

TOWN OF GEORGETOWN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2025

TOWN OF GEORGETOWN

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Mayor and Council
Town of Georgetown
Georgetown, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Georgetown (the Town), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 and each major fund of the Town, as of April 30, 2025, and the respective changes in their financial position, and, where applicable, their cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement issuance date, 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 *Government Auditing Standards*, 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the Town's schedules of the Town's proportionate share of the net pension liability and schedule of contributions for the County & Municipal other employees' pension plan and County & Municipal police and firefighters' pension plan 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 (GASB) 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 Town's basic financial statements. The accompanying schedule of general fund revenues and other financing sources – budget and actual, schedule of general fund expenditures and other financing sources – budget and actual (collectively, budget and actual schedules) and property assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying budget and actual schedules and property assessments are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying budget and actual schedules and property assessments 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 December 12, 2025, on our consideration of the Town'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 Town's internal controls over financial reporting and compliance.

Owings Mills, Maryland
December 12, 2025

SBC + Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

This section of the report gives an overview and analysis of the financial activity of the Town of Georgetown (the Town) for the year ended April 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) introduces the Town's basic financial statements. The Town's basic financial statements include (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. Supplementary information, in addition to the basic financial statements, is also included.

FINANCIAL HIGHLIGHTS

GOVERNMENT-WIDE STATEMENTS

As of April 30, 2025, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,592,672. Of this amount, the Town had unrestricted assets of \$4,756,304. The Town's total net position increased by \$2,466,309 during the year. The net increase is comprised of an increase in grant funding, building permits and transfer taxes.

FUND FINANCIAL STATEMENTS

As of April 30, 2025, the Town's general fund reported an ending fund balance of \$22,716,194. This increased by \$11,721,009 from the preceding year.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. This Government-wide Financial Reporting includes two statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town of Georgetown is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the current fiscal year. Changes in net position are reported when the underlying event occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not impact cash flows until future fiscal periods.

Both the Statement of Net Position and Statement of Activities account separately for governmental activities and business-type activities.

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

FINANCIAL HIGHLIGHTS (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Governmental activities include General Administration, Public Safety, Planning and Zoning, and Streets and Grounds. These activities are mostly supported by taxes, user fees and operating grants.

Business-type activities include water and sewer services, funded primarily by user fees, connection fees, and impact fees.

The Government-wide Financial Statements in this report immediately follow this MD&A report.

FUND FINANCIAL STATEMENTS

The next group of financial statements is Fund Financial Statements. These statements provide additional information.

A fund is an accounting category used to maintain control over resources that have been segregated for specific activities or objectives. These help us comply with finance-related legal requirements. The Town's funds are divided into two categories: Governmental Funds and Proprietary Funds.

GOVERNMENTAL FUNDS

Governmental Funds account for essentially the same functions as Governmental Activities in the Government-wide Financial Statements. Governmental Fund Financial Statements do focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financial requirements. Because of the focus of governmental funds is for the current period, it is useful to compare this information with similar information presented for governmental activities in the Government-wide Financial Statements. Readers may then better understand the long-term impact of the government's current financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance include reconciliations to the Government-wide Statements. The basic financial statements include a budgetary comparison statement for the General Fund. The Town of Georgetown adopts an annual appropriated budget for its General Fund.

PROPRIETARY FUNDS

The Town's Proprietary Funds are solely enterprise funds that operate in a manner similar to private business enterprises. The Town uses Enterprise Funds for the water and sewer systems, which separates operating revenues and expenses from non-operating items. The operating expenses include the cost of service, administrative expenses and depreciation on capital assets.

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

FUND FINANCIAL STATEMENTS (continued)

MAJOR AND NON-MAJOR FUNDS

The Town does not have non-major funds. All activities are classified as Major Funds.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a reader's complete understanding of the data provided in the Government-wide and Fund Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information contains information related to our participation in two defined benefit plans for our employees.

SUPPLEMENTARY INFORMATION

The supplementary information contains detailed information regarding the General Fund budget versus actual revenues and expenditures and historical property assessments.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the Government-wide Statement of Net Position:

TOWN OF GEORGETOWN'S SCHEDULE OF NET POSITION						
As of April 30, 2025 and 2024						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 23,676,759	\$ 11,704,107	\$ 12,375,598	\$ 5,224,025	\$ 36,052,357	\$ 16,928,132
Capital assets	8,585,212	7,942,662	33,330,708	32,998,352	41,915,920	40,941,014
Total Assets	<u>32,261,971</u>	<u>19,646,769</u>	<u>45,706,306</u>	<u>38,222,377</u>	<u>77,968,277</u>	<u>57,869,146</u>
Deferred Outflows of Resources	<u>1,084,521</u>	<u>1,056,482</u>	<u>110,479</u>	<u>138,574</u>	<u>1,195,000</u>	<u>1,195,056</u>
Current and other liabilities	928,679	683,337	646,340	608,982	1,575,019	1,292,319
Long-term liabilities	13,104,671	2,346,624	10,766,348	4,144,223	23,871,019	6,490,847
Total Liabilities	<u>14,033,350</u>	<u>3,029,961</u>	<u>11,412,688</u>	<u>4,753,205</u>	<u>25,446,038</u>	<u>7,783,166</u>
Deferred Inflow of Resources	<u>108,808</u>	<u>138,914</u>	<u>15,758</u>	<u>15,758</u>	<u>124,566</u>	<u>154,672</u>
Net Position:						
Net investment in capital assets	6,898,536	6,208,598	29,010,313	28,977,957	35,908,849	35,186,555
Restricted	8,299,976	7,115,749	4,627,543	3,813,731	12,927,519	10,929,480
Unrestricted	4,005,822	4,210,029	750,483	800,300	4,756,305	5,010,329
Total Net Position	<u>\$ 19,204,334</u>	<u>\$ 17,534,376</u>	<u>\$ 34,388,339</u>	<u>\$ 33,591,988</u>	<u>\$ 53,592,673</u>	<u>\$ 51,126,364</u>

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The Governmental Activities Statement of Net Position is made up of cash, taxes receivable, restricted cash, other receivables, land improvements and other capital assets. Restricted net position consists of cash and investments, which are restricted as to their use by outside agencies and the Town ordinances. In the Business-type Activities, 84% of the net position is invested in the water and sewer systems. Restricted net position consists of cash and investments held by the Town for infrastructure outlays and debt service.

The following schedule reflects the breakdown of changes in net position for Governmental and Business-type Activities for fiscal years 2025 and 2024.

