversification of investments in mutual funds only, which are reported at fair value which is quoted market price. The following is the asset allocation as of June 30, 2022:

<u>Asset Class</u>	<u>Allocation</u>
Fixed Income	10% - 55%
Equity	35% - 70%
Inflation Hedges	3% - 30%
Cash	0% - 10%

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

The General Plan (continued)

The approximate annual money-weighted rate of return on pension plan investments for the year ended June 30, 2022, net of pension plan investment expense was -13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The changes in net pension liability as of June 30, 2022 are as follows:

Total pension liability	
Changes for the year:	
Service cost	\$ 285,240
Interest cost	1,114,648
Differences between expected and actual experience	50,655
Changes of assumptions	36,247
Benefit payments	(782,683)
Net changes	704,107
Total pension liability-beginning	16,029,643
Total pension liability-ending (a)	16,733,750
Plan fiduciary net pension	
Contributions-city	561,295
Contributions-member	127,546
Net investment income	(1,587,279)
Benefit payments, including refunds of employee contributions	(782,683)
Administrative expense	(25,004)
Net change in plan fiduciary net position	(1,706,125)
Plan fiduciary net position-beginning	12,920,172
Plan fiduciary net position-ending (b)	11,214,047
Plan's net pension liability- ending (a)-(b)	\$ 5,519,703

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the General Plan

For the year ended June 30, 2022, the City recognized pension expense of \$542,080. As of June 30, 2022, the City reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment differences in earnings		
Liability experience gain	\$ -	\$ 223,415
Asset experience loss	967,486	-
Changes of assumptions	203,158	-
	<u>\$ 1,170,644</u>	<u>\$ 223,415</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

The General Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the General Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over six years and recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Net Deferred Inflows of Resources</u>
2023	\$ 158,934
2024	120,554
2025	113,979
2026	539,280
2027	14,482
Total	<u><u>\$ 947,229</u></u>

Changes in net pension liability for the year ended June 30, 2022, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 3,109,471	\$3,999,325	\$ 1,589,093	\$ 5,519,703

The components of the net pension liability of the City as of June 30, 2022 were as follows:

Total pension liability	\$ 16,733,750
Plan fiduciary net position	12,929,056
Less employee voluntary accounts	<u>1,715,009</u>
Adjusted plan fiduciary net position	<u>11,214,047</u>
Net pension liability	<u><u>\$ 5,519,703</u></u>
Plan fiduciary net position adjusted as a percentage of the total pension liability	<u><u>67.01%</u></u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

The General Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the General Plan (continued)

The amount shown above as the "total pension liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases, estimated to be payable in the future as a result of employee service to date. This measure is the actuarial accrued liability under the entry age normal actuarial cost method determined by an actuarial valuation as of June 30, 2022. Significant actuarial assumptions used in determining the pension benefit obligation include the Pub-2010 Amount Weighted General Mortality table, an assumed rate of return of -13%, and salary increases of 4% per year.

The long-term expected rate of return on General Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the General Plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below include the inflation component):

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	8.20%
International equity	7.86%
Fixed income	3.20%
Commodities	6.60%
Cash	2.38%

Discount rate – The discount rate used to measure the total pension liability was the long-term expected rate-of-return assumption of 7.00%. The projection of cash flows used to determine the discount rate assumes that the City will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and no municipal bond rate was utilized.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

The General Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the General Plan (continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the General Plan's net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 7,720,234	\$ 5,519,703	\$ 3,678,417

Membership in the General Plan is comprised of the following for the plan year beginning July 1, 2021:

Active eligible	55
Terminated with vested rights	18
Retired	42
Total number of participants	<u>115</u>

Delaware County and Municipal Police/Firefighters' Pension Plan

Plan Description

The County and Municipal Police and Firefighters' Pension Plan (the Plan) is a cost sharing multiple-employer defined-benefit pension plan established in the Delaware Code.

The General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board).

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions.

Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

Delaware County and Municipal Police/Firefighters' Pension Plan (continued)

The following are brief descriptions of the Plan in effect as of June 30, 2021. For a more complete description, please refer to the DPERS CAFR.

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
860 Silver Lake Blvd
Dover, DE 19904

Plan Benefits

Eligibility

The Plan covers police officers and firefighters employed by a county or municipality of the state that have joined the Plan.

Service Benefits

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting

Five years of credited service.

Retirement

Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits

Duty – Total Disability – 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Duty – Partial Disability – Calculated the same as service benefits, subjects to minimum 50% of final average compensation.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

Delaware County and Municipal Police/Firefighters' Pension Plan (continued)

Plan Benefits (continued)

Disability Benefits (continued)

Non-Duty – Same as service benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

Survivor Benefits

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

Contributions

Employer

Determined by Board of Pension Trustees, employer contributions were 16.03% and 16.6% of earnings for fiscal years 2022 and 2021.

Member

7% of compensation.

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

As of June 30, 2022, the City reported an asset of \$2,515,870 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. The City's proportion of the net pension asset was based on the percentage of actual employee contributions. As of June 30, 2021, the City's proportion was 1.823 percent, which was a decrease of 0.0427 from its proportion measured as of June 30, 2020.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

Delaware County and Municipal Police/Firefighters' Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan (continued)

Changes in net pension liability for the year ended June 30, 2022, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Net Pension Liability	\$ 286,726	\$ -	\$ 2,802,596	\$(2,515,870)

For the year ended June 30, 2022, the City recognized pension expense of \$(357,327).

As of June 30, 2022, the City reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change to proportion	\$ 41,291	\$ 53,787
Differences between expected and actual experience	238,052	98,018
Changes of assumptions	86,453	183,223
Projected and actual plan investment earnings difference	-	2,137,765
Contributions subsequent to measurement date	248,919	-
	<u>\$ 614,715</u>	<u>\$ 2,472,793</u>

The City's contribution subsequent to the measurement date of \$248,919, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

Delaware County and Municipal Police/Firefighters' Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over six years and recognized in pension expense as follows:

<u>Years Ending June 30</u>	
2022	\$ 550,098
2023	509,304
2024	539,302
2025	497,239
2026	(22,163)
Thereafter	33,217
Total	<u>\$ 2,106,997</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years.

