

CITY OF SEAFORD, DELAWARE

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

For the Year Ended June 30, 2023

CITY OF SEAFORD, DELAWARE

Financial Statements with Report of Independent Public Accountants

JUNE 30, 2023

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CITY OF SEAFORD, DELAWARE

Financial Statements with Report of Independent Public Accountants

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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, 2023, 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, 2023, 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 (GAS)*, 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

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 and GAS 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 and GAS, 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 the City's 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 combining fund statements, budgetary statements, and other supporting schedules are 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 February 28, 2024 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
February 28, 2024

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, 2023. 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.

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

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.

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

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 decreased by approximately \$254,000, or 56.0% from fiscal year 2022 to 2023.

The net position of the City’s governmental activities decreased by approximately \$1,758,000, or 10.4%, for fiscal year 2023. 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 \$1,504,000 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.

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

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
	2023	2022	2023	2022	2023	2022	
Current and other assets	\$ 7,041	\$ 5,451	\$ 15,568	\$ 16,426	\$ 22,609	\$ 21,877	3%
Capital assets	17,378	16,975	28,166	27,295	45,544	44,270	3%
Net pension asset	203	2,516	-	-	203	2,516	
Total assets	24,622	24,942	43,734	43,721	68,356	68,663	0%
Deferred outflows	1,474	1,200	426	585	1,900	1,785	6%
Long-term debt	750	778	4,375	4,860	5,125	5,638	-9%
Other liabilities	9,293	7,562	9,816	10,776	19,108	18,337	4%
Total liabilities	10,043	8,340	14,191	15,636	24,233	23,975	100%
Deferred inflows	922	3,429	262	467	1,184	3,896	-70%
Net position							
Net investment in capital assets	16,629	16,197	23,792	22,434	40,421	38,631	5%
Restricted	2,337	911	8,157	8,726	10,494	9,637	9%
Unrestricted	(3,835)	(219)	(2,241)	(2,957)	(6,076)	(3,176)	91%
Total net position	\$ 15,131	\$ 16,889	\$ 29,708	\$ 28,203	\$ 44,840	\$ 45,093	-1%

Changes in Net Position

The City's total revenues were approximately \$32,391,000. Approximately 69% of the City's revenues come from fees charged for services. Another 1% comes from capital grants and 8% 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 \$32,645,000. The City's expenses cover a range of services with about 55% 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, 2022 and 2023.

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2023	2022	2023	2022	2023	2022	
Revenues							
Program services							
Charges for services	\$ 1,058	\$ 1,094	\$ 21,451	\$ 19,658	\$ 22,509	\$ 20,752	8%
Operating grants	3,096	2,203	-	-	3,096	2,203	41%
Capital grants	197	233	149	138	346	371	-7%
General revenues							
Property taxes	2,731	2,694	-	-	2,731	2,694	1%
Other taxes	1,509	653	-	-	1,509	653	131%
Grants	5	-	-	-	5	-	100%
Other	146	562	2,049	3,047	2,195	3,609	-39%
Total revenues	8,742	7,439	23,649	22,843	32,391	30,282	7%
Expenses							
Administration	997	820	-	-	997	820	22%
Code enforcement	346	284	-	-	346	284	22%
Community pool	90	57	-	-	90	57	58%
Executive	112	95	-	-	112	95	18%
Fire department	395	355	-	-	395	355	11%
Dispatch	391	347	-	-	391	347	13%
Highways and streets	818	776	-	-	818	776	5%
Parks department	755	716	-	-	755	716	5%
Police department	4,764	4,246	-	-	4,764	4,246	12%
Recreation	236	210	-	-	236	210	12%
Economic development	5,591	418	-	-	5,591	418	1238%
Interest on long-term debt	105	107	-	-	105	107	-2%
Electric	-	-	13,211	11,977	13,211	11,977	10%
Sewer	-	-	2,941	2,615	2,941	2,615	12%
Water	-	-	1,561	1,363	1,561	1,363	15%
Golf	-	-	332	374	332	374	-11%
Total expenses	14,600	8,431	18,045	16,329	32,645	24,760	32%
Changes before transfers	(5,858)	(992)	5,604	6,514	(254)	5,522	-105%
Transfers	4,100	5,170	(4,100)	(5,170)	-	-	0%
Changes in net position	\$ (1,758)	\$ 4,178	\$ 1,504	\$ 1,344	\$ (254)	\$ 5,522	-105%

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

Governmental Activities

Revenues for the City's governmental activities were approximately \$8,742,000.

The property tax rate for 2023 and 2022 was 34¢/\$100 of assessed value each year.

The cost of all governmental activities this year was approximately \$14,600,000. Of this cost, the largest programs for the City are economic development with a cost of approximately \$5,591 and police with a cost of approximately \$4,764,000.

Business-Type Activities

Revenues of the City's business-type activities increased about 3.5% to approximately \$23,649,000 and expenses increased 11% to approximately \$18,045,000.

General Fund Activities

For the year ended June 30, 2023, after transfers and loan proceeds, the City had a decrease of approximately \$2,185,000 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, 2023, the City had invested approximately \$45,544,000 (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 \$1,275,000 or about 2.88%, 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,368	\$ 2,368	\$ 958	\$ 958	\$ 3,326	\$ 3,326
Land improvements	2,509	2,495	-	-	2,509	2,495
Buildings and improvements	6,072	6,375	8,785	8,593	14,857	14,968
Equipment	1,214	1,053	(341)	(364)	873	689
Infrastructure	4,664	2,329	15,379	15,290	20,043	17,619
Construction in progress	551	2,354	3,385	2,818	3,936	5,172
Total	<u>\$ 17,378</u>	<u>\$ 16,974</u>	<u>\$ 28,166</u>	<u>\$ 27,295</u>	<u>\$ 45,544</u>	<u>\$ 44,269</u>

CITY OF SEAFORD, DELAWARE

Management Discussion and Analysis As of June 30, 2023

Long-term Debt

As of June 30, 2023, the City had \$5,125,000 in bonds and notes outstanding, a decrease of .9% 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ -	\$ -	\$ 3,658	\$ 3,946	\$ 3,658	\$ 3,946
Notes payable	533	540	717	914	1,250	1,454
Financed purchases	217	238	-	-	217	238
Total	<u>\$ 750</u>	<u>\$ 778</u>	<u>\$ 4,375</u>	<u>\$ 4,860</u>	<u>\$ 5,125</u>	<u>\$ 5,638</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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets			
Cash and cash equivalents	\$ 4,325,420	\$ 12,264,122	\$ 16,589,542
Accounts receivable, net	302,679	2,202,598	2,505,277
Inventories	18,672	1,069,823	1,088,495
Prepaid expense	45,652	31,333	76,985
Restricted cash	2,337,168	-	2,337,168
Total current assets	7,029,591	15,567,876	22,597,467
Noncurrent Assets			
Notes receivables	11,002	-	11,002
Net capital assets, net	17,378,394	28,166,399	45,544,793
Net pension asset	203,434	-	203,434
Total noncurrent assets	17,592,830	28,166,399	45,759,229
Total Assets	24,622,421	43,734,275	68,356,696
Deferred Outflow of Resources:			
Deferred financing outflow - retirement	1,474,253	426,441	1,900,694
Total deferred outflow of resources	1,474,253	426,441	1,900,694
Liabilities:			
Current liabilities			
Accounts payable	150,299	1,218,185	1,368,484
Accrued interest	-	16,006	16,006
Accrued expense-other	208,903	62,199	271,102
Current portion of long-term debt	136,028	565,104	701,132
Deposits	10,465	1,192,650	1,203,115
Unearned grant revenue	2,682,472	2,997,887	5,680,359
Accrued compensated absences	309,225	119,033	428,258
Total current liabilities	3,497,392	6,171,064	9,668,456
Noncurrent liabilities			
Net OPEB liability	3,019,001	1,297,646	4,316,647
Net pension liability	2,913,136	2,913,137	5,826,273
Bonds and notes payable	613,590	3,809,462	4,423,052
Total non-current liabilities	6,545,727	8,020,245	14,565,972
Total Liabilities	10,043,119	14,191,309	24,234,428
Deferred Inflow of Resources:			
Deferred financing inflow - OPEB	608,704	261,636	870,340
Deferred financing inflow - retirement	313,782	-	313,782
Total deferred inflow of resources	922,486	261,636	1,184,122
Net Position:			
Net investment in capital assets	16,628,776	23,791,833	40,420,609
Restricted	2,337,168	8,156,836	10,494,004
Unrestricted	(3,834,875)	(2,240,898)	(6,075,773)
Total Net Position	\$ 15,131,069	\$ 29,707,771	\$ 44,838,840