TOWN OF GEORGETOWN'S CHANGES IN NET POSITION						
As of April 30, 2025 and 2024						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues:						
Charges for services	\$ 1,433,763	\$ 1,288,409	\$ 4,661,456	\$ 4,381,136	\$ 6,095,219	\$ 5,669,545
Operating grants and contributions	875,267	964,876	-	-	875,267	964,876
Capital grants and contributions	-	-	452,000	500,000	452,000	500,000
General Revenues:						
Property taxes and penalties	1,968,656	1,952,943	-	-	1,968,656	1,952,943
Realty transfer taxes	1,420,635	384,774	-	-	1,420,635	384,774
Lodging taxes	187,215	165,509	-	-	187,215	165,509
Other taxes	1,659,773	1,344,110	-	-	1,659,773	1,344,110
Gain on sale of assets	-	-	-	-	-	-
Miscellaneous	768,520	1,208,700	-	-	768,520	1,208,700
Total Revenues	<u>8,313,829</u>	<u>7,309,321</u>	<u>5,113,456</u>	<u>4,881,136</u>	<u>13,427,285</u>	<u>12,190,457</u>
Program Expenses						
General administration	656,112	762,939	-	-	656,112	762,939
Public safety	3,815,596	3,589,680	-	-	3,815,596	3,589,680
Planning and zoning	290,296	209,315	-	-	290,296	209,315
Streets and grounds	1,881,867	2,090,361	-	-	1,881,867	2,090,361
Sewer facility	-	-	2,734,694	2,710,792	2,734,694	2,710,792
Water facility	-	-	1,582,411	1,511,221	1,582,411	1,511,221
Total Expenses	<u>6,643,871</u>	<u>6,652,295</u>	<u>4,317,105</u>	<u>4,222,013</u>	<u>10,960,976</u>	<u>10,874,308</u>
Increase (decrease) in net position						
before transfers	1,669,958	657,026	796,351	659,123	2,466,309	1,316,149
Gain on forgiveness of debt	-	-	-	1,255,000	-	1,255,000
Transfers	-	(245,795)	-	245,795	-	-
Total Increase (decrease) in net position	<u>1,669,958</u>	<u>411,231</u>	<u>796,351</u>	<u>2,159,918</u>	<u>2,466,309</u>	<u>2,571,149</u>
Net position - beginning	<u>17,534,376</u>	<u>17,123,145</u>	<u>33,591,988</u>	<u>31,432,070</u>	<u>51,126,364</u>	<u>48,555,215</u>
Net position - ending	<u>\$ 19,204,334</u>	<u>\$ 17,534,376</u>	<u>\$ 34,388,339</u>	<u>\$ 33,591,988</u>	<u>\$ 53,592,673</u>	<u>\$ 51,126,364</u>

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

In the Governmental Activities, revenues increased from the prior year due to the Town receiving more service revenue related to permits, variances, planning and zoning fees.

In the Business-type Activities, Charges for Services revenue increased from the prior year due to an increase in impact fees collected, which was caused by a boost in commercial and residential activity.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

In the General Fund, on the fund basis, the actual revenues were over budget for taxes and fees by \$1,632,127, intergovernmental grants by \$508,267 and charges for services by \$450,552. Expenditures consist of General Administration, Planning and Zoning, Public Safety, and Streets and Grounds. Administration, planning and zoning, and streets and grounds spent \$214,177, \$11,527, \$241,238, respectively, more than was budgeted.

The capital outlay budget for Streets and Grounds did not include costs for building remodel or street rehabilitation. Most of the capital outlay expenses were off-set by multiple state and federal grants. Administration and the Town's proprietary Funds did not include costs for bond issuance expenses associated with the 2025 General Obligation Bond. The Town's Proprietary Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

CAPITAL ASSETS AND DEBT ADMINISTRATION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and parks	\$1,117,131	\$ 431,586	\$ 1,530,673	\$ 1,071,128	\$ 2,647,804	\$ 1,502,714
Construction in progress	-	-	1,818,282	1,150,195	1,818,282	1,150,195
Buildings and improvements	2,076,550	2,013,980	-	-	2,076,550	2,013,980
Plant equipment and extensions	-	-	29,981,753	30,777,029	29,981,753	30,777,029
Equipment	159,039	169,842	-	-	159,039	169,842
Streets and storm drains	5,232,492	5,327,254	-	-	5,232,492	5,327,254
Total	<u>\$8,585,212</u>	<u>\$ 7,942,662</u>	<u>\$ 33,330,708</u>	<u>\$ 32,998,352</u>	<u>\$ 41,915,919</u>	<u>\$ 40,941,014</u>

The Town's total investment in capital assets for its governmental and business-type activities amounts to \$41,915,919 and \$40,941,014, as of April 30, 2025 and 2024, respectively (net of accumulated depreciation). This investment in capital assets includes land and parks, construction in progress, buildings, improvements, equipment, plant equipment and extensions and streets and storm drains. Additional information can be found in Note C.

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2025**

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$21,639,512 in general obligation bonds.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	<u>\$ 11,697,676</u>	<u>\$ 1,734,064</u>	<u>\$ 9,941,836</u>	<u>\$ 3,683,932</u>	<u>\$ 21,639,512</u>	<u>\$ 5,417,996</u>

Additional information on the Town’s long-term debt is located in Note E.

OTHER FACTORS

Commercial development along the DuPont Boulevard (US 113) corridor remains constant, both in terms of new and redevelopment projects. Construction of new housing units remains strong – single family projects include the Village of College Park; Town home projects include The Oaks at Georgetown and Admiral’s Landing; and multifamily projects include the Village of College Park Apartments and Kingfisher Apartments.

The new Sussex County Family Court Facility and Parking Structure were completed and opened in November 2025.

In November of 2024, Georgetown voters approved a Bond Referendum authorizing the borrowing of up to \$18,000,000 for the purpose of financing the construction of a new police station and public works building within the Town and paying the costs of issuance of the Bonds. Groundbreaking for the project was in December 2025 with construction anticipated to start immediately and project completion in early 2027.

Our final American Rescue Plan Act of 2021 (ARPA) funded project; rehabilitation of sewer pump stations was awarded in November 2024 and substantial completion obtained b December 2025. Full compliance with requirements of ARPA was maintained and all funding was properly expended.

The Delaware Department of Transportation completed acquisition of properties required for the US 113 at SR 18/404 Grade Separated Intersection. Construction anticipated to start in late 2025 and end in the Spring of 2028.

Sussex County completed the court ordered property reassessment. The Town will adopt the new assessment values for our FY 2027 budget

BASIC FINANCIAL STATEMENTS

TOWN OF GEORGETOWN

Statement of Net Position As of April 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,832,581	\$ -	\$ 5,832,581
Receivables:			
Taxes	28,693	-	28,693
Trash	132,630	-	132,630
Service water and sewer	-	526,459	526,459
Miscellaneous	191,763	5,068	196,831
Prepaid items	44,091	31,743	75,834
Internal balances	(6,621,556)	6,621,556	-
Due from other government agencies	118,901	-	118,901
Restricted assets:			
Cash and cash equivalents	23,940,162	4,964,485	28,904,647
Investments	-	27,013	27,013
Receivables	-	192,400	192,400
Capital assets:			
Land and construction in progress	1,117,131	3,348,955	4,466,086
Other capital assets, net of depreciation	7,468,081	29,981,753	37,449,834
Net pension asset	9,494	6,874	16,368
TOTAL ASSETS	32,261,971	45,706,306	77,968,277
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	1,084,521	94,743	1,179,264
Deferred amounts on refunding	-	15,736	15,736
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,084,521	110,479	1,195,000
LIABILITIES			
Accounts payable	275,590	255,081	530,671
Accrued liabilities	300,296	53,952	354,248
Construction project deposit	249,863	-	249,863
Unearned revenue	102,930	337,307	440,237
Long-term liabilities:			
Due within one year	693,875	723,546	1,417,421
Due in more than one year	12,410,796	10,042,802	22,453,598
TOTAL LIABILITIES	14,033,350	11,412,688	25,446,038
DEFERRED INFLOWS OF RESOURCES	108,808	15,758	124,566
NET POSITION			
Net investment in capital assets	6,898,536	29,010,313	35,908,849
Restricted for:			
Construction and debt service	-	4,627,543	4,627,543
Grants, emergency services, recreation and transfer tax	8,299,976	-	8,299,976
Unrestricted	4,005,822	750,483	4,756,305
TOTAL NET POSITION	\$ 19,204,334	\$ 34,388,339	\$ 53,592,673