Investment rate of return	7.0%
Projected salary increases	2.5% + Merit
Inflation	0.0%

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

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

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

7. RETIREMENT AND PENSION PLANS (continued)

Delaware County and Municipal Police/Firefighters' Pension Plan (continued)

Pension Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan (continued)

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Asset Allocation</u>
Domestic equity	5.7%	32.3%
International equity	5.7%	18.1%
Fixed income	2.0%	20.6%
Alternative investments	7.8%	24.2%
Cash and equivalents	0.0%	4.8%

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability (assets) of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability (assets) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ (1,161,464)	\$ (2,515,870)	\$ (3,620,912)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued DPERS financial report.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

8. OTHER POST-EMPLOYMENT BENEFITS

As directed and approved by the Mayor and Council, the City currently provides additional post-employment benefits for health and life insurance for retired employees at age 65 who have retired under the above-mentioned pension plans. The current benefit for those who elect is 50% of the cost of the supplemental health insurance premium and 100% of the cost of the life insurance premium. The benefit is funded on a pay-as-you-go plan. Currently, the City has not set up a separate trust for the OPEB Plan. The City has the following participation in the OPEB plan as of June 30, 2022:

Active eligible	84
Retired	<u>32</u>
Total number of participants	<u>116</u>

Summary of Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on a substantive plan as understood by the employer and the plan members and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point, and any known changes in the plan going forward. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant valuations methods and assumptions are as follows:

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	4.09%
Salary increases	4.00%
Healthcare cost trend	6.75% decreasing to 4.5%
Mortality	General Employees - PubG-2010 Headcount Weighted General mortality table with the Buck modified MP 2021 improvement scale Police - General Employees - PubG-2010 Headcount Weighted Safety mortality table with the Buck modified MP 2021 improvement scale

Discount rate:

The discount rate used to measure the total OPEB liability was 4.09%. Since there is no trust currently in place, there are no assets to considered when determining the discount rate associated with the OPEB plan. As a result, a long term expected investment rate of return was not applied to all periods of project benefit payments to determine the total OPEB liability.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

The changes in the City's net OPEB liability as of June 30, 2022, are as follows:

	<u>Total OPEB Liability</u>
Balance as of 6/30/2021	\$ 5,285,443
Changes for the year:	
Service cost	218,399
Interest	119,645
Differences between expected and actual experience	(48,874)
Changes of assumptions	(1,695,871)
Benefit payments	(31,259)
Net changes	(1,437,960)
Balance as of 6/30/2022	<u><u>\$ 3,847,483</u></u>

Sensitivity to change in the discount rate and medical cost trend rates:

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using rates that is 1 percentage point lower and higher than the current rate as follows:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 4,634,147	\$ 3,847,483	\$ 3,235,252

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 3,512,192	\$ 3,847,483	\$ 4,293,169

As of June 30, 2022, the City's OPEB expense was \$213,089.

As of June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 392,294
Changes in assumptions or other inputs	806,931
	<u><u>\$ 1,199,225</u></u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be amortized over approximately nine years and recognized in OPEB expense as follows:

<u>Years Ending June 30</u>	
2023	\$ (124,955)
2024	(124,955)
2025	(124,955)
2026	(124,955)
2027	(129,132)
Thereafter	(570,273)
Total	<u><u>\$ (1,199,225)</u></u>

9. RELATED PARTY – THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

On August 10, 2010, the City entered into a new power sales contract with DEMEC for the development, engineering, design, and installation of a second generator at DEMEC's existing power generation station in Smyrna, Delaware (Beasley #2 which was fully operational on June 1, 2012), for the generation of up to 67mw of capacity. As in the previous power sales agreement, the City is entitled to purchase 8.5% of all power generated and agrees to pay its share of the annual operating cost of the project including debt financing on a monthly basis. In its issued financial statements for the year ended December 31, 2021, DEMEC's total bonded debt was \$49,000,000.

In March 2012, the City approved a supplement to the full requirement service contract with DEMEC. DEMEC became a member of American Municipal Power, ISnc. (AMP) and purchased the right to approximately 13.69% of the electric capacity available from the AMP Fremont Energy Center (AFEC). The supplement includes provisions relating to the AFEC Power Sales Contract with DEMEC which requires members (Seaford) in addition to receiving and paying for power from AFEC through DEMEC to also share in the operating costs of the project including debt financing. The City's portion of DEMEC's AFEC share is 9.7%.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

9. RELATED PARTY – THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC. (continued)

All of the shared cost of the above three projects is included in the cost of Purchased Power.

Distribution of net income by DEMEC to its members is included as a reduction of the cost of purchased power.

On May 9, 2012, DEMEC, on behalf of its nine municipal members, entered into a memorandum of understanding with the Governor of Delaware in which members (Seaford), in order to create economic opportunity for all, agreed to:

- 1) Reduce retail electric rates by not less than an average of ten percent (10%) prior to the conclusion of the three year period commencing January 1, 2012. On June 12, 2012, Council lowered its electric rates 6.8% effective July 1, 2012 and 4.4% effective April 1, 2013.
- 2) Maintain for a five year period commencing with their 2012 fiscal year (Seaford – June 30, 2012) a limit on the transfer of revenues from its electric utility into its general fund equal to the actual dollar transfer in fiscal year 2012 (Seaford - \$3,750,000) (subject to a determination of need prior to the start of the fiscal year 2015).

The City Manager serves on the Board of Directors of DEMEC.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this coverage in any of the past four fiscal years.

The City participates in a "minimum premium plan" for its employee healthcare insurance. Under this plan, the City, who uses a third-party administrator to process and pay claims, is responsible for paying all claims up to agreed-upon aggregate level with an insurance program responsible for the excess. The City has obtained a stop loss insurance policy of \$75,000 per participant to limit its healthcare costs. The City has been provided by the third-party administrator an estimated accrual for claims incurred, but not reported in the amount of \$258,877 as of June 30, 2022.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2022

11. COMMITMENTS AND CONTINGENT LIABILITIES

The City is the recipient of various federal and state grants. The City may be under obligation to repay these grant funds if, upon final review by the respective granting agencies, the funds expended did not meet the established program objectives. As of June 30, 2022, the City is not aware of any repayment requests.

In January 2018, the Council approved an agreement with Adkins Management Company for the City operation of the golf course for the period July 1, 2018, to June 30, 2021.