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

CITY OF SEAFORD, DELAWARE

Statement of Activities For the Year Ended June 30, 2023

	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	\$ 999,375	\$ 480,858	\$ -	\$ -	\$ (518,517)	\$ -	\$ (518,517)
Code enforcement	346,724	232,993	-	-	(113,731)	-	(113,731)
Community pool	89,686	-	-	-	(89,686)	-	(89,686)
Executive	112,057	-	-	-	(112,057)	-	(112,057)
Fire department	395,017	-	-	-	(395,017)	-	(395,017)
Dispatch	390,525	-	-	-	(390,525)	-	(390,525)
Highways and streets	817,507	-	217,666	167,112	(432,729)	-	(432,729)
Parks department	754,733	-	-	-	(754,733)	-	(754,733)
Police department	4,764,068	245,047	2,878,712	30,000	(1,610,309)	-	(1,610,309)
Recreation	235,623	70,484	-	-	(165,139)	-	(165,139)
Economic development	5,590,672	28,326	-	-	(5,562,346)	-	(5,562,346)
Interest on long-term debt	104,909	-	-	-	(104,909)	-	(104,909)
Total governmental activities	14,600,896	1,057,708	3,096,378	197,112	(10,249,698)	-	(10,249,698)
BUSINESS-TYPE ACTIVITIES							
Electric	13,210,588	16,407,310	-	-	-	3,196,722	3,196,722
Sewer	2,941,166	3,546,172	-	123,294	-	728,300	728,300
Water	1,560,706	1,497,924	-	25,500	-	(37,282)	(37,282)
Golf	331,842	-	-	-	-	(331,842)	(331,842)
Total business-type activities	18,044,302	21,451,406	-	148,794	-	3,555,898	3,555,898
Total	\$ 32,645,198	\$ 22,509,114	\$ 3,096,378	\$ 345,906	(10,249,698)	3,555,898	(6,693,800)
GENERAL REVENUES							
Taxes							
Property taxes					2,730,567	-	2,730,567
Transfer taxes					1,509,262	-	1,509,262
Grants and contributions not restricted to specific programs					5,000	-	5,000
Unrestricted investment earnings					53,807	136,671	190,478
Miscellaneous					89,375	1,911,919	2,001,294
Gain/(loss) on sale of fixed asset					3,530	-	3,530
Transfers - net					4,100,000	(4,100,000)	-
Total general revenues, special items and transfers					8,491,541	(2,051,410)	6,440,131
Changes in net position					(1,758,157)	1,504,488	(253,669)
NET POSITION, BEGINNING OF YEAR					16,889,226	28,203,283	45,092,509
NET POSITION, END OF YEAR					\$ 15,131,069	\$ 29,707,771	\$ 44,838,840

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

CITY OF SEAFORD, DELAWARE

Balance Sheet – Governmental Funds As of June 30, 2023

		General Fund
Assets:		
Cash and cash equivalents	\$	4,325,420
Accounts receivable (net of allowance for uncollectibles)		302,679
Inventories		18,672
Prepaid expenses		45,652
Notes receivable		11,002
Restricted cash		2,337,168
Total Assets	\$	<u>7,040,593</u>
Liabilities:		
Accounts payable	\$	150,299
Accrued expenses		518,128
Unearned revenue		2,682,472
Deposits		10,465
Total Liabilities		<u>3,361,364</u>
Deferred Inflows of Resources:		
Unavailable revenue		<u>128,491</u>
Fund Balances:		
Nonspendable		75,326
Restricted		2,337,168
Assigned		759,788
Unassigned		378,456
Total fund balances		<u>3,550,738</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$	<u>7,040,593</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, 2023

Total fund balances, governmental funds	\$ 3,550,738
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.	17,378,394
Certain revenues that do not provide current financial resources are reported as unavailable income in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Position.	128,491
Certain deferred inflows and outflows related to net pension expenses as reported in the governmental activities statement, but not in the financial statement.	551,767
Some liabilities including notes payable, financed purchases, 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>(6,478,321)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ 15,131,069</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, 2023

	<u>General Fund</u>
Revenues	
Taxes	\$ 2,740,342
Transfer taxes	1,509,262
Intergovernmental revenues	3,293,490
Fines and forfeitures	60,049
Licenses, permits and fees	519,690
Interest and late charges	86,375
Community pool and recreation	51,933
Charges for services	371,992
Miscellaneous	115,851
Total revenues	<u>8,748,984</u>
Expenditures	
Administration	1,175,715
Code enforcement	339,987
Community pool	87,206
Executive	108,319
Fire department	274,166
Dispatch	370,337
Highways and streets	621,812
Parks department	563,587
Police department	4,477,850
Recreation	228,809
Economic development	5,551,922
Debt service	181,080
Capital outlay	1,182,360
Total Expenditures	<u>15,163,150</u>
Deficiency of revenues over expenditures	<u>(6,414,166)</u>
Other Financing Sources (Uses)	
Proceeds from sale of fixed asset	3,530
Operating transfers out	(400,000)
Operating transfers in	4,500,000
Proceeds from financed purchases	125,948
Total Other Financing Sources (Uses)	<u>4,229,478</u>
Net change in fund balance	(2,184,688)
Fund Balance, Beginning of Year	<u>5,735,426</u>
Fund Balance, End of Year	<u>\$ 3,550,738</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, 2023

Net change in fund balances, governmental funds	\$ (2,184,688)
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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 \$1,442,777 exceeded depreciation expense of \$1,035,775 in the current period.	407,001
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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).	907
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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.	(9,775)
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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.	28,398
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Change in net position of governmental activities	<u>\$ (1,758,157)</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, 2023

	Electric Fund	Sewer Fund	Water Fund	Golf Fund	Total
Assets:					
Current Assets					
Cash and cash equivalents	\$ 3,391,670	\$ 6,841,787	\$ 1,278,261	\$ 752,404	\$ 12,264,122
Accounts receivable (net of allowance for uncollectibles)	1,640,749	379,960	181,889	-	2,202,598
Inventory	862,490	34,312	109,148	63,873	1,069,823
Prepaid expenses	12,384	13,646	4,537	766	31,333
Total current assets	5,907,293	7,269,705	1,573,835	817,043	15,567,876
Noncurrent assets					
Capital Assets					
Land, buildings, and improvements	5,459,370	18,763,379	1,474,254	867,893	26,564,896
Machinery and equipment	925,264	1,202,659	897,462	276,059	3,301,444
Transmission mains and extensions	9,639,471	13,901,195	11,607,696	-	35,148,362
Transportation	989,248	14,095	339,410	-	1,342,753
Construction in progress	202,274	2,974,874	208,923	-	3,386,071
Less accumulated depreciation	(12,018,998)	(21,908,430)	(7,369,682)	(280,017)	(41,577,127)
Total noncurrent assets	5,196,629	14,947,772	7,158,063	863,935	28,166,399
Total assets	11,103,922	22,217,477	8,731,898	1,680,978	43,734,275
Deferred Outflows of Resources:					
Deferred financing outflow - retirement	238,807	102,346	85,288	-	426,441
	238,807	102,346	85,288	-	426,441
Liabilities:					
Current Liabilities					
Accounts payable	922,997	169,508	99,151	26,529	1,218,185
Accrued interest	767	11,813	3,426	-	16,006
Accrued expense - other	41,771	12,123	8,305	-	62,199
Unearned revenue	-	2,997,887	-	-	2,997,887
Current portion of long-term debt	88,414	336,642	140,048	-	565,104
Deposits	1,178,765	12,265	1,620	-	1,192,650
Accrued compensated absences	60,914	34,872	23,247	-	119,033
Total current liabilities	2,293,628	3,575,110	275,797	26,529	6,171,064
Noncurrent liabilities					
Net OPEB liability	724,936	315,694	257,016	-	1,297,646
Net pension liability	1,631,357	699,153	582,627	-	2,913,137
Bonds, notes payable, and financed purchases	395,279	2,779,348	634,835	-	3,809,462
Total non-current liabilities	2,751,572	3,794,195	1,474,478	-	8,020,245
Total Liabilities	5,045,200	7,369,305	1,750,275	26,529	14,191,309
Deferred Inflow of Resources:					
Deferred financing inflow - OPEB	146,165	63,651	51,820	-	261,636
Total deferred inflow of resources	146,165	63,651	51,820	-	261,636
Net Position:					
Net investment in capital assets	4,712,936	11,831,782	6,383,180	863,935	23,791,833
Restricted	2,873,467	3,653,514	839,961	789,894	8,156,836
Unrestricted	(1,435,039)	(598,429)	(208,050)	620	(2,240,898)
Total Net Position	\$ 6,151,364	\$ 14,886,867	\$ 7,015,091	\$ 1,654,449	\$ 29,707,771

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, 2023

	<u>Electric Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ 16,407,310	\$ 3,534,172	\$ 1,488,449	\$ -	\$ 21,429,931
Tap fees	-	12,000	9,475	-	21,475
Miscellaneous	127,951	1,391,147	102,320	290,501	1,911,919
Total operating revenues	<u>16,535,261</u>	<u>4,937,319</u>	<u>1,600,244</u>	<u>290,501</u>	<u>23,363,325</u>
Operating Expenses					
Purchased power	10,584,855	-	-	-	10,584,855
Payroll and other costs	1,404,990	690,311	454,016	-	2,549,317
Utilities	39,992	184,679	84,228	-	308,899
Repairs and maintenance	126,260	251,028	186,231	50,213	613,732
Insurance	405,751	303,939	199,055	8,998	917,743
Contracts	-	-	-	151,704	151,704
Other supplies and expenses	268,154	644,660	269,852	86,921	1,269,587
Depreciation and amortization	357,254	786,477	341,984	34,006	1,519,721
Total operating expenses	<u>13,187,256</u>	<u>2,861,094</u>	<u>1,535,366</u>	<u>331,842</u>	<u>17,915,558</u>
Operating income (loss)	<u>3,348,005</u>	<u>2,076,225</u>	<u>64,878</u>	<u>(41,341)</u>	<u>5,447,767</u>
Nonoperating Revenues (Expenses)					
Interest revenue	40,251	74,779	11,734	9,907	136,671
Interest expense	(23,332)	(80,072)	(25,340)	-	(128,744)
Transfers in (out)	(2,500,000)	(1,000,000)	(1,000,000)	400,000	(4,100,000)
Capital contribution	-	123,294	25,500	-	148,794
Net nonoperating revenues (expenses)	<u>(2,483,081)</u>	<u>(881,999)</u>	<u>(988,106)</u>	<u>409,907</u>	<u>(3,943,279)</u>
Changes in net position	<u>864,924</u>	<u>1,194,226</u>	<u>(923,228)</u>	<u>368,566</u>	<u>1,504,488</u>
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 6,151,364</u>	<u>\$ 14,886,867</u>	<u>\$ 7,015,091</u>	<u>\$ 1,654,449</u>	<u>\$ 29,707,771</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, 2023