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

TOWN OF GEORGETOWN

Statement of Activities For the Year Ended April 30, 2025

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General administration	\$ 656,112	\$ 427,770	\$ 215,185	\$ -	\$ (13,157)	\$ -	\$ (13,157)
Public safety	3,815,596	196,872	462,116	-	(3,156,608)	-	(3,156,608)
Streets and grounds	1,881,867	618,045	197,966	-	(1,065,856)	-	(1,065,856)
Planning and zoning	290,296	191,076	-	-	(99,220)	-	(99,220)
TOTAL GOVERNMENTAL ACTIVITIES	6,643,871	1,433,763	875,267	-	(4,334,841)	-	(4,334,841)
BUSINESS-TYPE ACTIVITIES							
Sewer facility	2,734,694	2,995,956	-	-	-	261,262	261,262
Water facility	1,582,411	1,665,500	-	452,000	-	535,089	535,089
TOTAL BUSINESS-TYPE ACTIVITIES	4,317,105	4,661,456	-	452,000	-	796,351	796,351
TOTAL PRIMARY GOVERNMENT	\$ 10,960,976	\$ 6,095,219	\$ 875,267	\$ 452,000	(4,334,841)	796,351	(3,538,490)
GENERAL REVENUES							
Taxes:							
Property and penalties					1,968,656	-	1,968,656
Realty transfer					1,420,635	-	1,420,635
Lodging					187,215	-	187,215
Other taxes					1,659,773	-	1,659,773
Miscellaneous					768,520	-	768,520
TOTAL GENERAL REVENUES AND TRANSFERS					6,004,799	-	6,004,799
CHANGE IN NET POSITION					1,669,958	796,351	2,466,309
NET POSITION - BEGINNING					17,534,376	33,591,988	51,126,364
NET POSITION - ENDING					\$ 19,204,334	\$ 34,388,339	\$ 53,592,673

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

TOWN OF GEORGETOWN

Balance Sheet – Governmental Fund As of April 30, 2025

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 5,832,581
Receivables:	
Taxes	28,693
Trash	132,630
Miscellaneous	191,763
Prepaid items	44,091
Due from other government agencies	118,901
Restricted assets:	
Cash and cash equivalents	<u>23,940,162</u>
TOTAL ASSETS	<u>\$ 30,288,821</u>
LIABILITIES	
Accounts payable	\$ 275,590
Accrued liabilities	300,296
Construction project deposit	249,863
Unearned revenue	102,930
Due to other funds	<u>6,621,556</u>
TOTAL LIABILITIES	<u>7,550,235</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues:	
Property taxes	5,263
Other	<u>17,129</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>22,392</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	44,091
Restricted for:	
Emergency, police and recreation services	433,922
Grant funds	4,139,399
Realty transfer tax	3,726,655
General obligation debt	10,011,000
Assigned for:	
Health benefits	21,200
Police confiscated funds	19,432
Equitable sharing	13,856
Unassigned	<u>4,306,639</u>
TOTAL FUND BALANCES	<u>22,716,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 30,288,821</u>

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

TOWN OF GEORGETOWN

**Reconciliation of the Governmental Fund Balance Sheet to the
Government-wide Statement of Net Position
As of April 30, 2025**

FUND BALANCES OF GOVERNMENTAL FUND	\$ 22,716,194
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 therefore are not reported in the governmental fund statements.	8,585,211
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable in the governmental funds.	22,392
Long-term liabilities for notes payable (\$12,331,697), accrued compensated absences (\$578,765), are not due and payable in the current period, and accordingly, are not reported in the governmental fund financial statements.	(12,910,462)
Increases and decreases to the net pension asset that were not included in pension expense are classified as deferred outflows and deferred inflows of resources. Those items are not reported on the governmental fund financial statements.	<u>790,998</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 19,204,333</u></u>

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

TOWN OF GEORGETOWN

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Fund
For the Year Ended April 30, 2025**

	<u>General Fund</u>
REVENUES	
Taxes and fees	\$ 5,052,153
Intergovernmental	875,267
Charges for services	1,313,052
Fines and parking	120,711
Miscellaneous	<u>768,520</u>
TOTAL REVENUES	<u>8,129,703</u>
EXPENDITURES	
Current:	
General administration	786,816
Planning and zoning	290,296
Public safety	3,723,306
Streets and grounds	1,464,521
Debt service	236,228
Capital outlay	<u>552,548</u>
TOTAL EXPENDITURES	<u>7,053,715</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,075,988
OTHER FINANCING SOURCES	
Issuance of bond principal	10,011,000
Premium on bond issue	<u>634,021</u>
TOTAL OTHER FINANCING SOURCES	<u>10,645,021</u>
NET CHANGE IN FUND BALANCE	11,721,009
FUND BALANCE - BEGINNING	<u>10,995,185</u>
FUND BALANCE - ENDING	<u><u>\$ 22,716,194</u></u>

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

TOWN OF GEORGETOWN

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Fund to the Statement of Activities
For the Year Ended April 30, 2025**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND		\$ 11,721,009
<p>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 depreciation (\$606,999) exceeded capital outlay (\$564,004) and capital contributions (\$685,545) in the current period.</p>		
		642,549
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The net change is as follows.</p>		
		(3,193)
<p>Bond proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental, funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments.</p>		
Bond proceeds	\$(10,011,000)	
Premium on bond principal	(634,021)	
Payment of bond principal	<u>47,388</u>	(10,597,633)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The net changes are as follows:</p>		
Compensated absences	(133,377)	
Pension expenses	<u>40,603</u>	<u>(92,774)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,669,958</u>

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

TOWN OF GEORGETOWN

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual – General Fund
For the Year Ended April 30, 2025**

	Budgeted Amounts Original and Final	Actual	Variance with Budget - Positive (Negative)
REVENUES			
Taxes and fees	\$ 3,420,026	\$ 5,052,153	\$ 1,632,127
Intergovernmental	367,000	875,267	508,267
Charges for services	865,500	1,313,052	447,552
Fines and parking	99,000	120,711	21,711
Miscellaneous	302,706	768,520	465,814
TOTAL REVENUES	5,054,232	8,129,703	3,075,471
EXPENDITURES			
Current:			
General administration	572,639	786,816	(214,177)
Planning and zoning	278,769	290,296	(11,527)
Public safety	3,902,559	3,723,306	179,253
Streets and grounds	1,223,283	1,464,521	(241,238)
Debt service	94,488	236,228	(141,740)
Capital outlay	107,276	552,548	(445,272)
TOTAL EXPENDITURES	6,179,014	7,053,715	(874,701)
REVENUES OVER (UNDER) EXPENDITURES	(1,124,782)	1,075,988	2,200,770
OTHER FINANCING SOURCES (USES)			
Bond premium	-	634,021	(634,021)
Debt proceeds	-	10,011,000	(10,011,000)
Transfers in (out)	148,316	-	(148,316)
NET CHANGE IN FUND BALANCE	(976,466)	11,721,009	(8,592,567)
FUND BALANCE - BEGINNING	10,995,185	10,995,185	-
FUND BALANCE - ENDING	\$ 10,018,719	\$ 22,716,194	\$ 12,697,475