For the year ended June 30, 2022, the agreement is an operating lease in which both parties will share revenue and expenses on an agreed-upon basis.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEAFORD, DELAWARE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,664,579	\$ 2,664,579	\$ 2,746,281	\$ 81,702
Transfer taxes	570,000	570,000	652,744	82,744
Intergovernmental revenues	554,646	2,261,558	2,435,456	173,898
Fines and forfeitures	68,000	68,000	63,191	(4,809)
Licenses, permits and fees	504,681	504,681	598,260	93,579
Interest and late charges	36,820	36,820	29,487	(7,333)
Community pool and recreation	30,500	30,500	41,091	10,591
Charges for services	338,867	338,867	360,177	21,310
Miscellaneous	16,000	16,000	29,268	13,268
Total revenues	4,784,093	6,491,005	6,955,955	464,950
Expenditures				
Administration	1,057,074	1,057,074	1,090,801	(33,727)
Code enforcement	323,185	323,185	300,464	22,721
Community pool	44,478	44,478	59,541	(15,063)
Executive	124,384	124,384	101,133	23,251
Fire department	337,284	337,284	252,010	85,274
Dispatch	351,278	351,278	366,545	(15,267)
Highways and streets	559,906	559,906	632,905	(72,999)
Parks department	512,994	512,994	568,453	(55,459)
Police department	3,946,287	3,946,287	4,062,984	(116,697)
Recreation	210,576	210,576	218,590	(8,014)
Economic development	541,519	541,519	403,740	137,779
Debt Service	199,895	199,895	169,029	30,866
Capital Outlay	2,382,721	2,382,721	2,244,532	138,189
Total Expenditures	10,591,581	10,591,581	10,470,727	120,854
Deficiency of revenues under expenditures	(5,807,488)	(4,100,576)	(3,514,772)	(585,804)
Other Financing Sources				
Operating transfers	3,275,652	3,275,652	10,670,000	7,394,348
Operating transfers out	-	-	(5,500,000)	(5,500,000)
Proceeds from capital leases	-	-	-	-
Proceeds from sale of asset	-	-	535,293	535,293
Total other financing sources	3,275,652	3,275,652	5,705,293	1,894,348
Net change in fund balance	\$(2,531,836)	\$ (824,924)	\$ 2,190,521	\$ 3,015,445

CITY OF SEAFORD, DELAWARE

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service Cost	\$ 218,399	\$ 205,163	\$ 161,943	\$ 145,544	\$ 132,318
Interest	119,645	129,712	126,510	124,272	121,028
Differences between expected and actual experience	(48,874)	(187,801)	(218,399)	(40,737)	(50,397)
Changes of assumptions	(1,695,871)	485,702	265,704	154,825	115,800
Benefit payments	(31,259)	(36,894)	(37,047)	(35,158)	(21,908)
Net change in total OPEB liability	(1,437,960)	595,882	298,711	348,746	296,841
Total OPEB liability-beginning	5,285,443	4,689,561	4,390,850	4,042,104	3,745,263
Total OPEB liability-ending	<u>\$ 3,847,483</u>	<u>\$ 5,285,443</u>	<u>\$ 4,689,561</u>	<u>\$ 4,390,850</u>	<u>\$ 4,042,104</u>
Covered-employee payroll	\$ 3,148,939	\$ 3,027,959	\$ 2,832,101	\$ 2,807,634	\$ 2,860,613
Net OPEB liability as a percentage of covered-employee payroll	122 18%	174 55%	165 59%	156 39%	141 30%

Notes to Schedule

Items in the above schedule do not include activity or balances in the voluntary employee account

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF SEAFORD, DELAWARE

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS – SINGLE EMPLOYER PLAN For the Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service Cost	\$ 285,240	\$ 267,841	\$ 275,144	\$ 266,902	\$ 109,341	\$ 147,185	\$ 173,495	\$ 200,070
Interest	1,114,648	1,070,334	1,016,385	983,697	981,669	940,901	910,611	867,976
Differences between expected and actual experience	50,655	34,351	(248,862)	(98,966)	(493,600)	259,854	(16,862)	-
Changes of assumptions	36,247	(9,115)	410,425	(36,145)	(76,707)	(126,664)	-	-
Benefit payments	(782,683)	(712,819)	(637,374)	(676,123)	(622,465)	(579,617)	(636,820)	(865,589)
Net change in total pension liability	704,107	650,592	815,718	439,365	(101,762)	641,659	430,424	202,457
Total pension liability-beginning	16,029,643	15,379,051	14,563,333	14,123,968	14,225,730	13,584,071	13,153,647	12,951,190
Total pension liability-ending (a)	16,733,750	16,029,643	15,379,051	14,563,333	14,123,968	14,225,730	13,584,071	13,153,647
Plan fiduciary net pension								
Contributions-city	561,295	507,072	502,420	504,922	497,557	505,651	573,638	656,520
Contributions-member	127,546	123,135	139,442	135,994	140,251	122,873	70,822	26,332
Net investment income	(1,587,279)	2,745,808	261,552	571,060	761,228	854,607	204,078	157,277
Other	-	-	-	-	-	-	-	276,742
Benefit payments, including refunds of employee contributions	(782,683)	(712,819)	(637,374)	(676,123)	(622,465)	(579,617)	(636,820)	(865,589)
Administrative expense	(25,004)	(20,378)	(25,300)	(113,440)	(105,690)	(96,905)	(106,541)	(117,450)
Net change in plan fiduciary net position	(1,706,125)	2,642,818	240,740	422,413	670,881	806,609	105,177	133,832
Plan fiduciary net position-beginning	12,920,172	10,277,354	10,036,614	9,614,201	8,943,320	8,136,711	8,031,534	7,897,702
Plan fiduciary net position-ending (b)	11,214,047	12,920,172	10,277,354	10,036,614	9,614,201	8,943,320	8,136,711	8,031,534
Plan's net pension liability- ending (a)-(b)	\$ 5,519,703	\$ 3,109,471	\$ 5,101,697	\$ 4,526,719	\$ 4,509,767	\$ 5,282,410	\$ 5,447,360	\$ 5,122,113
Plan fiduciary net position as a percentage of the total pension liability	67 01%	80 60%	66 83%	68 92%	68 07%	62 87%	59 90%	60 04%
Covered-employee payroll	\$ 3,043,016	\$ 2,785,928	\$ 2,660,801	\$ 2,807,634	\$ 2,859,315	\$ 2,860,613	\$ 2,833,872	\$ 2,727,062
Net pension liability as a percentage of covered-employee payroll	181 39%	111 61%	191 74%	161 23%	157 72%	184 66%	192 22%	187 83%

Notes to Schedule

Items in the above schedule do not include activity or balances in the voluntary employee account

Schedule is intended to show information for 10 years Additional years will be displayed as they become available