	Electric Fund	Sewer Fund	Water Fund	Golf Fund	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 16,380,089	\$ 4,568,412	\$ 1,525,806	\$ -	\$ 22,474,307
Other receipts	127,951	1,391,147	102,320	290,501	1,911,919
Payments to suppliers	(11,615,130)	(2,627,684)	(853,222)	(315,820)	(15,411,856)
Payments to employees	(1,234,851)	(602,738)	(376,638)	-	(2,214,227)
Net cash from operating activities	<u>3,658,059</u>	<u>2,729,137</u>	<u>398,266</u>	<u>(25,319)</u>	<u>6,760,143</u>
Cash Flows from Noncapital Financing Activities					
Operating transfers in (out)	(2,500,000)	(1,000,000)	(1,000,000)	400,000	(4,100,000)
Net cash from noncapital financing activities	<u>(2,500,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>400,000</u>	<u>(4,100,000)</u>
Cash Flows from Capital and Related Financing Activities					
Payments for capital acquisitions	(891,896)	(1,257,335)	(136,294)	(40,670)	(2,326,195)
Contributions	-	123,294	25,500	-	148,794
Principal paid on long-term debt	(93,411)	(320,375)	(136,473)	-	(550,259)
Interest paid on long-term debt	(23,332)	(80,965)	(25,340)	-	(129,637)
Net cash provided from capital and related financing activities	<u>(1,008,639)</u>	<u>(1,535,381)</u>	<u>(272,607)</u>	<u>(40,670)</u>	<u>(2,857,297)</u>
Cash Flows from Investing Activities					
Interest income	<u>40,251</u>	<u>74,779</u>	<u>11,734</u>	<u>9,907</u>	<u>136,671</u>
Net increase in cash	189,671	268,535	(862,607)	343,918	(60,483)
Cash and Cash Equivalents, Beginning 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>
Cash and Cash Equivalents, End of Year	<u>\$ 3,391,670</u>	<u>\$ 6,841,787</u>	<u>\$ 1,278,261</u>	<u>\$ 752,404</u>	<u>\$ 12,264,122</u>
Reconciliation of Operating Income (loss) to Net Cash Flows from Operating Activities					
Operating income (loss)	\$ 3,348,005	\$ 2,076,225	\$ 64,878	\$ (41,341)	\$ 5,447,767
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	357,254	786,477	341,984	34,006	1,519,721
Deferred financing outflows - retirement and OPEB	88,973	38,131	31,776	-	158,880
Deferred financing inflows - retirement and OPEB	(117,415)	(49,129)	(38,443)	-	(204,987)
(Increase) decrease in assets					
Accounts receivable	(27,221)	1,022,240	27,882	-	1,022,901
Prepaid expenses	(225,111)	(1,003)	21,246	(18,797)	(223,665)
Inventory	(585)	(852)	(276)	(36)	(1,749)
(Increase) decrease in liabilities					
Accounts payable	135,305	(244,727)	43,967	849	(64,606)
Accrued interest	(91)	(1,369)	(387)	-	(1,847)
Accrued expenses- other	4,196	2,482	2,932	-	9,610
Unearned revenue	-	(985,365)	(170,983)	-	(1,156,348)
Net OPEB liability	79,988	39,852	39,083	-	158,923
Deposits	(71,194)	936	(756)	-	(71,014)
Accrued compensated absences	115	8,451	4,706	-	13,272
Net pension liability	85,840	36,788	30,657	-	153,285
Net cash provided (used) by operating activities	<u>\$ 3,658,059</u>	<u>\$ 2,729,137</u>	<u>\$ 398,266</u>	<u>\$ (25,319)</u>	<u>\$ 6,760,143</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, 2023

ASSETS

Cash and cash equivalents	\$ 412,904
Mutual funds:	
Fixed income	
Taxable	402,055
Closed-end	4,049,778
Total fixed income	4,451,833
Equities	
Domestic equity	187,343
Closed-end equity	5,749,073
International closed-end	2,764,802
Total equity	8,701,218
Total mutual fund	13,153,051
Interest receivable	1,676
TOTAL ASSETS	13,567,631
 NET POSITION RESTRICTED FOR PENSION BENEFITS	 \$ 13,567,631

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, 2023

ADDITIONS

Contributions:

Employer	\$ 556,498
Plan members - required contribution	260,128
Other	<u>1,223,883</u>
Total contributions	2,040,509

Investment income:

Net increase in fair value of investments	981,699
Interest and dividends	318,903
Total investment income	<u>1,300,602</u>

Total additions	3,341,111
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DEDUCTIONS

Benefits	2,626,751
Administrative	<u>75,785</u>
Total deductions	2,702,536

Changes in net position	638,575
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Net Position, Beginning of Year	<u>12,929,056</u>
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Net Position, End of Year	<u>\$ 13,567,631</u>
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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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, 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, 2023

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Pronouncements

The GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; Statement No. 96, Subscription-Based Information Technology Arrangement, and Statement No. 99, Omnibus 2022, which all took effect during FY 2023. The implementation of these statements did not have a material impact on the City's financial statements.

The GASB has issued 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, 2023, the carrying amount of the City's cash deposits was \$18,926,710, and the bank balance was \$19,147,505. Of the bank balance, \$750,000 was covered by federal depository insurance, \$17,850,292, was collateralized by a tri-party collateral agreement with the Bank of New York Mellon, and M&T Bank with \$2,190,292 in securities but not in the City's name and a \$15,660,000 letter of credit. The total uncollateralized bank balance was \$547,213.

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.

Investments are recorded at fair value based on current share price as of June 30, 2023, and consisted of the following:

Money market funds	\$	412,904
Mutual Funds		
Fixed Income		
Taxable		402,055
Closed-end		4,049,778
Equity		
Domestic equity		187,343
Close-end equity		5,749,073
International closed-end		2,764,802
Total Market Value	\$	<u>13,565,955</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

3. INVESTMENTS - PENSION PLAN (continued)

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, 2023:

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	6/30/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 412,904	\$ 412,904	\$ -	\$ -
Mutual Funds				
Fixed Income				
Taxable	402,055	402,055	-	-
Closed-end	4,049,778	4,049,778	-	-
Equity				
Domestic equity	187,343	187,343	-	-
Close-end equity	5,749,073	5,749,073	-	-
International closed-end	2,764,802	2,764,802	-	-
Total Investments	\$ 13,565,955	\$ 13,565,955	\$ -	\$ -

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.

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.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 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	2,354,311	599,250	(2,402,455)	551,106
Total capital assets, not being depreciated	<u>4,722,418</u>	<u>599,250</u>	<u>(2,402,455)</u>	<u>2,919,213</u>
Capital assets, being depreciated				
Land improvements	5,061,968	186,162	(33,925)	5,214,205
Infrastructure	10,319,797	2,482,145	-	12,801,942
Buildings and improvements	11,096,592	75,410	(5,032)	11,166,970
Machinery and equipment	3,900,350	327,178	(13,688)	4,213,840
Transportation equipment	1,808,317	175,087	-	1,983,404
Total capital assets, being depreciated	<u>32,187,024</u>	<u>3,245,982</u>	<u>(52,645)</u>	<u>35,380,361</u>
Less accumulated depreciation for:				
Land improvements	2,567,009	169,952	(31,340)	2,705,621
Infrastructure	7,990,752	147,184	-	8,137,936
Buildings and improvements	4,721,344	377,679	(4,505)	5,094,518
Machinery and equipment	3,224,858	198,975	(13,129)	3,410,704
Transportation equipment	1,430,415	141,986	-	1,572,401
Total accumulated depreciation	<u>19,934,378</u>	<u>1,035,776</u>	<u>(48,974)</u>	<u>20,921,180</u>
Capital Assets, net	<u>\$ 16,975,064</u>	<u>\$ 2,809,456</u>	<u>\$ (2,406,126)</u>	<u>\$ 17,378,394</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

4. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Electric:</u>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 342,659	\$ -	\$ -	\$ 342,659
Construction in progress	436,160	334,415	(568,302)	202,273
Total capital assets, not being depreciated	778,819	334,415	(568,302)	544,932
<i>Capital assets, being depreciated</i>				
Buildings and improvements	4,573,393	543,318	-	5,116,711
Machinery and equipment	912,916	12,349	-	925,265
Distribution system	9,069,355	570,116	-	9,639,471
Transportation equipment	989,249	-	-	989,249
Total capital assets, being depreciated	15,544,913	1,125,783	-	16,670,696
Less accumulated depreciation for:				
Buildings and improvements	3,660,901	52,253	-	3,713,154
Machinery and equipment	505,002	42,297	-	547,299
Distribution system	6,640,897	216,448	-	6,857,345
Transportation equipment	854,944	46,257	-	901,201
Total accumulated depreciation	11,661,744	357,255	-	12,018,999
Electric activities, capital assets, net	\$ 4,661,988	\$ 1,102,943	\$ (568,302)	\$ 5,196,629
	Beginning Balance	Increases	Decreases	Ending Balance
<u>Sewer:</u>				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 2,001,026	\$ 1,223,837	\$ (249,989)	\$ 2,974,874
Total capital assets, not being depreciated	2,001,026	1,223,837	(249,989)	2,974,874
<i>Capital assets, being depreciated</i>				
Buildings and improvements	18,702,505	60,875	-	18,763,380
Machinery and equipment	1,164,655	38,003	-	1,202,658
Transmissions	13,651,204	249,989	-	13,901,193
Transportation equipment	14,095	-	-	14,095
Total capital assets, being depreciated	33,532,459	348,867	-	33,881,326
Less accumulated depreciation for:				
Buildings and improvements	11,474,318	328,324	-	11,802,642
Machinery and equipment	1,724,509	43,779	-	1,768,288
Transmissions	7,817,220	414,373	-	8,231,593
Transportation equipment	105,905	-	-	105,905
Total accumulated depreciation	21,121,952	786,476	-	21,908,428
Sewer activities, capital assets, net	\$ 14,411,533	\$ 786,228	\$ (249,989)	\$ 14,947,772