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

TOWN OF GEORGETOWN

Statement of Net Position – Proprietary Funds As of April 30, 2025

ASSETS	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
CURRENT ASSETS			
Receivables, net of allowance for doubtful accounts:			
Service charges	\$ 183,608	\$ 342,851	\$ 526,459
Due from other funds	3,538,561	3,082,995	6,621,556
Grants and loans	5,068	-	5,068
TOTAL CURRENT ASSETS	3,727,237	3,425,846	7,153,083
NONCURRENT ASSETS			
Prepaid items	27,990	3,753	31,743
Restricted assets:			
Cash and cash equivalents	4,083,550	880,935	4,964,485
Investments	27,013	-	27,013
Receivables	192,400	-	192,400
Capital assets:			
Land and construction in progress	1,192,835	2,156,120	3,348,955
Other capital assets, net of depreciation	18,538,091	11,443,662	29,981,753
Net pension asset	3,437	3,437	6,874
TOTAL NONCURRENT ASSETS	24,065,316	14,487,907	38,553,223
TOTAL ASSETS	27,792,553	17,913,753	45,706,306
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	47,372	47,372	94,743
Deferred amounts on refunding	6,609	9,127	15,736
TOTAL DEFERRED OUTFLOWS OF RESOURCES	53,981	56,499	110,479
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	208,019	47,062	255,081
Accrued liabilities	39,412	14,540	53,952
Unearned revenue	337,307	-	337,307
Current portion of long-term liabilities	467,297	256,249	723,546
TOTAL CURRENT LIABILITIES	1,052,035	317,851	1,369,886
LONG-TERM LIABILITIES, LESS CURRENT PORTION	6,504,348	3,538,454	10,042,802
TOTAL LIABILITIES	7,556,383	3,856,305	11,412,688
DEFERRED INFLOWS OF RESOURCES	7,879	7,879	15,758
NET POSITION			
Net investment in capital assets	15,975,889	13,034,424	29,010,313
Restricted for:			
Construction and debt service	3,824,421	803,122	4,627,543
Unrestricted	481,962	268,521	750,483
TOTAL NET POSITION	\$ 20,282,272	\$ 14,106,067	\$ 34,388,339

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

TOWN OF GEORGETOWN

**Statement of Revenues, Expenditures, and Changes in Fund Net Position-
Proprietary Funds
For the Year Ended April 30, 2025**

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,233,241	\$ 1,494,945	\$ 3,728,186
TOTAL OPERATING REVENUES	2,233,241	1,494,945	3,728,186
OPERATING EXPENSES			
Chemicals	49,406	108,759	158,165
Depreciation	919,024	413,718	1,332,742
Employee benefits	236,037	138,568	374,605
Gasoline and oil	8,761	1,694	10,455
Insurance	34,765	19,221	53,986
Lease expense	5,844	-	5,844
Maintenance and repairs	65,581	146,797	212,378
Payroll taxes	48,522	41,353	89,875
Professional services	491,380	26,448	517,828
Salaries	571,130	588,322	1,159,452
Supplies	25,084	17,765	42,849
Telephone	7,039	7,793	14,832
Utilities	175,835	65,052	240,887
TOTAL OPERATING EXPENSES	2,638,408	1,575,490	4,213,898
OPERATING INCOME (LOSS)	(405,167)	(80,545)	(485,712)
NON-OPERATING REVENUES (EXPENSES)			
Impact fees, net	637,184	134,964	772,148
Investment income	13,420	3,362	16,782
Penalties	19,612	14,623	34,235
Interest expense	(96,286)	(6,921)	(103,207)
Miscellaneous	92,499	17,606	110,105
TOTAL NON-OPERATING REVENUES, NET	666,429	163,634	830,063
INCOME BEFORE TRANSFERS	261,262	83,089	344,351
CAPITAL GRANTS AND CONTRIBUTIONS	-	452,000	452,000
CHANGE IN NET POSITION	261,262	535,089	796,351
NET POSITION - BEGINNING	20,021,010	13,570,978	33,591,988
NET POSITION - ENDING	\$ 20,282,272	\$ 14,106,067	\$ 34,388,339

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

TOWN OF GEORGETOWN

Statement Cash Flows - Proprietary Funds For the Year Ended April 30, 2025

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,456,369	\$ 1,509,551	\$ 3,965,920
Payments to suppliers for goods and services	(874,727)	(409,665)	(1,284,392)
Payments to employees for services	(802,520)	(736,134)	(1,538,654)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>779,122</u>	<u>363,752</u>	<u>1,142,874</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	<u>(3,337,000)</u>	<u>(3,337,000)</u>	<u>(6,674,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(390,782)	(911,040)	(1,301,822)
Proceeds from debt	3,337,000	3,337,000	6,674,000
Retirement of bonds and related costs	(382,749)	(33,348)	(416,097)
Impact fees	637,184	134,964	772,148
Grants	92,499	593,182	685,681
Interest paid	(96,286)	(6,921)	(103,207)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>3,196,866</u>	<u>3,113,837</u>	<u>6,310,703</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments	(27,013)	-	(27,013)
Investment income and penalties	33,032	17,985	51,017
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>6,019</u>	<u>17,985</u>	<u>24,004</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	645,007	158,574	803,581
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,438,543</u>	<u>722,361</u>	<u>4,160,904</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,083,550</u>	<u>\$ 880,935</u>	<u>\$ 4,964,485</u>

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

TOWN OF GEORGETOWN

**Statement Cash Flows - Proprietary Funds (continued)
For the Year Ended April 30, 2025**

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (405,167)	\$ (80,545)	\$ (485,712)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	919,024	413,718	1,332,742
Changes in non-cash operating assets, liabilities, and deferred outflows and inflows of resources:			
Receivables	268,906	14,606	283,512
Prepaid expenses	(328)	(1,087)	(1,415)
Accounts payable	37,818	26,304	64,122
Net change in pension liabilities	37	(19,158)	(19,121)
Net change in compensated absences	4,610	9,914	14,524
Unearned revenue	(45,778)	-	(45,778)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 779,122	\$ 363,752	\$ 1,142,874

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

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Georgetown, Delaware (the Town) was incorporated in 1791 under the provisions of the State of Delaware. The Town operates under a Mayor-Council form of government and provides the following services: public safety, streets and grounds, planning and zoning, water and sewer service and general administrative services.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

1. Reporting Entity

The accompanying financial statements include police, streets, water and sewer service, recreation and general administrative services that are legally controlled by or dependent on the Town Council (the primary government). The Town's financial reporting entity is required to consist of all organizations for which the Town is financially accountable or for which there is a significant relationship.

2. Basic Financial Statements - Government-wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's governmental activities consist of general administration, public safety, recreation and street maintenance. The Town's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements

April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basic Financial Statements - Government-wide Statements (continued)

Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific function. The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

3. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

Governmental Fund

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town.

The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The following is a description of the proprietary funds of the Town.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basic Financial Statements - Fund Financial Statements (continued)

Enterprise funds are used to account for the provision of water and sewer services to customers in the Town's Water and Sewer Districts. Activities of the enterprise funds include administration, operations and maintenance of the water and sewer system and billing and collection activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for providing services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

Major and Nonmajor Funds

The funds of the financial reporting entity are further classified as major or nonmajor. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. The GASB No. 34 sets forth minimum criteria for the determination of major funds. The Town does not have a nonmajor fund.

4. Basis of Accounting/Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting/Measurement Focus (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end. The revenues susceptible to accrual are property taxes, lodging taxes, annexation fees, charges for service, interest income and intergovernmental revenues.

5. Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits and all liquid investments (including restricted assets) with a maturity of three months or less when purchased. Restricted cash mainly consists of amounts held by the Town that are sourced from grant programs, retirement, health and impact fee funds.

6. Receivables

Receivables of other than miscellaneous are reported at their gross value. All service and property tax receivables are considered fully collectible. Miscellaneous receivables are reported net of a reserve for bad debts of \$2,070.

7. Capital Assets

Equipment purchased or acquired with an original cost of \$5,000 or more, and land improvements, buildings, storm drains and sewer and water infrastructure purchased or acquired with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Capital assets are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset’s carrying amount over the fair value of the asset.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets (continued)

Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

The Town has elected to only report infrastructure as capital assets if acquired after May 1, 2004. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Sewer and water infrastructure	5-50 years
Streets and storm drains	40 years
Buildings and improvements	7-40 years
Machinery and equipment	3-10 years

8. Unearned Revenue

Unearned income represents monies held or currently owed to the Town that will be recognized as revenue in future periods.