CITY OF SEAFORD, DELAWARE

SCHEDULE OF CITY CONTRIBUTIONS – SINGLE EMPLOYER PLAN For the Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 470,799	\$ 489,285	\$ 462,675	\$ 455,580	\$ 484,922	\$ 506,038	\$ 614,147	\$ 656,520	\$ 656,822	\$ 672,310
Contributions in relation to the actuarially determined contribution	561,295	507,072	502,420	504,922	497,557	505,651	625,036	656,520	661,932	672,310
Contribution deficiency (excess)	\$ (90,496)	\$ (17,787)	\$ (39,745)	\$ (49,342)	\$ (12,635)	\$ 387	\$ (10,889)	\$ -	\$ (5,110)	\$ -
Covered-employee payroll	\$ 2,785,928	\$ 2,660,801	\$ 2,807,634	\$ 2,859,315	\$ 2,860,613	\$ 2,833,872	\$ 2,727,062	\$ 2,727,062	\$ 2,650,963	\$ 2,690,002
Contributions as a percentage of covered- employee payroll	20 15%	19 06%	17 89%	17 66%	17 39%	17 84%	22 06%	24 07%	24 97%	24 99%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	N/A
Salary increases	4% per annum
Investment rate of return	7%, net of pension plan investment expense
Retirement age	An age-related assumption is used for participants not yet receiving payment Participants are assumed to retire between age 55 and age 67
Mortality	The MP-2021 Mortality Table

Effective July 1, 2000, benefits for current retirees were increased 1% for each full year of retirement to a maximum of 5% The plan was amended March 1, 2007 to provide a one-time cost of living adjustment (COLA) to certain retirees

Effective December 1, 2008, the Plan was amended to accept into the Plan the retired and terminated police officers who were not eligible to go into Delaware County Municipal Police/Firefighters' Pension Plan and amended also to change the formula for calculating and retaining their current benefits The plan was also amended to eliminate the supplemental medical annuity, and to provide an additional benefit to participants with over 25 years of service at retirement

In June 2013, the Plan was amended effective July 1, 2013 requiring a Mandatory Participant Contribution of 1% increasing 1% a year to 5% as of July 1, 2017 and thereafter The Mandatory Participant Contribution will be pursuant to the provisions of Internal Revenue Code Section 414(h)(2) and therefore, although withheld from Employee Compensation, will be treated as a City contribution for federal income tax purposes

The amendment also adjusted the voluntary contributions effective July 1, 2013 to at least 1% a year to 5% July 1, 2017 and added a new section to the Plan related to the refunds of Mandatory Participation Contribution refunds

CITY OF SEAFORD, DELAWARE

SCHEDULE OF INVESTMENT RETURNS - SINGLE EMPLOYER PLAN For the Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-13.00%	26.56%	2.00%	4.70%	6.79%	10.66%	-0.33%	0.42%	14.14%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF SEAFORD, DELAWARE

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY -
COST SHARING PLAN - MUNICIPAL POLICE/FIREFIGHTERS PENSION PLAN
For the Years Ended June 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.8283%	1.8657%	1.8563%	1.9363%	1.8423%	2.0352%	2.4509%	2.3715%
City's proportionate share of the net pension liability (asset)	\$(2,515,870)	\$ 286,726	\$ 533,178	\$ 445,931	\$ 185,726	\$ 323,502	\$ (129,171)	\$(256,525)
City's covered employee payroll	3,043,016	2,785,928	2,660,801	2,807,634	2,859,315	2,860,613	1,607,018	1,549,414
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-82.68%	10.29%	20.04%	15.88%	6.50%	11.31%	-8.04%	-16.56%
Plan fiduciary net position as a percentage of the total pension liability	128.19%	96.67%	93.25%	94.10%	97.00%	94.70%	94.70%	151.20%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF SEAFORD, DELAWARE

**SCHEDULE OF CITY'S CONTRIBUTIONS TO COST SHARING PENSION PLAN –
MUNICIPAL POLICE/FIREFIGHTERS PENSION PLAN
For the Years Ended June 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 248,919	\$ 218,099	\$ 206,091	\$ 194,255	\$ 197,713	\$ 208,434	\$ 222,572	\$ 229,526
Contribution in relation to the contractually required contribution	<u>248,919</u>	<u>218,099</u>	<u>206,091</u>	<u>194,255</u>	<u>197,713</u>	<u>208,434</u>	<u>222,572</u>	<u>229,526</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 3,043,016	\$ 2,785,928	\$ 2,660,801	\$ 2,807,634	\$ 2,859,315	\$ 2,860,613	\$1,607,018	\$1,549,414
Contribution as a percentage of covered employee payroll	8.18%	7.83%	7.75%	6.92%	6.91%	7.29%	13.85%	14.81%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

CITY OF SEAFORD, DELAWARE

SCHEDULES OF REVENUES AND EXPENDITURES - GENERAL FUND

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Taxes	\$ 2,746,281	\$ 2,507,039
Transfer taxes	652,744	680,336
Intergovernmental revenues	2,435,456	1,748,257
Fines and forfeitures	63,191	49,815
Licenses, permits and fees	598,260	626,347
Interest and late charges	29,487	28,574
Community pool and recreation	41,091	20,540
Charges for services	360,177	356,828
Miscellaneous	29,268	55,739
Total revenues	<u>6,955,955</u>	<u>6,073,475</u>
Expenditures		
Administration	1,090,801	855,399
Code enforcement	300,464	339,975
Community pool	59,541	27,739
Executive	101,133	104,707
Fire department	252,010	268,624
Dispatch	366,545	342,631
Highways and streets	632,905	724,428
Parks department	568,453	1,483,766
Police department	4,062,984	3,536,326
Recreation	218,590	156,054
Economic development	403,740	297,104
Debt Service	169,029	159,105
Capital outlay	2,244,532	1,997,944
Total Expenditures	<u>10,470,727</u>	<u>10,293,802</u>
Deficiency of revenues under expenditures	<u>(3,514,772)</u>	<u>(4,220,327)</u>
Other Financing Sources		
Operating transfers, net	5,170,000	3,169,500
Proceeds from capital leases	-	124,332
Gain on disposal of fixed assets	535,293	16,828
Total other financing sources	<u>5,705,293</u>	<u>3,310,660</u>
Net change in fund balance	<u>\$ 2,190,521</u>	<u>\$ (909,667)</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - ELECTRIC FUND
For the Years Ended June 30, 2022 and 2021**