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

4. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Water:</u>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 8,750	\$ -	\$ -	\$ 8,750
Construction in progress	382,187	26,980	(200,244)	208,923
Total capital assets, not being depreciated	390,937	26,980	(200,244)	217,673
<i>Capital assets, being depreciated</i>				
Buildings and improvements	1,465,504	-	-	1,465,504
Machinery and equipment	821,048	76,414	-	897,462
Transmissions	11,374,554	233,144	-	11,607,698
Transportation equipment	339,410	-	-	339,410
Total capital assets, being depreciated	14,000,516	309,558	-	14,310,074
Less accumulated depreciation for:				
Buildings and improvements	1,159,441	19,952	-	1,179,393
Machinery and equipment	1,138,140	36,111	-	1,174,251
Transmissions	4,420,977	285,921	-	4,706,898
Transportation equipment	309,142	-	-	309,142
Total accumulated depreciation	7,027,700	341,984	-	7,369,684
Water activities, capital assets, net	<u>\$ 7,363,753</u>	<u>\$ (5,446)</u>	<u>\$ (200,244)</u>	<u>\$ 7,158,063</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<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	40,670	-	276,059
Total capital assets, being depreciated	496,920	40,670	-	537,590
Less accumulated depreciation for:				
Buildings and improvements	115,703	11,622	-	127,325
Machinery and equipment	130,309	22,384	-	152,693
Total accumulated depreciation	246,012	34,006	-	280,018
Golf activities, capital assets, net	<u>\$ 857,271</u>	<u>\$ 6,664</u>	<u>\$ -</u>	<u>\$ 863,935</u>
Business-type activities, capital assets, net	<u>\$ 27,294,545</u>	<u>\$ 1,890,389</u>	<u>\$ (1,018,535)</u>	<u>\$ 28,166,399</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

4. CAPITAL ASSETS (continued)

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

Administration	\$ 87,652
Code enforcement	5,478
Community pool	2,955
Executive	4,926
Fire department	123,307
Dispatch	16,505
Highways and streets	196,169
Parks department	190,007
Police department	361,954
Recreation	7,847
Information technology	23,793
Economic development	15,183
Total	\$ 1,035,776

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	1,000,000
Water to General	1,000,000
General to Golf	400,000

6. LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Governmental Activities					
Notes payable	\$ 609,092	\$ -	\$ (76,172)	\$ 532,920	\$ 77,845
Financed purchases	168,924	125,948	(78,174)	216,698	58,183
Total Governmental Activities	\$ 778,016	\$ 125,948	\$ (154,346)	\$ 749,618	\$ 136,028

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

6. LONG-TERM DEBT (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Business-type Activities					
Sewer					
General obligation bonds	\$ 3,242,420	\$ 64,488	\$ (284,561)	\$ 3,022,347	\$ 292,224
Notes payable	129,458	-	(35,814)	93,644	44,418
	<u>3,371,878</u>	<u>64,488</u>	<u>(320,375)</u>	<u>3,115,991</u>	<u>336,642</u>
Water					
General obligation bonds	703,362	-	(68,487)	634,875	70,723
Notes payable	207,994	-	(67,986)	140,008	69,325
	<u>911,356</u>	<u>-</u>	<u>(136,473)</u>	<u>774,883</u>	<u>140,048</u>
Electric					
Notes payable	577,103	-	(93,411)	483,692	88,414
Total Business-type Activities	<u>\$ 4,860,337</u>	<u>\$ 64,488</u>	<u>\$ (550,259)</u>	<u>\$ 4,374,566</u>	<u>\$ 565,104</u>
Total Governmental and Business-type Activities	<u>\$ 5,638,353</u>	<u>\$ 190,436</u>	<u>\$ (704,605)</u>	<u>\$ 5,124,184</u>	<u>\$ 701,132</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.

\$ 32,560

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.

500,360
\$ 532,920

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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.	\$ 671,107	\$ -	\$ 671,107
\$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.	-	634,875	634,875
\$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.	1,411,034	-	1,411,034
\$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.	875,718	-	875,718
\$64,448 – Waste Water Treatment Facility loan. Requires repayment once the project is completed of principal and interest at 0%.	64,488	-	64,488
Total	<u>\$ 3,022,347</u>	<u>\$ 634,875</u>	<u>\$ 3,657,222</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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.	\$ 37,041	\$ -	\$ -	\$ 37,041
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.	-	93,644	-	93,644
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.	-	-	140,008	140,008
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.	446,651	-	-	446,651
Total	<u>\$ 483,692</u>	<u>\$ 93,644</u>	<u>\$ 140,008</u>	<u>\$ 717,344</u>

Debt Service Requirements

Debt service requirements on long-term debt as of June 30, 2023 were as follows:

	<u>Governmental Activities</u>	
	<u>Notes</u>	
<u>Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 136,028	\$ 18,469
2025	148,263	15,007
2026	126,102	12,804
2027	96,650	7,258
2028	91,068	5,292
2029-2030	151,507	4,401
	<u>\$ 749,618</u>	<u>\$ 63,231</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

6. LONG-TERM DEBT (continued)

Debt Service Requirements (continued)

Years Ending June 30	Business-Type Activities			
	General Obligation Bonds		Notes	
	Principal	Interest	Principal	Interest
2034	\$ 362,948	\$ 93,009	\$ 202,159	\$ 15,938
2025	373,154	80,223	172,674	11,169
2026	383,674	69,703	54,144	8,381
2027	394,520	58,857	55,569	6,956
2028	470,191	47,674	57,016	5,508
2029-2033	1,397,172	99,154	175,782	7,320
2034-2037	275,563	12,544	-	-
	<u>\$ 3,657,222</u>	<u>\$ 461,164</u>	<u>\$ 717,344</u>	<u>\$ 55,272</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, 2023

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, 2023:

<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, 2023

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, 2023, net of pension plan investment expense was 9.75%. 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, 2023 are as follows:

Total pension liability

Changes for the year:

Service cost	\$ 285,687
Interest cost	1,162,065
Changes of benefit terms	284,783
Differences between expected and actual experience	321,756
Changes of assumptions	-
Benefit payments	(837,010)
Net changes	1,217,281
Total pension liability-beginning	16,733,750
Total pension liability-ending (a)	17,951,031

Plan fiduciary net pension

Contributions-city	556,499
Contributions-member	177,568
Net investment income	1,035,058
Benefit payments, including refunds of employee contributions	(837,010)
Administrative expense	(21,404)
Net change in plan fiduciary net position	910,711
Plan fiduciary net position-beginning	11,214,047
Plan fiduciary net position-ending (b)	12,124,758
Plan's net pension liability- ending (a)-(b)	\$ 5,826,273

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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

For the year ended June 30, 2023, the City recognized pension expense of \$957,415. As of June 30, 2023, 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
Difference between actual and expected experience	\$ 113,629	\$ -
Projected and actual investment return differences	565,034	-
Changes of assumptions	174,220	-
	<u>\$ 852,883</u>	<u>\$ -</u>

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>	
2024	\$ 123,295
2025	116,720
2026	542,021
2027	17,221
2028	53,626
Total	<u>\$ 852,883</u>

Changes in net pension liability for the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 5,519,703	\$ 2,075,695	\$ 1,769,125	\$ 5,826,273

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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 components of the net pension liability of the City as of June 30, 2023 were as follows:

Total pension liability	\$ 17,951,031
Plan fiduciary net position	13,567,631
Less employee voluntary accounts	<u>1,442,873</u>
Adjusted plan fiduciary net position	<u>12,124,758</u>
Net pension liability	<u>\$ 5,826,273</u>
Plan fiduciary net position adjusted as a percentage of the total pension liability	<u>67.54%</u>

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, 2023. 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 9.75%, 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, 2023 are summarized in the following table (note that the rates shown below include the inflation component):

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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)

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	10.06%
International equity	10.71%
Fixed income	4.46%
Commodities	3.91%
Cash	3.23%

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.

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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 8,165,131	\$ 5,826,273	\$ 3,870,875

Membership in the General Plan is comprised of the following for the plan year beginning July 1, 2022:

Active eligible	53
Terminated with vested rights	15
Retired	47
Total number of participants	<u>115</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

7. RETIREMENT AND PENSION PLANS (continued)

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.

The following are brief descriptions of the Plan in effect as of June 30, 2022. 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.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

7. RETIREMENT AND PENSION PLANS (continued)

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

Plan Benefits (continued)

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.

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 11.34% and 16.03% of earnings for fiscal years 2023 and 2022.

Member

7% of compensation.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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

As of June 30, 2023, the City reported an asset of \$203,434 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. The City's proportion of the net pension asset was based on the percentage of actual employee contributions. As of June 30, 2022, the City's proportion was 1.9349 percent, which was an increase of 0.1119 from its proportion measured as of June 30, 2022.

Changes in net pension liability for the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Net Pension Asset	\$ (2,515,870)	\$ -	\$ (2,312,436)	\$ (203,434)

For the year ended June 30, 2023, the City recognized pension expense of \$53,858.