9. Investments

All investments are stated at fair value. Fair values are determined by quoted market prices, where available. Restricted investments represent amounts held by the Town for construction and debt service.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the governmental fund balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statements for governmental activities saw an increase in its net pension liability that was not included in its pension expense as deferred outflows of resources. The government-wide statements of the business-type activities, on the other hand, saw a decrease in its net pension liability.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Deferred Outflows/Inflows of Resources (continued)

Also, the Town's pension contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. The business-type activities also include deferred outflows related to a prior year refunding of long-term debt.

In addition to liabilities, the governmental fund balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that arise under the accrual and modified accrual basis of accounting that qualify for reporting in this category. For both governmental activities and business-type activities, the Town reported increases in its net pension liability that were not included in its pension expense as deferred inflows of resources. In addition, unavailable revenue is reported in the governmental fund balance sheet. The governmental funds report unavailable revenues from annexation fees, property taxes, grant revenue and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Equity Classifications

Government-wide and Proprietary Fund Net Position

Net position is classified and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Equity Classifications (continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are reported using five classifications based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form such as prepaid items or inventories; or (2) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications:

- a. Restricted fund balance - This classification reflects the constraints imposed on resources either (1) externally by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- b. Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Town Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned fund balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Manager has the authority to assign amounts to be used for specific purposes.
- d. Unassigned fund balance - This fund balance is the residual classification for the general fund.

Use of Restricted Resources

It is the Town's policy to maintain a diversified and stable revenue stream to protect it from problematic fluctuations in any single revenue source and provide stability to ongoing services. The Town's policy is to segregate restricted resources for both restricted and assigned funds. Town Council specifically authorizes expenditures from those restricted resources and they are approved on a transaction-by-transaction basis in accordance with the specified provisions imposed by those resources.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Equity Classifications (continued)

When an expenditure is incurred for purposes for which both nonsegregated restricted and unrestricted net position are available, it is the policy of the Town to consider nonsegregated restricted net position to have been reduced first.

12. Property Assessment

The Town's property tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 31, the date levied. Taxes are payable under the following terms: May 1 through May 31, face amount; after May 31, a 1.5% penalty per month is charged on the unpaid balance due. Property taxes are recognized as revenue in the budget year for which they are levied.

13. Compensated Absences

Employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days. In the event of retirement, an employee is paid for accumulated vacation days and dependent on years of service could be paid part or all of sick leave accumulated. The Town accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. Sick leave is only payable to an employee at retirement and is accrued once an employee attains ten years of Town service. The governmental funds compensated absences are maintained separately and represent a reconciling item between the fund and government-wide presentations.

14. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers and are not required to be repaid by the funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Transferred funds are used for operational purposes by the recipient fund. There were no transfers between the general fund and the sewer and water funds during the year.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Budgets and Budgetary Accounting

The budget in these financial statements is presented on a basis consistent with accounting principles generally accepted in the United States of America. Final budgeted amounts are as amended at April 30, 2025. Unexpected appropriations lapse at year end.

Prior to March 1, the Town Manager, in conjunction with the Finance Officer, distributes budget request forms to each department.

These budgets are prepared by March 1. The Town Manager, with the assistance of the Finance Officer, then develops an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the Town Manager.

The Council legally adopts an annual budget not later than April 30 for the subsequent year.

16. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements

April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

17. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Delaware Public Employees' Retirement System (DPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by DPERS, which is an accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms within the government-wide statements. Investments are reported at fair value. Under the modified accrual basis of accounting, the Town's proportionate share of the collective net pension liability (asset) is recognized to the extent the liability (asset) is normally expected to be liquidated with expendable available financial resources. As a result, net pension liability (asset), deferred outflows/inflows of resources and pension expense for government-wide balances represent a reconciling item between the fund and government-wide presentations. Town employees who are non-police officers participate in DPERS' County & Municipal Other Employees' Pension Plan. Town employees who are police officers participate in the DPERS' County & Municipal Police and Firefighters' Pension Plan. Both Plans are described in Note F.

NOTE B - DEPOSITS AND INVESTMENTS

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks and securities dealers. As of April 30, 2025, the carrying amount of the Town's deposits was \$34,764,314 and the bank balance was \$34,645,432. Of the bank balance, \$1,500,000 was insured by federal depository insurance, the remaining was insured by pledged collateral at year end. The Town's policy is to obtain additional collateral on balances held by financial institutions.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy to address custodial credit risks for deposits and investments.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Town's investment. The Town's primary objective of its investment activities is the safety of principal in order to mitigate interest rate risk. The Town does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in U.S. government securities earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest are paid to the Town.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town stresses safety of principal as investments are made with judgment and care. U.S. government securities are not considered to have credit risk and, therefore, their credit risk is not disclosed. Mortgage investments have an AAA credit rating at year end.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Town has no formal policy to address the concentration of credit risk attributed to a single issuer.

Fair Value Hierarchy - Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position. The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted by the United States of America (GAAP). The hierarchy is based on the valuation inputs used to measure fair value of assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs. Finally, Level 3 inputs are significant unobservable inputs.

The Town's investments as detailed below totaling \$27,013 for U.S. Treasuries (\$20,042), Federal Home Loan Mortgage Corporation (\$3,898) and Federal National Mortgage Association (\$3,073) are classified as Level 2 inputs of the fair value hierarchy. These investments are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Town's custodian bank.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED

The Town has authorized the following investments:

Bonds or other obligations of which the faith and credit of the United States of America are pledged; obligations of federal governmental agencies issued pursuant to Acts of Congress; repurchase agreements that are secured by any bond or other obligation for the payment of which the faith and credit of the United States are pledged; certificates of deposit and other evidences of deposit of financial institutions; money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of dollar-denominated securities; and local government investment pools administered by the State of Delaware.

The Town had the following investments as of April 30, 2025:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 20,042	\$ -	\$ -	\$ -	\$ 20,042
Federal Home Loan Mortgage Corporation	3,898	3,898	-	-	-
Federal National Mortgage Association	3,073	3,073	-	-	-
Total Investments	\$ 27,013	\$ 6,971	\$ -	\$ -	\$ 20,042

Reconciliation of cash and investments to the government-wide statement of net position:

Cash on hand	\$ 500
Carrying amount of deposits	34,736,728
Carrying amount of investments	27,013
Total	34,764,241
Cash and cash equivalents	5,832,581
Cash and cash equivalents - restricted	28,904,647
Investments - restricted	27,013
Total	\$ 34,764,241

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025 was as follows:

	Balance at April 30, 2024	Increases	Decreases	Balance at April 30, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land and parks	\$ 431,586	\$ 685,545	\$ -	\$ 1,117,131
Other capital assets:				
Buildings and improvements	3,542,326	137,633	-	3,679,959
Equipment	1,935,342	78,954	-	2,014,296
Streets and storm drains	9,836,831	347,417	-	10,184,248
Total other capital assets	<u>15,314,499</u>	<u>564,004</u>	<u>-</u>	<u>15,878,503</u>
Less accumulated depreciation for other capital assets:				
Buildings and improvements	1,528,346	75,063	-	1,603,409
Equipment	1,765,500	89,757	-	1,855,257
Streets and storm drains	4,509,577	442,179	-	4,951,756
Total accumulated depreciation	<u>7,803,423</u>	<u>606,999</u>	<u>-</u>	<u>8,410,422</u>
Other capital assets, net	<u>7,511,076</u>	<u>(42,995)</u>	<u>-</u>	<u>7,468,081</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,942,662</u>	<u>\$ 642,549</u>	<u>\$ -</u>	<u>\$ 8,585,211</u>