	2022	2021
Operating Revenues		
Charges for services	\$ 15,032,367	\$ 13,739,338
Miscellaneous	285,918	211,361
Total operating revenues	<u>15,318,285</u>	<u>13,950,699</u>
Operating Expenses		
Purchased power	9,154,260	8,530,681
Payroll and other costs	1,224,298	919,309
Utilities	35,362	31,175
Repairs and maintenance	97,674	151,633
Insurance	284,940	334,980
Other supplies and expenses	830,261	703,062
Depreciation and amortization	332,260	320,634
Total operating expenses	<u>11,959,055</u>	<u>10,991,474</u>
Operating income	3,359,230	2,959,225
Nonoperating Revenues (Expenses)		
Interest revenue	623	1,816
Interest expense	(17,880)	(10,953)
Loss on disposal of fixed asset	-	(500)
Transfers out	(2,500,000)	(2,450,000)
Net nonoperating revenues (expenses)	<u>(2,517,257)</u>	<u>(2,459,637)</u>
Change in net position	<u>\$ 841,973</u>	<u>\$ 499,588</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - SEWER FUND
For the Years Ended June 30, 2022 and 2021**

	2022	2021
Operating Revenues		
Charges for services	\$ 3,220,540	\$ 2,841,708
Tap fees	13,050	36,150
Miscellaneous	2,201,386	116,206
Total operating revenues	<u>5,434,976</u>	<u>2,994,064</u>
Operating Expenses		
Payroll and other costs	600,236	482,304
Utilities	160,056	135,714
Repairs and maintenance	156,846	149,842
Insurance	230,126	271,282
Other supplies and expenses	530,783	312,294
Depreciation and amortization	847,948	874,238
Total operating expenses	<u>2,525,995</u>	<u>2,225,674</u>
Operating income	2,908,981	768,390
Nonoperating Revenues (Expenses)		
Interest revenue	775	2,563
Interest expense	(88,821)	(97,336)
Transfers out	(2,800,000)	(800,000)
Capital contribution	99,862	237,963
Net nonoperating revenues (expenses)	<u>(2,788,700)</u>	<u>(656,810)</u>
Change in net position	<u>\$ 120,281</u>	<u>\$ 111,580</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - WATER FUND
For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 1,377,253	\$ 1,329,641
Tap fees	14,475	27,250
Miscellaneous	311,799	527,940
Total operating revenues	<u>1,703,527</u>	<u>1,884,831</u>
Operating Expenses		
Payroll and other costs	390,446	309,359
Utilities	75,132	78,143
Repairs and maintenance	229,709	133,386
Insurance	111,373	149,131
Other supplies and expenses	201,510	131,962
Depreciation and amortization	325,317	305,157
Total operating expenses	<u>1,333,487</u>	<u>1,107,138</u>
Operating income	370,040	777,693
Nonoperating Revenues (Expenses)		
Interest revenue	369	1,175
Interest expense	(28,848)	(32,265)
Loss on disposal of fixed asset	-	-
Transfers out	(200,000)	(200,000)
Capital contribution	37,998	90,713
Net nonoperating revenues (expenses)	<u>(190,481)</u>	<u>(140,377)</u>
Change in net position	<u>\$ 179,559</u>	<u>\$ 637,316</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - GOLF FUND****For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ -	\$ -
Sales	-	-
Miscellaneous	245,128	64,526
Total operating revenues	<u>245,128</u>	<u>64,526</u>
Operating Expenses		
Repairs and maintenance	91,790	32,565
Insurance	8,567	17,934
Contracts	151,701	151,704
Other supplies and expenses	89,088	84,508
Depreciation and amortization	33,322	30,192
Total operating expenses	<u>374,468</u>	<u>316,903</u>
Operating loss	(129,340)	(252,377)
Nonoperating Revenues (Expenses)		
Interest revenue	1,526	564
Interest expense	-	-
Transfers in	330,000	280,500
Net nonoperating revenues (expenses)	<u>331,526</u>	<u>281,064</u>
Change in net position	<u>\$ 202,186</u>	<u>\$ 28,687</u>

CITY OF SEAFORD, DELAWARE

SCHEDULES OF DEBT SERVICE - ENTERPRISE FUNDS

As of June 30, 2022

	2023	2024	2025	2026	2927	Thereafter
GENERAL OBLIGATION BONDS						
<u>Principal Payments Due</u>						
\$1,620,000 SRF Series Bonds	\$ 97,257	\$ 101,156	\$ 105,211	\$ 109,428	\$ 113,814	\$ 241,497
\$2,579,004 SRF Loan Series 2011	133,598	136,283	139,033	141,817	144,668	849,234
\$2,729,408 SRF Series Bonds	68,487	70,724	73,034	75,419	77,882	337,817
\$1,158,300 Solar Array	53,706	54,785	55,886	57,009	58,155	649,882
Total principal payments	353,048	362,948	373,164	383,673	394,519	2,078,430
<u>Interest Payments Due</u>						
\$1,620,000 General Obligation Bonds	29,541	25,642	21,588	17,370	12,984	12,099
\$2,579,004 SRF Loan Series 2011	30,228	27,542	24,803	22,009	19,158	51,803
\$2,729,408 SRF Series Bonds	22,239	20,002	17,692	15,306	12,842	25,088
Solar Array	18,321	19,823	16,141	15,017	13,871	70,386
Total interest payments due	100,329	93,009	80,224	69,702	58,855	159,376
Total debt service requirements— general obligation bonds	453,377	455,957	453,388	453,375	453,374	2,237,806
NOTES PAYABLE						
<u>Principal Payments Due</u>						
Fulton Bank - Sewer Extension	43,099	44,418	41,941	-	-	-
Bank of Delmarva - Utility building Extension	50,086	51,374	52,756	54,144	55,569	233,160
M&T Bank Lease	42,973	37,041	-	-	-	-
Community Bank Delaware- Water Tower	67,974	69,326	70,694	-	-	-
Total principal payments	204,132	202,159	165,391	54,144	55,569	233,160
<u>Interest Payments Due</u>						
Fulton Bank - Sewer Extension	3,330	2,009	639	-	-	-
Bank of Delmarva - Utility building Extension	12,438	11,150	9,769	8,381	6,956	12,828
M&T Bank Lease/Purchase	2,230	629	-	-	-	-
Community Bank Delaware- Water Tower	3,500	2,149	760	-	-	-
Total interest payments due	21,498	15,937	11,168	8,381	6,956	12,828
Total debt service requirements— notes payable	225,630	218,096	176,559	62,525	62,525	245,988
Total debt service requirements	\$ 679,007	\$ 674,053	\$ 629,947	\$ 515,900	\$ 515,899	\$ 2,483,794



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

Mayor and Council
City of Seaford, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seaford (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2023.