As of June 30, 2023, the City reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change to proportion	\$ 31,937	\$ 64,030
Differences between expected and actual experience	346,010	84,582
Changes of assumptions	73,194	165,170
Projected and actual plan investment earnings difference	337,064	-
Contributions subsequent to measurement date	259,606	-
	<u>\$ 1,047,811</u>	<u>\$ 313,782</u>

The City's contribution subsequent to the measurement date of \$259,606, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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:

Years Ending June 30	
2023	\$ 15,693
2024	45,359
2025	3,982
2026	(507,162)
2027	(28,363)
Thereafter	(3,493)
Total	\$ (473,984)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. 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 Pub – 2010 tables with gender adjustments for employees, healthy annuitants and disabled retirees and an adjusted version on MP-2020 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, 2023

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%	31.8%
International equity	5.7%	15.0%
Fixed income	2.0%	23.6%
Alternative investments	7.8%	21.5%
Cash and equivalents	0.0%	8.1%

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>
\$ 1,353,559	\$ (203,434)	\$ (1,472,072)

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, 2023

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, 2023:

Active eligible	82
Retired	37
Total number of participants	<u>119</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, 2023
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	4.13%
Salary increases	4.00%
Healthcare cost trend	7.25% decreasing to 4.5%
Mortality	General Employees - PubG-2010 Headcount Weighted General mortality table with the Buck modified MP 2020 improvement scale Police - General Employees - PubG-2010 Headcount Weighted Safety mortality table with the Buck modified MP 2020 improvement scale

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. 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, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

The changes in the City's net OPEB liability as of June 30, 2023, are as follows:

	Total OPEB Liability
Balance as of 6/30/2022	\$ 3,847,483
Changes for the year:	
Service cost	117,666
Interest	161,422
Differences between expected and actual experience	277,392
Changes of assumptions	(50,129)
Benefit payments	(37,187)
Net changes	469,164
Balance as of 6/30/2023	\$ 4,316,647

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:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	\$ 5,175,393	\$ 4,316,647	\$ 3,647,137

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 3,940,420	\$ 4,316,647	\$ 4,811,105

As of June 30, 2023, the City's OPEB expense was \$177,466.

As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 87,389
Changes in assumptions or other inputs	-	782,951
	<u>\$ -</u>	<u>\$ 870,340</u>

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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:

Years Ending June 30	
2024	\$ (101,622)
2025	(101,622)
2026	(101,622)
2027	(105,799)
Thereafter	(459,675)
Total	\$ (870,340)

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, 2022, DEMEC's total bonded debt was \$32,140,000.

In March 2012, the City approved a supplement to the full requirement service contract with DEMEC. DEMEC became a member of American Municipal Power, Inc. (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.

In May 2019, DEMEC purchased additional capacity for a total of 17% from AMP Premont Energy Center (AFEC). The City's portion of DEMEC's AFEC share is based on a load allocation of 9% which equates to approximately 1.5% of DEMEC's AFEC share.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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 \$58,715 as of June 30, 2022.

CITY OF SEAFORD, DELAWARE

Notes to the Financial Statements For the Year Ended June 30, 2023

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, 2023, 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.

In January 2021, the Council approved an agreement with Adkins Management Company for the City operation of the golf course for the period July 1, 2021, to June 30, 2026.

For the year ended June 30, 2023, 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,723,432	\$ 2,723,432	\$ 2,740,342	\$ 16,910
Transfer taxes	620,000	620,000	1,509,262	889,262
Intergovernmental revenues	4,267,344	4,267,344	3,293,490	(973,854)
Fines and forfeitures	58,000	58,000	60,049	2,049
Licenses, permits and fees	580,056	580,056	519,690	(60,366)
Interest and late charges	36,162	36,162	86,375	50,213
Community pool and recreation	42,000	42,000	51,933	9,933
Charges for services	352,867	352,867	371,992	19,125
Miscellaneous	18,000	18,000	115,851	97,851
Total revenues	8,697,861	8,697,861	8,748,984	51,123
Expenditures				
Administration	1,162,816	1,162,816	1,175,715	(12,899)
Code enforcement	459,428	459,428	339,987	119,441
Community pool	52,156	52,156	87,206	(35,050)
Executive	120,559	120,559	108,319	12,240
Fire department	309,132	309,132	274,166	34,966
Dispatch	362,601	362,601	370,337	(7,736)
Highways and streets	527,208	527,208	621,812	(94,604)
Parks department	554,972	554,972	563,587	(8,615)
Police department	4,348,897	4,348,897	4,477,850	(128,953)
Recreation	233,967	233,967	228,809	5,158
Economic development	513,587	513,587	5,551,922	(5,038,335)
Debt Service	198,794	198,794	181,080	17,714
Capital Outlay	4,335,610	4,335,610	1,182,360	3,153,250
Total Expenditures	13,179,727	13,179,727	15,163,150	(1,983,423)
Deficiency of revenues under expenditures	(4,481,866)	(4,481,866)	(6,414,166)	1,932,300
Other Financing Sources (uses)				
Operating transfers	3,482,421	3,482,421	4,500,000	1,017,579
Operating transfers out	-	-	(400,000)	(400,000)
Proceeds from financed purchases	-	-	125,948	-
Proceeds from sale of asset	-	-	3,530	3,530
Total other financing sources (uses)	3,482,421	3,482,421	4,229,478	617,579
Net change in fund balance	\$ (999,445)	\$ (999,445)	\$ (2,184,688)	\$ (1,185,243)

CITY OF SEAFORD, DELAWARE

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

For the Years Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service Cost	\$ 117,666	\$ 218,399	\$ 205,163	\$ 161,943	\$ 145,544	\$ 132,218
Interest	161,422	119,645	129,712	126,510	124,272	121,028
Differences between expected and actual experience	277,392	(48,874)	(187,801)	(218,399)	(40,737)	(50,397)
Changes of assumptions	(50,129)	(1,695,871)	485,702	265,704	154,825	115,800
Benefit payments	(37,187)	(31,259)	(36,894)	(37,047)	(35,158)	(21,908)
Net change in total OPEB liability	469,164	(1,437,960)	595,882	298,711	348,746	296,741
Total OPEB liability-beginning	3,847,483	5,285,443	4,689,561	4,390,850	4,042,104	3,745,263
Total OPEB liability-ending	<u>\$ 4,316,647</u>	<u>\$ 3,847,483</u>	<u>\$ 5,285,443</u>	<u>\$ 4,689,561</u>	<u>\$ 4,390,850</u>	<u>\$ 4,042,004</u>
Covered-employee payroll	\$ 3,291,806	\$ 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	131.13%	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 of actuarial contributions is not available.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 285,687	\$ 285,240	\$ 267,841	\$ 275,144	\$ 266,902	\$ 109,341	\$ 147,185	\$ 173,495	\$ 200,070	\$ 214,075
Interest	1,162,065	1,114,648	1,070,334	1,016,385	983,697	981,669	940,901	910,611	867,976	854,346
Changes in benefit terms	284,783	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	321,756	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	(837,010)	(782,683)	(712,819)	(637,374)	(676,123)	(622,465)	(579,617)	(636,820)	(865,589)	(633,632)
Net change in total pension liability	1,217,281	704,107	650,592	815,718	439,365	(101,762)	641,659	430,424	202,457	434,789
Total pension liability-beginning	16,733,750	16,029,643	15,379,051	14,563,333	14,123,968	14,225,730	13,584,071	13,153,647	12,951,190	12,516,401
Total pension liability-ending (a)	<u>17,951,031</u>	<u>16,733,750</u>	<u>16,029,643</u>	<u>15,379,051</u>	<u>14,563,333</u>	<u>14,123,968</u>	<u>14,225,730</u>	<u>13,584,071</u>	<u>13,153,647</u>	<u>12,951,190</u>
Plan fiduciary net pension										
Contributions-city	556,499	561,295	507,072	502,420	504,922	497,557	505,651	573,638	656,520	661,932
Contributions-member	177,568	127,546	123,135	139,442	135,994	140,251	122,873	70,822	26,332	28,000
Net investment income	1,035,058	(1,587,279)	2,745,808	261,552	571,060	761,228	854,607	204,078	157,277	1,049,347
Other	-	-	-	-	-	-	-	-	276,742	-
Benefit payments, including refunds of employee contributions	(837,010)	(782,683)	(712,819)	(637,374)	(676,123)	(622,465)	(579,617)	(636,820)	(865,589)	(568,414)
Administrative expense	(21,404)	(25,004)	(20,378)	(25,300)	(113,440)	(105,690)	(96,905)	(106,541)	(117,450)	(97,803)
Net change in plan fiduciary net position	910,711	(1,706,125)	2,642,818	240,740	422,413	670,881	806,609	105,177	133,832	1,073,062
Plan fiduciary net position-beginning	11,214,047	12,920,172	10,277,354	10,036,614	9,614,201	8,943,320	8,136,711	8,031,534	7,897,702	6,824,640
Plan fiduciary net position-ending (b)	<u>12,124,758</u>	<u>11,214,047</u>	<u>12,920,172</u>	<u>10,277,354</u>	<u>10,036,614</u>	<u>9,614,201</u>	<u>8,943,320</u>	<u>8,136,711</u>	<u>8,031,534</u>	<u>7,897,702</u>
Plan's net pension liability- ending (a)-(b)	<u>\$ 5,826,273</u>	<u>\$ 5,519,703</u>	<u>\$ 3,109,471</u>	<u>\$ 5,101,697</u>	<u>\$ 4,526,719</u>	<u>\$ 4,509,767</u>	<u>\$ 5,282,410</u>	<u>\$ 5,447,360</u>	<u>\$ 5,122,113</u>	<u>\$5,053,488</u>
Plan fiduciary net position as a percentage of the total pension liability	67.54%	67.01%	80.60%	66.83%	68.92%	68.07%	62.87%	59.90%	60.04%	60.98%
Covered-employee payroll	\$ 3,075,804	\$ 3,043,016	\$ 2,785,928	\$ 2,660,801	\$ 2,807,634	\$ 2,859,315	\$ 2,860,613	\$ 2,833,872	\$ 2,727,062	\$2,650,963
Net pension liability as a percentage of covered-employee payroll	189.42%	181.39%	111.61%	191.74%	161.23%	157.72%	184.66%	192.22%	187.83%	190.62%

Notes to Schedule

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

CITY OF SEAFORD, DELAWARE

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 473,553	\$ 470,799	\$ 489,285	\$ 462,675	\$ 455,580	\$ 484,922	\$ 506,038	\$ 614,147	\$ 656,520	\$ 656,822
Contributions in relation to the actuarially determined contribution	556,499	561,295	507,072	502,420	504,922	497,557	505,651	625,036	656,520	661,932
Contribution deficiency (excess)	\$ (82,946)	\$ (90,496)	\$ (17,787)	\$ (39,745)	\$ (49,342)	\$ (12,635)	\$ 387	\$ (10,889)	\$ -	\$ (5,110)
Covered-employee payroll	\$ 3,075,804	\$ 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
Contributions as a percentage of covered- employee payroll	18.09%	20.15%	19.06%	17.89%	17.66%	17.39%	17.84%	22.06%	24.07%	24.97%

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.