	Balance at April 30, 2024	Increases	Decreases	Balance at April 30, 2025
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,071,128	\$ 459,545	\$ -	\$ 1,530,673
Construction in progress	1,150,195	668,087	-	1,818,282
Total capital assets, not being depreciated	<u>2,221,323</u>	<u>1,127,632</u>	<u>-</u>	<u>3,348,955</u>
Other capital assets:				
Plant equipment and extensions	58,227,818	537,466	-	58,765,284
Less accumulated depreciation for other capital assets:				
Other capital assets, net	<u>27,450,789</u>	<u>1,332,742</u>	<u>-</u>	<u>28,783,531</u>
Other capital assets, net	<u>30,777,029</u>	<u>(795,276)</u>	<u>-</u>	<u>29,981,753</u>
Business-type Activities Capital Assets, Net	<u>\$ 32,998,352</u>	<u>\$ 332,356</u>	<u>\$ -</u>	<u>\$ 33,330,708</u>

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government		\$ 97,364
Public safety		92,290
Streets and grounds		417,346
Total Governmental Activities Depreciation Expense		<u>\$ 606,999</u>
Business-type activities:		
Sewer		\$ 919,024
Water		413,718
Total Business-type Activities Depreciation Expense		<u>\$ 1,332,742</u>

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE D - PROPERTY TAXES

Taxes are levied on May 1. Taxes are levied on November 1 for increased property valuations to that date at one-half the tax rate. The Town bills and collects its own property taxes. The tax rate for the year ended April 30, 2025, was \$3.49 per \$100 of assessed valuation for all real property and improvements, except for utility poles and wires, which were assessed at \$3.69 per \$100 of assessed valuation, with a total taxable valuation of \$55,280,976. Real property and improvements that are exempt from taxation due to State, Town or other tax-exempt ownership total \$16,189,335.

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE

As of April 30, 2025, business-type general obligation bonds and notes payable are direct borrowings and are as follows:

	<u>Business-type</u>
General Obligation Bonds, Series of 2021, issued May 6, 2021, interest ranges from 1% to 3%, variable semi-annual payments at June 1 and December 1 until 2031, general obligation of the Town.	\$ 2,660,000
General Obligation Bonds, Series of 2025, interest at 5.00%; paid semi-annually until 2055; general obligation of the Town.	6,674,000
Bond payable to the State of Delaware, interest at 2.66%, principal and interest payments of \$154,995 are payable semi-annually until 2026, general obligation of the Town.	452,885
Bond payable to the State of Delaware, interest at 2.39%, semi-annual payments until 2027, general obligation of the Town. Total bonds authorized were \$556,500. Total advanced \$93,062, remaining funds not utilized.	17,624
Bond payable to the State of Delaware, interest at 2%, semi-annual payments until 2030, general obligation of the Town. Total bonds authorized were \$490,000. Total advanced \$398,795, remaining funds not utilized.	<u>137,327</u>
TOTAL	9,941,836
ADD: Unamortized bond premium	<u>718,410</u>
TOTAL GENERAL OBLIGATION BONDS FROM DIRECT BORROWINGS	<u>\$ 10,660,246</u>

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED

The total debt service payments for the ensuing years for business-type activities are as follows:

<u>Years Ending April 30</u>	<u>Business-type Activities - General Obligation Bonds - Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 581,524	\$ 359,840	\$ 941,364
2027	674,177	410,332	1,084,509
2028	533,847	391,417	925,264
2029	547,332	374,160	921,492
2030	568,841	356,351	925,192
2031-2035	2,008,115	1,511,231	3,519,346
2036-2040	1,224,000	1,102,300	2,326,300
2041-2045	922,000	863,200	1,785,200
2046-2050	1,180,000	609,300	1,789,300
2051-2055	1,702,000	263,500	1,965,500
TOTAL	\$ 9,941,836	\$ 6,241,631	\$ 16,183,467

As of April 30, 2025, governmental activities general obligation bond and notes payable are direct borrowings and are as follows:

	<u>Governmental</u>
Bond payable to USDA, interest at 2.75%; principal and interest payments of \$7,874 are paid monthly until 2049; general obligation of the Town.	\$ 1,686,676
Bond payable, interest at 5.00%; principal and interest payments totaling approximately \$1,281,445 annually are paid semi-annually until 2055; general obligation of the Town.	10,011,000
	<u>11,697,676</u>
Unamortized bond premium for 2025 bond	634,021
TOTAL GENERAL OBLIGATION BOND AND NOTES PAYABLE FROM DIRECT BORROWINGS	\$ <u>12,331,697</u>

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED

The total debt service payments for the ensuing years for governmental activities are as follows:

<u>Years Ending April 30</u>	<u>Governmental Activities - General Obligation Bonds - Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 51,708	\$ 446,220	\$ 497,928
2027	164,065	544,823	708,888
2028	168,342	537,846	706,188
2029	175,889	530,449	706,338
2030	186,362	654,826	841,188
2031-2035	2,275,268	2,405,572	4,680,840
2036-2040	2,174,695	1,787,195	3,961,890
2041-2045	1,771,671	1,378,569	3,150,240
2046-2050	2,184,247	940,647	3,124,894
2051-2055	2,545,429	8,852,940	11,398,369
TOTAL	\$ 11,697,676	\$ 18,079,087	\$ 29,776,763

Long-term Liability Activity

Long-term liability activity for governmental activities for the year ended April 30, 2025, was as follows:

	<u>April 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2025</u>	<u>Due Within One Year</u>
Governmental					
Activities:					
General obligation bond from direct borrowings	\$ 1,734,064	\$ 10,011,000	\$ 47,388	\$ 11,697,676	\$ 51,708
Unamortized bond premium	-	634,021	-	634,021	63,402
Total general obligation bonds from direct borrowings	1,734,064	10,645,021	47,388	12,331,697	115,110
Net pension liability	181,925	12,284	-	194,209	-
Compensated absences	430,635	133,377	-	578,765	578,765
Total Governmental Activities	\$ 2,346,624	\$ 10,790,682	\$ 47,388	\$ 13,104,671	\$ 693,875

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED

Long-term liability activity for business-type activities for the year ended April 30, 2025 was as follows:

	<u>April 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2025</u>	<u>Due Within One Year</u>
Business-type Activities:					
General obligation bond from direct borrowings	\$ 3,683,932	\$ 6,674,000	\$ 416,096	\$ 9,941,836	\$ 581,524
Unamortized bond premium	342,528	422,680	46,798	718,410	35,921
Total general obligation bonds from direct borrowing	4,026,460	7,096,680	462,894	10,660,246	617,445
Net pension liability	21,020	-	21,020	-	-
Compensated absences	80,116	25,986	-	106,102	106,102
Total Business-type Activities:	<u>\$ 4,127,596</u>	<u>\$ 7,122,666</u>	<u>\$ 483,914</u>	<u>\$ 10,766,348</u>	<u>\$ 723,547</u>

Compensated absences do not have a fixed repayment date, but are due to employees if they terminate employment and are reflected as a currently due liability on the statement of net position.

NOTE F - PENSION PLANS

Plan Description

The Town currently participates in two State of Delaware administered multi-employer county and municipal pension plans, which are cost-sharing plans: (1) the County & Municipal Other Employees' Pension plan (Other Employees' Plan), and (2) the County & Municipal Police and Firefighters' Pension Plan (Police's Plan). The State of Delaware General Assembly is responsible for setting benefits and contributions and amending plan provisions. The Board of Pension Trustees issues a publicly available report that includes financial statements and required supplementary information for the plans. That report can be accessed at <http://auditor.delaware.gov/reports.shtml>.