Report on Internal Controls over Financial Reporting

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

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

Owings Mills, Maryland
January 12, 2023

SB & Company, LLC

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND

For the Years Ended June 30, 2022 and 2021

Information selected from audited financial statements

	2022		2021
	Budget	Actual	Total
Revenues			
Taxes	\$ 2,664,579	\$ 2,746,281	\$ 2,507,039
Transfer taxes	570,000	652,744	680,336
Intergovernmental revenues	2,261,558	2,435,456	1,748,257
Fines and forfeitures	68,000	63,191	49,815
Licenses, permits and fees	504,681	598,260	626,347
Interest and late charges	36,820	29,487	28,574
Community pool and recreation	30,500	41,091	20,540
Charges for services	338,867	360,177	356,828
Miscellaneous	16,000	29,268	55,739
Total Revenues	6,491,005	6,955,955	6,073,475
Expenditures			
Administration	1,057,074	1,090,801	855,399
Code enforcement	323,185	300,464	339,975
Community pool	44,478	59,541	27,739
Executive	124,384	101,133	104,707
Fire department	337,284	252,010	268,624
Dispatch	351,278	366,545	342,631
Highways and streets	559,906	632,905	724,428
Parks department	512,994	568,453	1,483,766
Police department	3,946,287	4,062,984	3,536,326
Recreation	210,576	218,590	156,054
Economic development	541,519	403,740	297,104
Debt service	199,895	169,029	159,105
Capital outlay	2,382,721	2,244,532	1,997,944
Total Expenditures	\$ 10,591,581	10,470,727	10,293,802
Deficiency of revenues under expenditures	(4,100,576)	(3,514,772)	(4,220,327)
Other Financing Sources			
Operating transfers (net)		5,170,000	3,169,500
Proceeds from capital leases		-	124,332
Gain on disposal of fixed assets		535,293	16,828
Total other financing sources		5,705,293	3,310,660
Net change in fund balance		2,190,521	(909,667)
Fund Balance, Beginning of Year		3,544,905	4,454,572
Fund Balance, End of Year		\$ 5,735,426	\$ 3,544,905

CITY OF SEAFORD, DELAWARE**FINANCIAL HIGHLIGHTS – ENTERPRISE FUND****For the Years Ended June 30, 2022 and 2021**

Information selected from audited financial statements

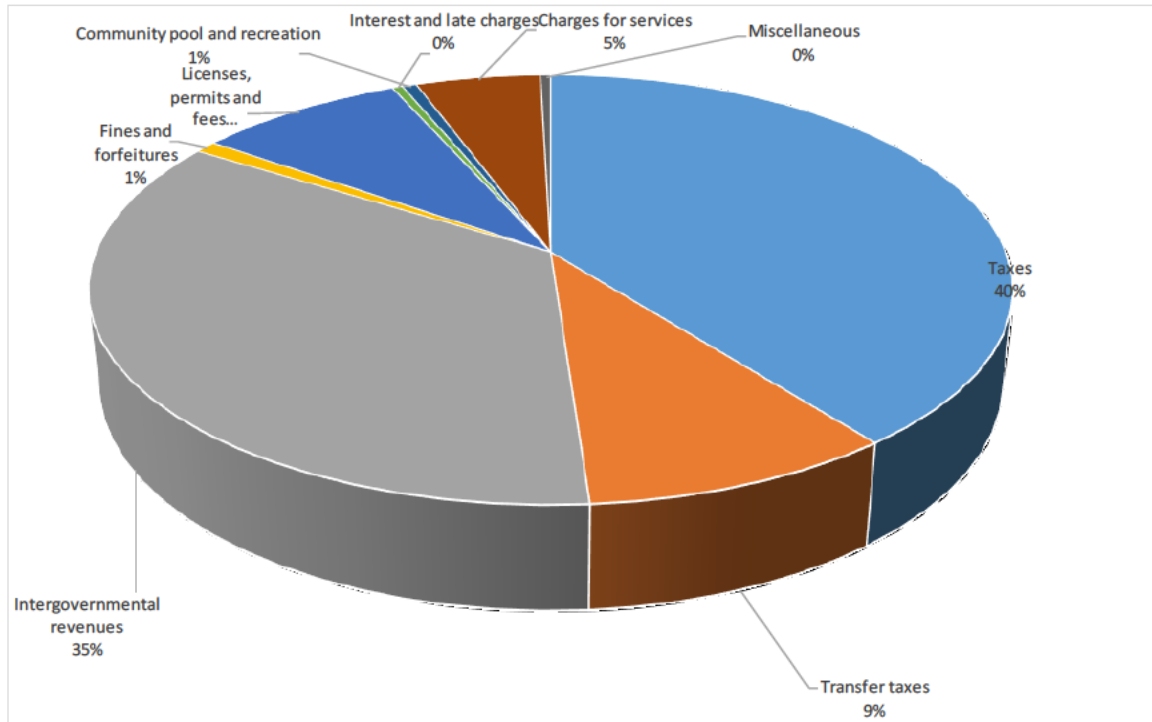
	2022	2021
Operating Revenues		
Charges for services	\$ 19,630,160	\$ 17,910,687
Tap fees	27,525	63,400
Miscellaneous	3,044,231	920,033
Total operating revenues	<u>22,701,916</u>	<u>18,894,120</u>
Operating Expenses		
Purchased power	9,154,260	8,530,681
Payroll and other costs	2,214,980	1,710,972
Utilities	270,550	245,032
Repairs and maintenance	576,019	467,426
Insurance	635,006	773,327
Contracts	151,701	151,704
Other supplies and expenses	1,651,642	1,231,826
Depreciation and amortization	1,538,847	1,530,221
Total operating expenses	<u>16,193,005</u>	<u>14,641,189</u>
Operating income	6,508,911	4,252,931
Nonoperating Revenues (Expenses)		
Interest revenue	3,293	6,118
Interest expense	(135,549)	(140,554)
Loss on disposal of fixed asset	(516)	(500)
Transfers in (out)	(5,170,000)	(3,169,500)
Capital contribution	137,860	328,676
Net nonoperating revenues (expenses)	<u>(5,164,912)</u>	<u>(2,975,760)</u>
Change in net position	1,343,999	1,277,171
Net Position, Beginning of Year	<u>26,859,284</u>	<u>25,582,113</u>
Net Position, End of Year	<u>\$ 28,203,283</u>	<u>\$ 26,859,284</u>