Effective July 1, 2023, the mandatory employee contribution rate was changed to 5% for new employees whowere hired on or after January 1, 2021. This did not affect the accrued liability.

Effective July 1, 2023, the current retirees and beneficiaries received a one-time increase in their monthly payment if they had been in receipt for at least one year. This increased the accrued liability by \$285,000.

CITY OF SEAFORD, DELAWARE

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

	<u>2023</u>	<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	9.75%	-13.00%	26.56%	2.00%	4.70%	6.79%	10.66%	-0.33%	0.42%	14.14%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.9349%	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)	\$ (203,434)	\$ (2,515,870)	\$ 286,726	\$ 533,178	\$ 445,931	\$ 185,726	\$ 323,502	\$ (129,171)	\$ (256,525)
City's covered employee payroll	3,075,804	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	-6.61%	-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	101.95%	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>2023</u>	<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	\$ 259,606	\$ 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>259,606</u>	<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>	<u>\$ -</u>
City's covered employee payroll	\$ 3,075,804	\$ 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	8.44%	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, 2023 and 2022**

	2023	2022
Revenues		
Taxes	\$ 2,740,342	\$ 2,746,281
Transfer taxes	1,509,262	652,744
Intergovernmental revenues	3,293,490	2,435,456
Fines and forfeitures	60,049	63,191
Licenses, permits and fees	519,690	598,260
Interest and late charges	86,375	29,487
Community pool and recreation	51,933	41,091
Charges for services	371,992	360,177
Miscellaneous	115,851	29,268
Total revenues	<u>8,748,984</u>	<u>6,955,955</u>
Expenditures		
Administration	1,175,715	1,090,801
Code enforcement	339,987	300,464
Community pool	87,206	59,541
Executive	108,319	101,133
Fire department	274,166	252,010
Dispatch	370,337	366,545
Highways and streets	621,812	632,905
Parks department	563,587	568,453
Police department	4,477,850	4,062,984
Recreation	228,809	218,590
Economic development	5,551,922	403,740
Debt Service	181,080	169,029
Capital outlay	1,182,360	2,244,532
Total Expenditures	<u>15,163,150</u>	<u>10,470,727</u>
Deficiency of revenues under expenditures	<u>(6,414,166)</u>	<u>(3,514,772)</u>
Other Financing Sources		
Operating transfers, net	4,100,000	5,170,000
Proceeds from financed purchases	125,948	-
Gain on disposal of fixed assets	3,530	535,293
Total other financing sources	<u>4,229,478</u>	<u>5,705,293</u>
Net change in fund balance	<u>\$ (2,184,688)</u>	<u>\$ 2,190,521</u>

CITY OF SEAFORD, DELAWARE

SCHEDULES OF REVENUES AND EXPENSES - ELECTRIC FUND

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Charges for services	\$ 16,407,310	\$ 15,032,367
Miscellaneous	127,951	285,918
Total operating revenues	<u>16,535,261</u>	<u>15,318,285</u>
Operating Expenses		
Purchased power	10,584,855	9,154,260
Payroll and other costs	1,404,990	1,224,298
Utilities	39,992	35,362
Repairs and maintenance	126,260	97,674
Insurance	405,751	284,940
Other supplies and expenses	268,154	830,262
Depreciation and amortization	357,254	332,260
Total operating expenses	<u>13,187,256</u>	<u>11,959,056</u>
Operating income	3,348,005	3,359,229
Nonoperating Revenues (Expenses)		
Interest revenue	40,251	623
Interest expense	(23,332)	(17,880)
Loss on disposal of fixed asset	-	-
Transfers out	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Net nonoperating revenues (expenses)	<u>(2,483,081)</u>	<u>(2,517,257)</u>
Change in net position	<u>\$ 864,924</u>	<u>\$ 841,972</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - SEWER FUND
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Operating Revenues		
Charges for services	\$ 3,534,172	\$ 3,220,540
Tap fees	12,000	13,050
Miscellaneous	1,391,147	2,201,386
Total operating revenues	<u>4,937,319</u>	<u>5,434,976</u>
Operating Expenses		
Payroll and other costs	690,311	600,236
Utilities	184,679	160,056
Repairs and maintenance	251,028	156,846
Insurance	303,939	230,126
Other supplies and expenses	644,660	530,783
Depreciation and amortization	786,477	847,948
Total operating expenses	<u>2,861,094</u>	<u>2,525,995</u>
Operating income	2,076,225	2,908,981
Nonoperating Revenues (Expenses)		
Interest revenue	74,779	775
Interest expense	(80,072)	(88,821)
Loss on disposal of fixed asset	-	(516)
Transfers out	(1,000,000)	(2,800,000)
Capital contribution	123,294	99,862
Net nonoperating revenues (expenses)	<u>(881,999)</u>	<u>(2,788,700)</u>
Change in net position	<u>\$ 1,194,226</u>	<u>\$ 120,281</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - WATER FUND
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Operating Revenues		
Charges for services	\$ 1,488,449	\$ 1,377,253
Tap fees	9,475	14,475
Miscellaneous	102,320	311,799
Total operating revenues	<u>1,600,244</u>	<u>1,703,527</u>
Operating Expenses		
Payroll and other costs	454,016	390,446
Utilities	84,228	75,132
Repairs and maintenance	186,231	229,709
Insurance	199,055	111,373
Other supplies and expenses	269,852	201,510
Depreciation and amortization	341,984	325,317
Total operating expenses	<u>1,535,366</u>	<u>1,333,487</u>
Operating income	64,878	370,040
Nonoperating Revenues (Expenses)		
Interest revenue	11,734	369
Interest expense	(25,340)	(28,848)
Loss on disposal of fixed asset	-	-
Transfers out	(1,000,000)	(200,000)
Capital contribution	25,500	37,998
Net nonoperating revenues (expenses)	<u>(988,106)</u>	<u>(190,481)</u>
Change in net position	<u>\$ (923,228)</u>	<u>\$ 179,559</u>

CITY OF SEAFORD, DELAWARE**SCHEDULES OF REVENUES AND EXPENSES - GOLF FUND****For the Years Ended June 30, 2023 and 2022**

	2023	2022
Operating Revenues		
Charges for services	\$ -	\$ -
Sales	-	-
Miscellaneous	290,501	245,128
Total operating revenues	290,501	245,128
Operating Expenses		
Repairs and maintenance	50,213	91,790
Insurance	8,998	8,567
Contracts	151,704	151,701
Other supplies and expenses	86,921	89,088
Depreciation and amortization	34,006	33,322
Total operating expenses	331,842	374,468
Operating loss	(41,341)	(129,340)
Nonoperating Revenues (Expenses)		
Interest revenue	9,907	1,526
Interest expense	-	-
Transfers in	400,000	330,000
Net nonoperating revenues (expenses)	409,907	331,526
Change in net position	\$ 368,566	\$ 202,186

CITY OF SEAFORD, DELAWARE

SCHEDULES OF DEBT SERVICE - ENTERPRISE FUNDS

As of June 30, 2023

	2023	2024	2025	2026	2028	Thereafter	Total
GENERAL OBLIGATION BONDS							
<u>Principal Payments Due</u>							
\$1,620,000 SRF Series Bonds	\$ 101,156	\$ 105,211	\$ 109,428	\$ 113,814	\$ 118,376	\$ 123,122	\$ 671,107
\$2,579,004 SRF Loan Series 2011	136,283	139,033	141,817	144,668	147,575	701,658	1,411,034
\$2,729,408 SRF Series Bonds	70,724	73,034	75,419	77,882	80,427	257,389	634,875
\$1,158,300 Solar Array	54,785	55,886	57,009	58,155	59,234	590,649	875,718
Waste Water Treatment Facility Loan	-	-	-	-	64,488	-	64,488
Total principal payments	362,948	373,164	383,673	394,519	470,100	1,672,818	3,657,222
<u>Interest Payments Due</u>							
\$1,620,000 General Obligation Bonds	25,642	21,588	17,370	12,984	8,421	3,677	89,682
\$2,579,004 SRF Loan Series 2011	27,542	24,803	22,009	19,158	16,250	35,548	145,310
\$2,729,408 SRF Series Bonds	20,002	17,692	15,306	12,842	10,298	14,794	90,934
Solar Array	19,823	16,141	15,017	13,871	12,702	57,684	135,238
Waste Water Treatment Facility Loan	-	-	-	-	-	-	-
Total interest payments due	93,009	80,224	69,702	58,855	47,671	111,703	461,164
Total debt service requirements— general obligation bonds	455,957	453,388	453,375	453,374	517,771	1,784,521	4,118,386
NOTES PAYABLE							
<u>Principal Payments Due</u>							
Fulton Bank - Sewer Extension	44,418	49,226	-	-	-	-	93,644
Bank of Delmarva - Utility building Extension	51,374	52,756	54,144	55,569	57,016	175,792	446,651
M&T Bank Lease	37,041	-	-	-	-	-	37,041
Community Bank Delaware- Water Tower	69,326	70,682	-	-	-	-	140,008
Total principal payments	202,159	165,391	54,144	55,569	57,016	175,792	717,344
<u>Interest Payments Due</u>							
Fulton Bank - Sewer Extension	2,009	639	-	-	-	-	2,648
Bank of Delmarva - Utility building Extension	11,150	9,769	8,381	6,956	5,508	7,322	49,086
M&T Bank Lease/Purchase	629	-	-	-	-	-	629
Community Bank Delaware- Water Tower	2,149	760	-	-	-	-	2,909
Total interest payments due	15,937	11,168	8,381	6,956	5,508	7,322	55,272
Total debt service requirements— notes payable	218,096	176,559	62,525	62,525	62,524	183,114	772,616
Total debt service requirements	\$ 674,053	\$ 629,947	\$ 515,900	\$ 515,899	\$ 580,295	\$ 1,967,635	\$ 4,891,002