All full-time employees under the Other Employees' Plan and the Police's Plan are eligible to participate in the defined benefit plans. Benefits vest after five years of service for both plans. Non-police employees may retire if they have five years of credited service and are 62 years old, or they have fifteen years of credited service and are 60 years old or they have thirty years of credited service under the Other Employees' Plan.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE F - PENSION PLANS – CONTINUED

Plan Description (continued)

Police employees under the Police’s Plan may retire when they have five years of credited service and are 62 years old, or their age plus credited service (but not less than ten years) equals 75 or they have twenty years of credited service. Pension benefits are based on average compensation over the credited service period. The Other Employees’ Plan is based on the highest five years of compensation and the Police’s Plan is based on the highest three consecutive years of compensation.

Disability benefits and survivor benefits are included in both pension plans. The details of both benefits are described below.

<u>Disability Benefits</u>	<u>Other Employees' Plan</u>	<u>Police's Plan</u>
Duty - Total Disability	Not applicable	75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents
Duty - Partial Disability	Not applicable	Same as Service Benefits calculation, subject to a minimum 50% of final average compensation
Non-Duty	Same as Service Benefits calculation. Must have 5 years of credited service	Total disability is the same as Service Benefits calculation, subject to a minimum 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents. Partial disability is a minimum of 30% of final average monthly compensation
<u>Survivor Benefits</u>	<u>Other Employees' Plan</u>	<u>Police's Plan</u>
Employee receiving a pension	50% of the pension	50% of the pension
Employee is active	50% of the pension the employee would have received at age 62	75% of the pension the employee would have received at age 62
Employee becomes deceased in line of duty	Not applicable	75% of the employee's compensation

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE F - PENSION PLANS - CONTINUED

Contributions

Non-police employees of the Town are required to contribute 3% of their gross earnings over \$6,000 to the pension plan. Police employees are required to contribute 7% of their base pay to the police pension plan. The Town makes monthly contributions as required by State statutes. During the year ended April 30, 2025, the Town was required to contribute 5.59% and 12.74% of its gross payroll to the Other Employees' Plan and Police's Plan, respectively. Those amounts contributed to the pension plan from the Town were \$105,580 for the Other Employees' Plan and \$218,706 for the Police's Plan for the year ended April 30, 2025.

The State periodically grants funds to municipalities to provide for police pensions. The Town uses these monies to fund the pension plan for police employees.

Pension Liabilities

For the Other Employees' Plan as of April 30, 2025, the Town reported an asset of \$16,369 for its proportionate share of the net pension asset that is allocated amongst the Town's funds. For the Police's Plan, the Town reported a liability of \$194,209 for its proportionate share of the net pension liability. The net pension liabilities for both of these plans were measured as of June 30, 2024. The collective total pension liability for the June 30, 2024, measurement date was determined by an actuarial valuation as of June 30, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. The Town's proportion for both of the plans were based on an election made by the Plans' Board of Pension Trustees to allocate the employer's proportionate share of the collective pension amounts based on the percentage of actual employer contributions. The Town's proportionate share was materially the same year over year.

Pension Expense

For the year ended April 30, 2025, the Town recognized pension expense of \$96,057 and \$225,246, for the Other Employees' Plan and the Police's Plan, respectively.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE F - PENSION PLANS - CONTINUED

Deferred Inflows/Outflows of Resources Related to Pensions

As of April 30, 2025, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Other Employees' Plan	Police's Plan	Total
Governmental Activities:			
Net differences between expected and actual experience	\$ 30,807	\$ 443,303	\$ 474,110
Changes of assumptions	2,238	22,962	25,200
Changes in proportion	2,193	80,196	82,389
Net difference between projected and actual investment earnings on pension plan investments	34,363	188,514	222,877
Town contributions subsequent to the measurement date	61,237	218,708	279,945
Total Governmental Activities Deferred Outflows of Resources	\$ 130,838	\$ 953,683	\$ 1,084,521
Business-type Activities			
Net differences between expected and actual experience	\$ 22,308	\$ -	\$ 22,308
Changes of assumptions	1,621	-	1,621
Net difference between projected and actual investment earnings on pension plan investments	24,883	-	24,883
Changes in proportion	1,588	-	1,588
Town contributions subsequent to the measurement date	44,343	-	44,343
Total Business-type Activities Deferred Outflows of Resources	\$ 94,743	\$ -	\$ 94,743

The \$105,580 (\$61,237 for governmental activities and \$44,343 for business-type activities) and the \$218,708 total reported as part of the deferred outflows of resources for both the Other Employees' Plan and the Police's Plan, respectively, are related to pensions resulting from the Town's contributions subsequent to the measurement date. These contributions will be recognized as a reduction of the net pension liability for the year ended April 30, 2025.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE F - PENSION PLANS - CONTINUED

Deferred Inflows/Outflows of Resources Related to Pensions – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) will be recognized in pension expense as follows:

Years Ending April 30,	Other Employees' Plan	Police's Plan	Total
2026	\$ (5,227)	\$ 43,977	\$ 38,750
2027	98,155	386,811	484,966
2028	(339)	65,659	65,320
2029	(9,075)	16,407	7,332
2030	8,930	42,575	51,505
Thereafter	6,548	82,924	89,472

Actuarial Assumptions

The actuarial assumptions for the June 30, 2024 measurement date that is being applied to the April 30, 2025 period for both Plans were determined by an actuarial valuation as of June 30, 2023, and as mentioned, update procedures were used to roll forward the total pension liability to June 30, 2024.

These actuarial valuations used the following actuarial assumptions for both plans as detailed below:

Actuarial assumptions:	Other Employees' Plan	Police's Plan
Investment rate of return/discount rate*	7.0%	7.0%
Projected salary increases*	2.5% + Merit	2.5% + Merit
Cost-of-living adjustments (COLAs)	0.0%	0.0%

**Inflation is included at 2.5% for both Plans.*

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

Mortality assumptions for the June 30, 2024 reporting period are based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE F - PENSION PLANS – CONTINUED

Actuarial Assumptions (continued)

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantially automatic. The primary considerations relevant to making this determination include the historic pattern of granting the changes and the consistency in the amounts of the changes for both Plans.

As of April 30, 2025, the Town reported deferred inflows related to pensions from the following sources:

	Deferred Inflows of Resources		
	Other Employees' Plan	Police's Plan	Total
Governmental Activities:			
Net differences between expected and actual experience	\$ 7,129	\$ 29,041	\$ 36,170
Changes of assumptions	5,057	67,581	72,638
Total Governmental Activities Deferred Inflows of Resources	\$ 12,186	\$ 96,622	\$ 108,808
Business-type Activities			
Net differences between expected and actual experience	\$ 5,162	\$ -	\$ 5,162
Change in assumptions	3,662	-	3,662
Total Business-type Activities Deferred Inflows of Resources	\$ 8,824	\$ -	\$ 8,824

The change in the employer proportionate share for both the deferred outflows of resources and the deferred inflows of resources are the amounts of the difference between the employer proportionate share of net pension liability in the prior year compared to the current year. This change in proportion is amortized over the average of the expected remaining service lives of all plan members, which are 8 years and 9 years for the Other Employees' Plan and the Police's Plan, respectively.

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

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE F - PENSION PLANS – CONTINUED

Actuarial Assumptions (continued)

These ranges are combined to produce the longer-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the current and expected asset allocation are summarized in the following table for both Plans:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Asset Allocation</u>
Domestic equity	5.7%	33.6%
International equity	5.7	13.9
Domestic fixed income	2.0	24.4
International fixed income	2.0	0.9
Alternative investments	7.8	21.7
Cash and cash equivalents	-	5.5

Discount Rate

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

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0% for both Plans, as well as what the Plans' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Other Employees' Plan	\$ 220,165	\$ (16,369)	\$ (233,676)
Police's Plan	936,249	194,209	(487,494)

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE F - PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position

The detailed information about the Plan's fiduciary net position for both the Other Employees' Plan and the Police's Plan are available as mentioned under the Plan Description of this Note from the Board of Pension Trustees governed by the State of Delaware General Assembly.