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND

For the Years Ended June 30, 2022 and 2021

City of Seaford, Delaware
Sources of Revenue - General Fund
For the Year Ended June 30, 2022



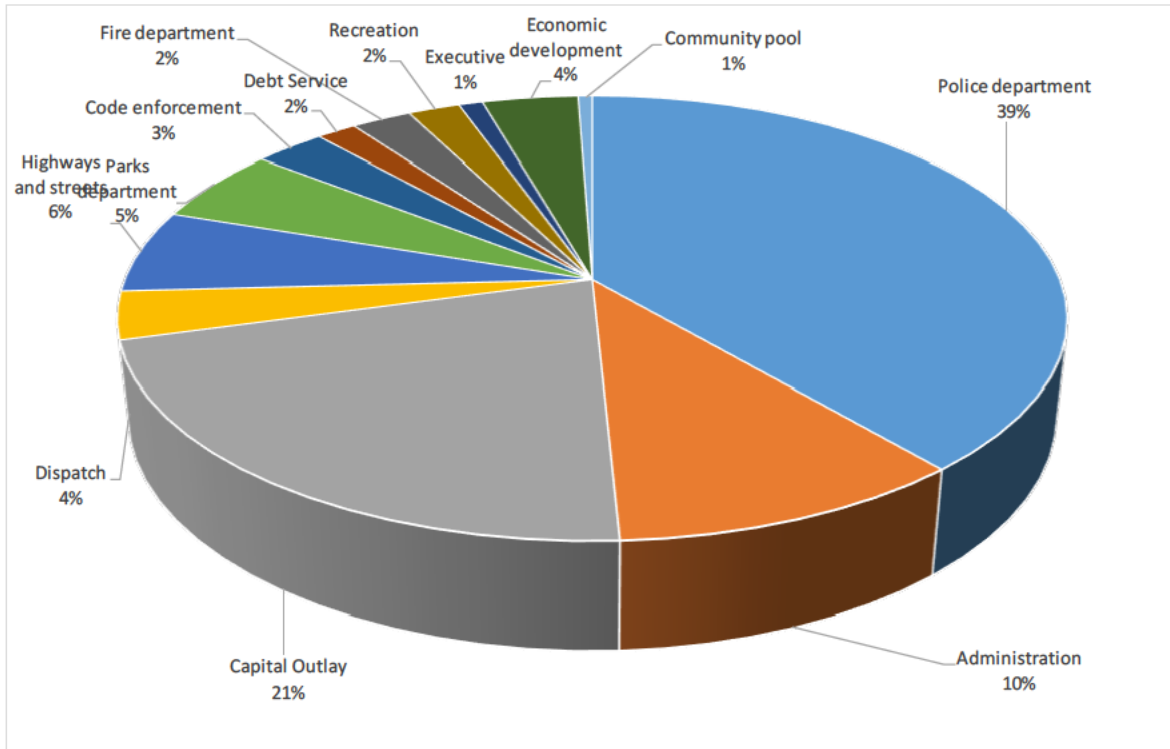
	2022		2021	
	\$	%	\$	%
Taxes	2,746,281	39.48%	2,507,039	41.28%
Transfer taxes	652,744	9.38%	680,336	11.20%
Intergovernmental revenues	2,435,456	35.01%	1,748,257	28.79%
Fines and forfeitures	63,191	0.91%	49,815	0.82%
Licenses, permits and fees	598,260	8.60%	626,347	10.31%
Interest and late charges	29,487	0.42%	28,574	0.47%
Community pool and recreation	41,091	0.59%	20,540	0.34%
Charges for services	360,177	5.18%	356,828	5.88%
Miscellaneous	29,268	0.42%	55,739	0.92%
	6,955,955	100.00%	6,073,475	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND

For the Years Ended June 30, 2022 and 2021

City of Seaford, Delaware
Functional Expenses - General Fund
For the Year Ended June 30, 2022



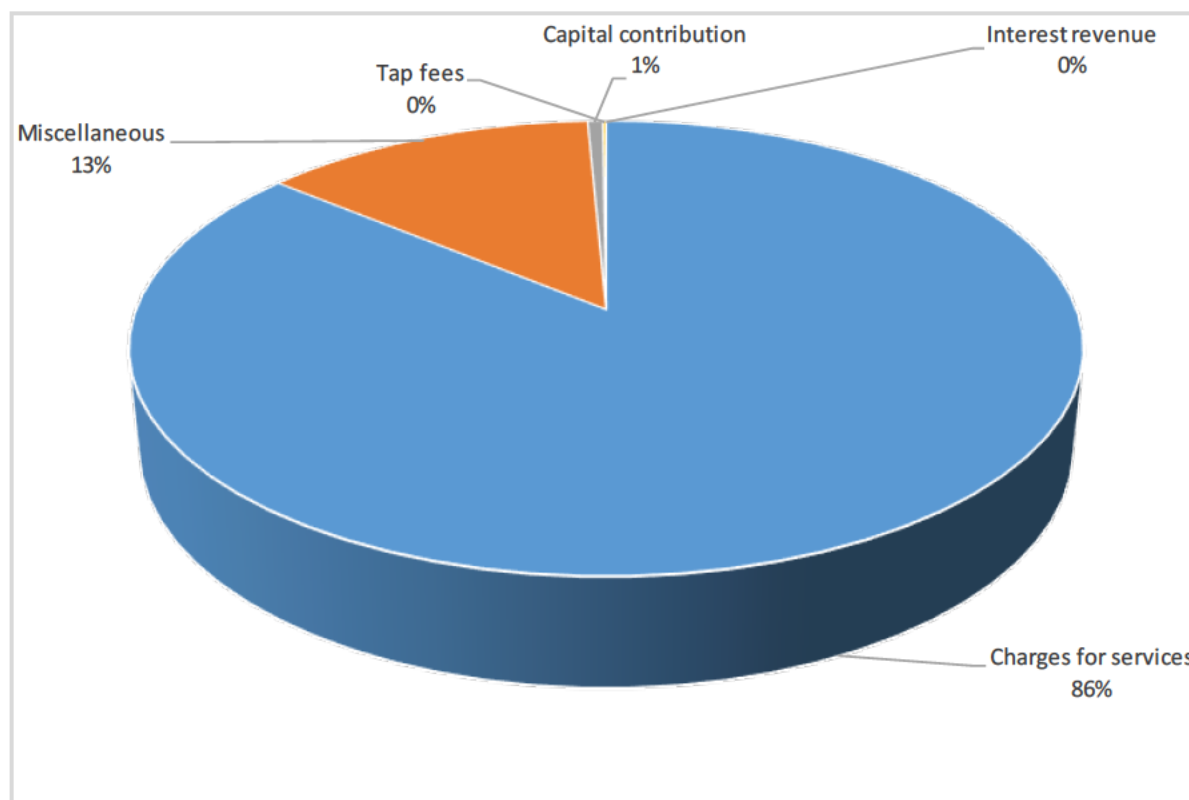
	2022		2021	
	\$	%	\$	%
Police department	4,062,984	38.80%	3,536,326	34.35%
Administration	1,090,801	10.42%	855,399	8.31%
Capital Outlay	2,244,532	21.44%	1,997,944	19.41%
Dispatch	366,545	3.50%	342,631	3.33%
Highways and streets	632,905	6.04%	724,428	7.04%
Parks department	568,453	5.43%	1,483,766	14.41%
Code enforcement	300,464	2.87%	339,975	3.30%
Debt Service	169,029	1.61%	159,105	1.55%
Fire department	252,010	2.41%	268,624	2.61%
Recreation	218,590	2.09%	156,054	1.52%
Executive	101,133	0.97%	104,707	1.02%
Economic development	403,740	3.86%	297,104	2.89%
Community pool	59,541	0.57%	27,739	0.27%
	10,470,727	100.00%	10,293,802	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – PROPRIETARY FUND