**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2024.

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
February 28, 2024

SB & Company, LLC

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND For the Years Ended June 30, 2023 and 2022

Information selected from audited financial statements

	2023		2022
	Budget	Actual	Total
Revenues			
Taxes	\$ 2,723,432	\$ 2,740,342	\$ 2,746,281
Transfer taxes	620,000	1,509,262	652,744
Intergovernmental revenues	4,267,344	3,293,490	2,435,456
Fines and forfeitures	58,000	60,049	63,191
Licenses, permits and fees	580,056	519,690	598,260
Interest and late charges	36,162	86,375	29,487
Community pool and recreation	42,000	51,933	41,091
Charges for services	352,867	371,992	360,177
Miscellaneous	18,000	115,851	29,268
Total Revenues	<u>8,697,861</u>	<u>8,748,984</u>	<u>6,955,955</u>
Expenditures			
Administration	1,162,816	1,175,715	1,090,801
Code enforcement	459,428	339,987	300,464
Community pool	52,156	87,206	59,541
Executive	120,559	108,319	101,133
Fire department	309,132	274,166	252,010
Dispatch	362,601	370,337	366,545
Highways and streets	527,208	621,812	632,905
Parks department	554,972	563,587	568,453
Police department	4,348,897	4,477,850	4,062,984
Recreation	233,967	228,809	218,590
Economic development	513,587	5,551,922	403,740
Debt service	198,794	181,080	169,029
Capital outlay	4,335,610	1,182,360	2,244,532
Total Expenditures	<u>\$ 13,179,727</u>	<u>15,163,150</u>	<u>10,470,727</u>
Deficiency of revenues under expenditures	<u>(4,481,866)</u>	(6,414,166)	(3,514,772)
Other Financing Sources			
Operating transfers (net)		4,100,000	5,170,000
Proceeds from capital leases		125,948	-
Gain on disposal of fixed assets		3,530	535,293
Total other financing sources		<u>4,229,478</u>	<u>5,705,293</u>
Net change in fund balance		(2,184,688)	2,190,521
Fund Balance, Beginning of Year		<u>5,735,426</u>	<u>3,544,905</u>
Fund Balance, End of Year		<u>\$ 3,550,738</u>	<u>\$ 5,735,426</u>

CITY OF SEAFORD, DELAWARE**FINANCIAL HIGHLIGHTS – ENTERPRISE FUND****For the Years Ended June 30, 2023 and 2022**

Information selected from audited financial statements

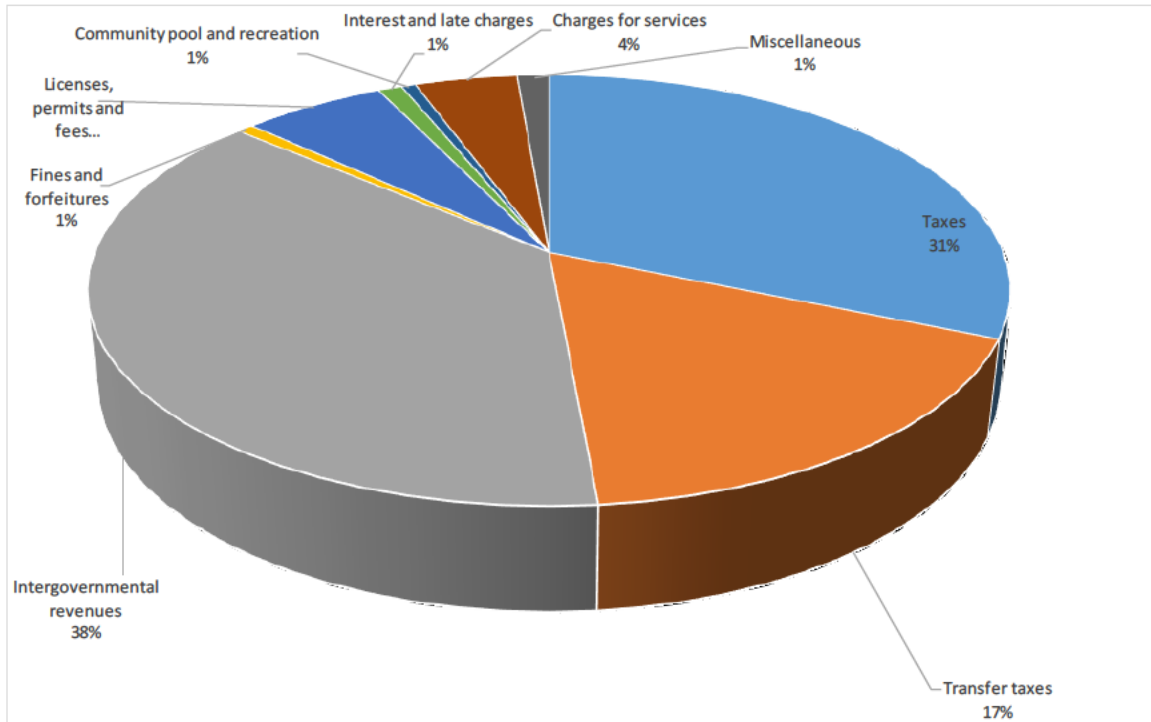
	2023	2022
Operating Revenues		
Charges for services	\$ 21,429,931	\$ 19,630,160
Tap fees	21,475	27,525
Miscellaneous	1,911,919	3,044,231
Total operating revenues	<u>23,363,325</u>	<u>22,701,916</u>
Operating Expenses		
Purchased power	10,584,855	9,154,260
Payroll and other costs	2,549,317	2,214,980
Utilities	308,899	270,550
Repairs and maintenance	613,732	576,019
Insurance	917,743	635,006
Contracts	151,704	151,701
Other supplies and expenses	1,269,587	1,651,642
Depreciation and amortization	1,519,721	1,538,847
Total operating expenses	<u>17,915,558</u>	<u>16,193,005</u>
Operating income	5,447,767	6,508,911
Nonoperating Revenues (Expenses)		
Interest revenue	136,671	3,293
Interest expense	(128,744)	(135,549)
Loss on disposal of fixed asset	-	(516)
Transfers in (out)	(4,100,000)	(5,170,000)
Capital contribution	148,794	137,860
Net nonoperating revenues (expenses)	<u>(3,943,279)</u>	<u>(5,164,912)</u>
Change in net position	1,504,488	1,343,999
Net Position, Beginning of Year	<u>28,203,283</u>	<u>26,859,284</u>
Net Position, End of Year	<u>\$ 29,707,771</u>	<u>\$ 28,203,283</u>

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND

For the Years Ended June 30, 2023 and 2022

City of Seaford, Delaware
Sources of Revenue - General Fund
For the Year Ended June 30, 2023



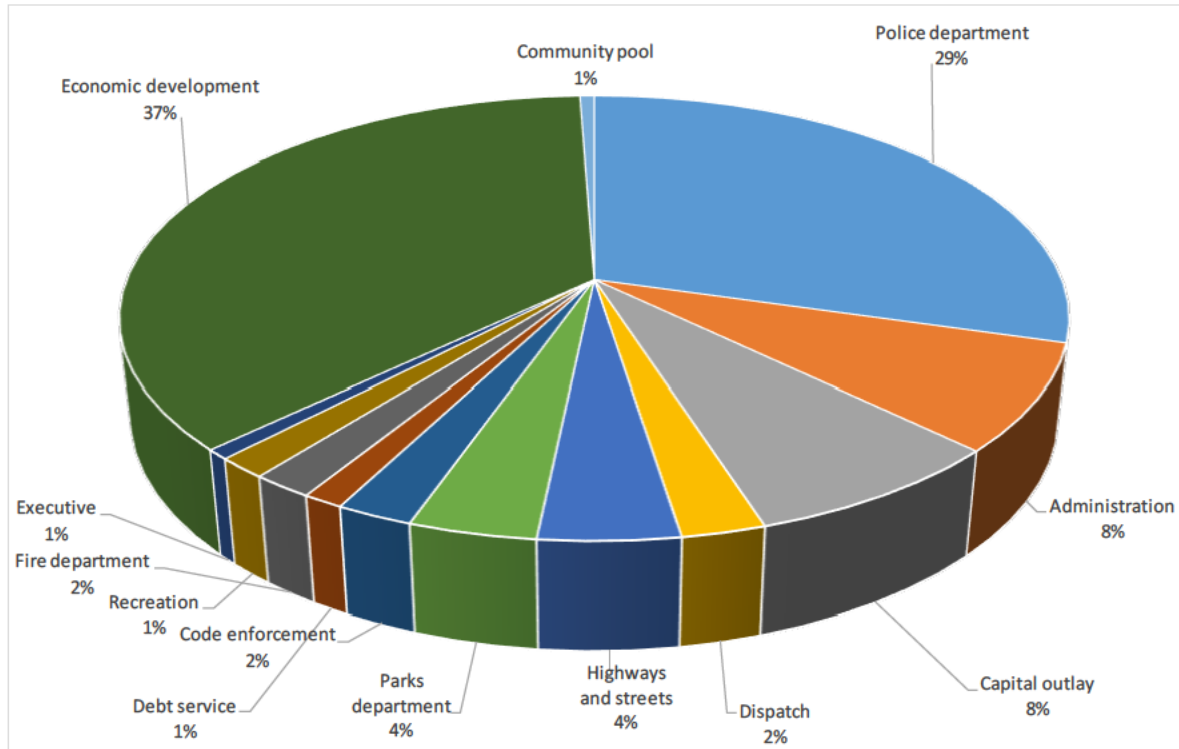
	2023		2022	
	\$	%	\$	%
Taxes	2,740,342	31.32%	2,746,281	39.48%
Transfer taxes	1,509,262	17.25%	652,744	9.38%
Intergovernmental revenues	3,293,490	37.64%	2,435,456	35.01%
Fines and forfeitures	60,049	0.69%	63,191	0.91%
Licenses, permits and fees	519,690	5.94%	598,260	8.60%
Interest and late charges	86,375	0.99%	29,487	0.42%
Community pool and recreation	51,933	0.59%	41,091	0.59%
Charges for services	371,992	4.25%	360,177	5.18%
Miscellaneous	115,851	1.32%	29,268	0.42%
	8,748,984	100.00%	6,955,955	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – GENERAL FUND

For the Years Ended June 30, 2023 and 2022

City of Seaford, Delaware Functional Expenses - General Fund For the Year Ended June 30, 2023



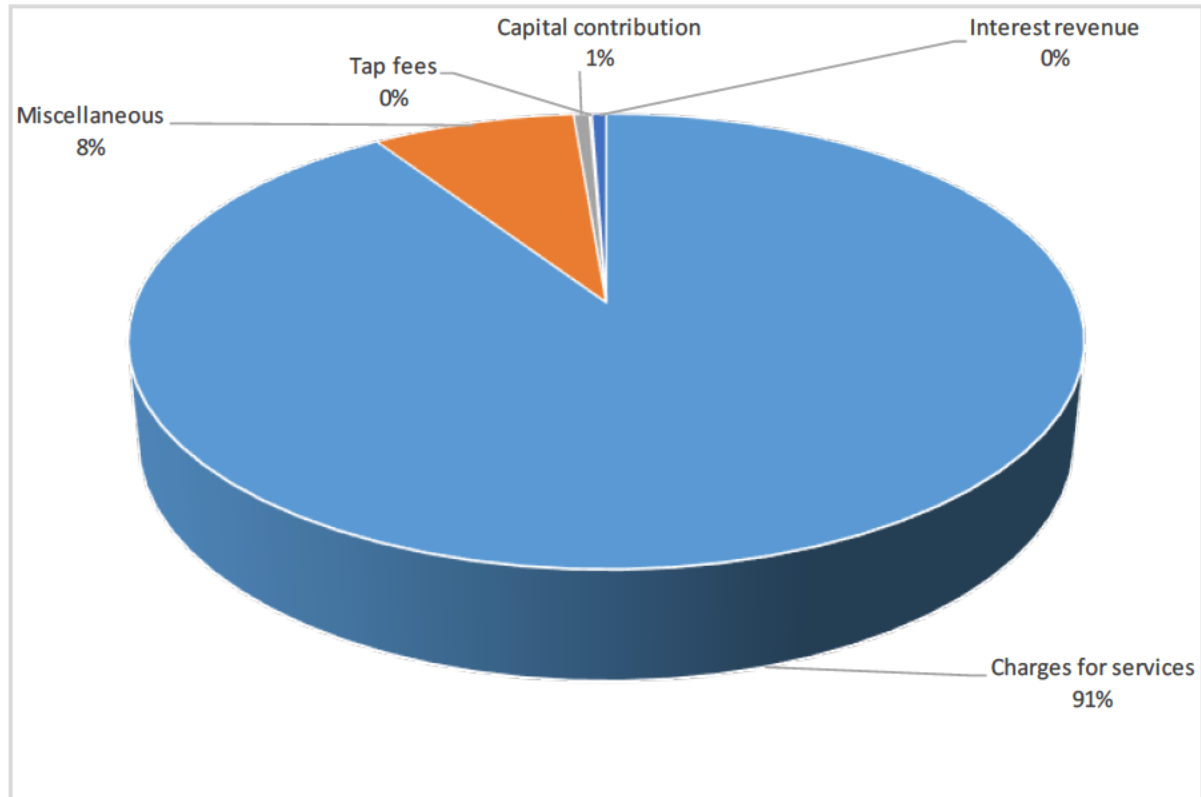
	2023		2022	
	\$	%	\$	%
Police department	4,477,850	29.53%	4,062,984	38.80%
Administration	1,175,715	7.75%	1,090,801	10.42%
Capital outlay	1,182,360	7.80%	2,244,532	21.44%
Dispatch	370,337	2.44%	366,545	3.50%
Highways and streets	621,812	4.10%	632,905	6.04%
Parks department	563,587	3.72%	568,453	5.43%
Code enforcement	339,987	2.24%	300,464	2.87%
Debt service	181,080	1.19%	169,029	1.61%
Fire department	274,166	1.81%	252,010	2.41%
Recreation	228,809	1.51%	218,590	2.09%
Executive	108,319	0.71%	101,133	0.97%
Economic development	5,551,922	36.61%	403,740	3.86%
Community pool	87,206	0.58%	59,541	0.57%
	15,163,150	100.00%	10,470,727	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – PROPRIETARY FUND

For the Years Ended June 30, 2023 and 2022

City of Seaford, Delaware Sources of Revenue - Proprietary Fund For the Year Ended June 30, 2023



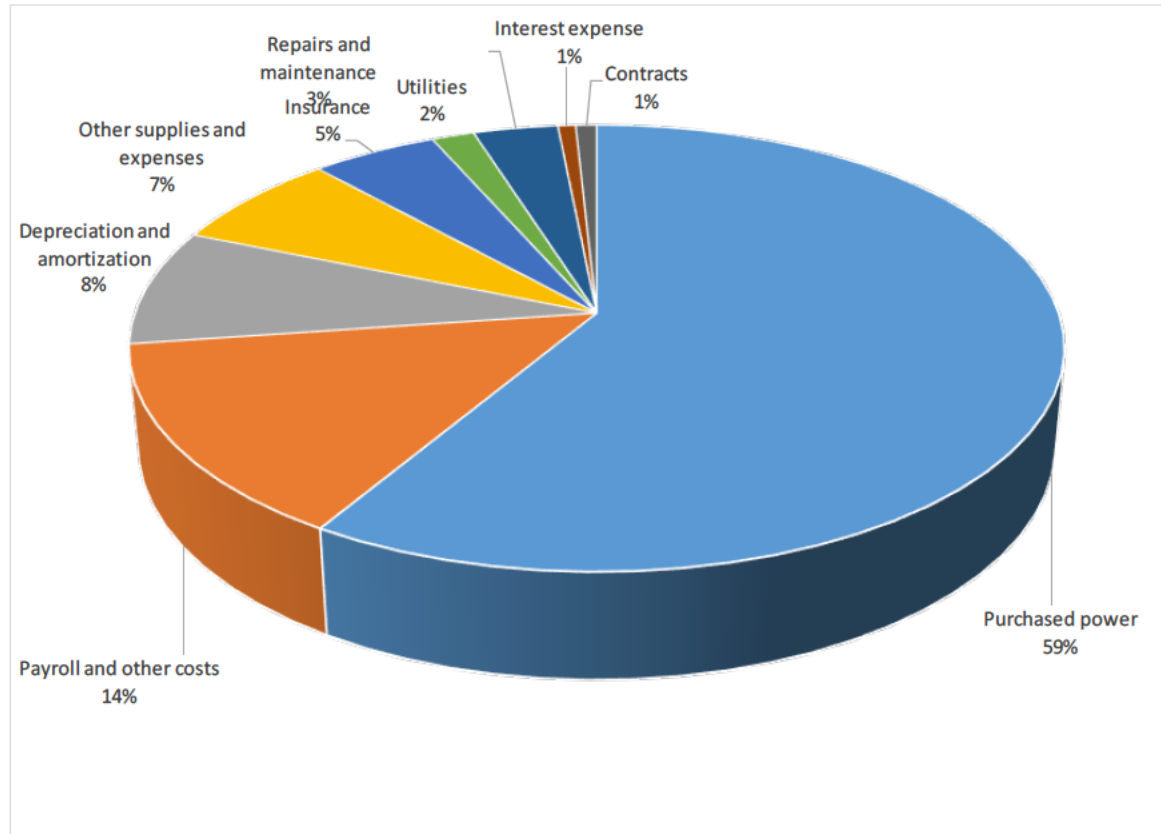
	2023		2022	
	\$	%	\$	%
Charges for services	21,429,931	90.62%	19,630,160	85.93%
Miscellaneous	1,911,919	8.08%	3,044,231	13.33%
Capital contribution	148,794	0.63%	137,860	0.60%
Tap fees	21,475	0.09%	27,525	0.12%
Interest revenue	136,671	0.58%	3,293	0.01%
	23,648,790	100.00%	22,843,069	100.00%

CITY OF SEAFORD, DELAWARE

FINANCIAL HIGHLIGHTS – PROPRIETARY FUND

For the Years Ended June 30, 2023 and 2022

City of Seaford, Delaware
Functional Expenses - Proprietary Fund
For the Year Ended June 30, 2023



	2023		2022	
	\$	%	\$	%
Purchased power	10,584,855	58.66%	9,154,260	56.06%
Payroll and other costs	2,549,317	14.13%	2,214,980	13.57%
Depreciation and amortization	1,519,721	8.42%	1,538,847	9.42%
Other supplies and expenses	1,269,587	7.04%	1,651,642	10.12%
Insurance	917,743	5.09%	635,006	3.89%
Utilities	308,899	1.71%	270,550	1.66%
Repairs and maintenance	613,732	3.40%	576,019	3.53%
Interest expense	128,744	0.71%	135,549	0.83%
Contracts	151,704	0.84%	151,701	0.93%
	18,044,302	100.00%	16,328,554	100.00%