For the Years Ended June 30, 2022 and 2021

**City of Seaford, Delaware
Sources of Revenue - Proprietary Fund
For the Year Ended June 30, 2022**



	2022	
	\$	%
Charges for services	19,630,160	85.93%
Miscellaneous	3,044,231	13.33%
Capital contribution	137,860	0.60%
Tap fees	27,525	0.12%
Interest revenue	3,293	0.01%
	22,843,069	100.00%

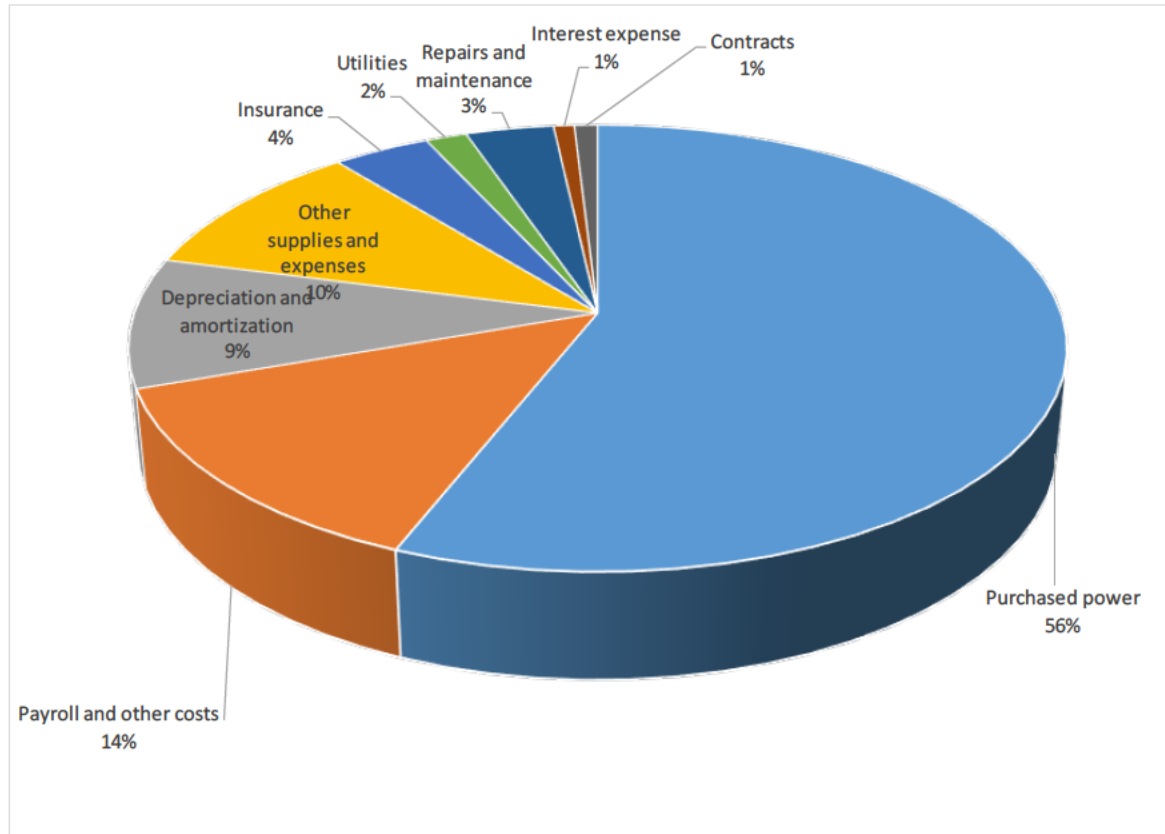
	2021	
	\$	%
Charges for services	17,910,687	93.14%
Miscellaneous	920,033	4.78%
Capital contribution	328,676	1.71%
Tap fees	63,400	0.33%
Interest revenue	6,118	0.03%
	19,228,914	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – PROPRIETARY FUND

For the Years Ended June 30, 2022 and 2021

City of Seaford, Delaware Functional Expenses - Proprietary Fund For the Year Ended June 30, 2022



	2022	
	\$	%
Purchased power	9,154,260	56.06%
Payroll and other costs	2,214,980	13.57%
Depreciation and amortization	1,538,847	9.42%
Other supplies and expenses	1,651,642	10.12%
Insurance	635,006	3.89%
Utilities	270,550	1.66%
Repairs and maintenance	576,019	3.53%
Interest expense	135,549	0.83%
Contracts	151,701	0.93%
	16,328,554	100.00%

	2021	
	\$	%
Purchased power	8,530,681	57.71%
Payroll and other costs	1,710,972	11.57%
Depreciation and amortization	1,530,221	10.35%
Other supplies and expenses	1,231,826	8.33%
Insurance	773,327	5.23%
Utilities	245,032	1.66%
Repairs and maintenance	467,426	3.16%
Interest expense	140,554	0.95%
Contracts	151,704	1.03%
	14,781,743	100.00%