NOTE G - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which the government carries commercial insurance. There have been no significant reductions in coverage from the prior year end. Settlements have not exceeded coverage in the last three years.

The Town has been participating in the Delaware League of Local Governments, DeLea Founders Insurance Trust (DFIT) for municipal workers' compensation coverage. Starting in September 2014, DFIT began operations as a self-insurance worker's compensation program for municipalities within the State of Delaware. This is a risk-sharing pool arrangement by which the participating municipalities pool risks and funds and share in the cost of losses. The Town pays an annual premium to DFIT for its worker's compensation coverage that will be self-sustaining through those member premiums. DFIT purchases an aggregate excess workers' compensation insurance policy, which limits individual losses as a group to \$750,000 per occurrence and an additional \$2,000,000 dollar for dollar reimbursement to the group once the losses exceed the aggregate retention amount for the period of coverage. The pooling agreement allows the pool to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments.

NOTE H - PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

During the year ended FY 2025, the Town implemented GASB Statement No. 101, *Compensated Absences*; and Statement No. 102, *Certain Risk Disclosures*, which did not have a material impact on the financial statements.

The GASB has issued Statement No. 103; *Financial Reporting Model Improvements*; and Statement No. 104, *Disclosure of Certain Capital Assets*, which will require adoption in the future, if applicable. The Town will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE I - EMPLOYEE HEALTH PLAN

The Town is exposed to the risk of loss related to employee medical expenses. During fiscal year 2025, the Town maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually (\$60,000 and \$60,000 for the calendar years 2025 and 2024, respectively). The employee health plan is administered by an outside agency.

Contributions from the Town and employee withholdings are deposited into a reserve fund to pay prior and current-year claims and premiums. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported in the general fund at April 30, 2025 is based on the requirements of GASBS No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is included in the accrued liabilities total on the balance sheet. Changes in the Fund’s claims liability during the past two fiscal years were as follows:

Year	Balance at Beginning of Year	Current-Year Premiums, Claims and Changes in Estimates	Premiums and Claims Payments	Balance at End of Year
2025	\$ 55,000	\$ 384,170	\$ (288,117)	\$ 151,053
2024	121,436	521,955	(588,391)	55,000

NOTE J - TAX ABATEMENTS

The Town has established a Downtown Development District Incentives Program (the program) with an effective date of November 16, 2016 to November 15, 2026, to promote the renovation, utilization, development and re-development of parcels within the designated section (the Downtown Development District) of the Town in accordance with Ordinance 2016-11.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE J - TAX ABATEMENTS - CONTINUED

Applications for projects that meet the criteria for the Downtown Development District Incentives Program must be submitted and approved by the Town. The program is available to any project application that: 1) was filed within the effective date of the Ordinance, 2) has not obtained a certificate of occupancy and/or completion and finalization of the building permit prior to the effective date of the Ordinance, 3) the construction or renovation of the project has not commenced prior to the issuance of a building permit by the Town, and 4) the beneficiary of the project is not delinquent on any obligations due to the Town. Once the eligibility criteria has been satisfied, the Town may revoke at any time the tax abatement and/or fee incentives from the beneficiary of the project upon delinquency on any Town obligations that become due.

The program lists the following tax abatements and fee incentives for eligible projects to construct, remodel or re-construct any buildings or structures or any portion of any of such buildings or structures that are within the boundaries of the designated section of the Town upon review of project application:

Property tax increase phase in - All eligible projects that will have a property tax assessment increase in connection with the construction or remodeling of any building within the Downtown Development District will have a phase in for that incremental property tax increase. The phase in will be ten percent (10%) in year one and will increase by an additional ten percent (10%) each year until year ten for that tax increase. Total property tax reductions were \$13,220 during the fiscal year.

Business license fee - The annual Town's business license fee will be waived for the first five (5) years in operation. This is offered only to new businesses that have formed and will be operating within the Downtown Development District within the effective date of the program. The total fees waived was \$2,028 during the fiscal year.

Building permit fee reduction - All eligible projects will be given a reduction in the building permit fee based on the value of the improvement. The reduction amount ranges from a minimum of fifteen percent (15%) to a maximum of seventy five percent (75%). The building permit fee reduction was less than \$2,000 during the fiscal year.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2025**

NOTE J - TAX ABATEMENTS – CONTINUED

The reductions in fees are illustrated below:

Value of Improvement	Greater Than	But No More Than	Fee Waiver
\$	300	\$ 1,000,000	15%
	1,000,000	2,000,000	30%
	2,000,000	3,000,000	45%
	3,000,000	4,000,000	60%
	5,000,000	5,000,000	75%

Emergency Services and Georgetown Recreation, Education and Arts Trust Fund Fee Reduction (GREAT Fund) - All eligible projects will be assessed a 50% reduction in fees for the emergency services and GREAT Fund fee for new construction. The fee is calculated using the value of the new construction and a sliding scale as described in the Town’s Code. There were no grant applications during the year.

The reduction in fees is illustrated below:

Value of Improvement	Emergency Services Fee	GREAT Fund Fee	Fee Waiver
Less than \$99,999	0.10%	0.10%	50%
\$100,000 to \$499,999	0.30%	0.30%	50%
Over \$500,000	0.50%	0.50%	50%

Impact Fee (Water and Sewer) Reduction - All eligible projects of a commercial nature will be assessed at a twenty percent (20%) reduction from the Town’s adopted water and sewer impact fees at the time of building permit issuance. Projects that have a mixed-use nature (commercial / residential) will be assessed a thirty-five percent (35%) reduction from the adopted water and sewer impact fees at the time of building permit issuance. The fee calculation will be based on one equivalent dwelling unit (EDU) per unit, with additional EDUs being calculated at the end of the first twelve months in operation. The sewer and water impact fees are described in the Town’s Code. The impact fee reduction was less than \$1,000 during the fiscal year.

Sign, Façade and Awning Grant - All eligible projects can apply to participate in the Town of Georgetown Sign, Façade and Awning Grant program. This program is designed to provide funding towards the purchase and/or construction of signs, façade and awnings for any building that meets the eligibility requirements within the Downtown Development District. The Town will provide \$3,000 annually in order to fund a maximum of six matching grants of \$500 each year. There were no grant applications during the year.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2025

NOTE K - CONTRACTS

The Town is obligated to pay benefits to certain employees who have entered into employment contracts with the Town in the case of involuntary termination without cause. As of April 30, 2025, no amount was owed under these contracts.

In June 2025, The Town executed a new three-year agreement with the Georgetown Fraternal Order of Police Bargaining Unit that begins May 1, 2025 and ends April 30, 2028. The agreement provides for certain rights and benefits to the Town's police officers.

NOTE L - COMMITMENTS AND CONTINGENCIES

In August of 2018, the Town executed an amended agreement that supersedes the existing 2008 and 2010 contract agreements with Sussex County, Delaware (the County) to provide wastewater treatment services for the Coastal Business Park and Coastal Airport for ten years. The amended agreement stipulates that the County will have the option to surrender wastewater services by re-directing its capacity to an alternate system. In October of 2019, the County provided its twelve-month written notice to the Town that it will surrender 100% of its allocated wastewater capacity. The Town is responsible for impact fee credit payments to the County for actual capacity (flow) surrendered at the time of the notice to surrender totaling \$2,093,092, as recalculated using the Town's current impact fee rates as of the date of notice of the surrender (October 2019) of wastewater capacity. Amounts will be owed to the County as new users are connected to the system. The payments will begin in May 2026.

In September of 2019, Town entered into an agreement with Sussex County, Delaware (the County) to dispose of bio-solids produced at the Town's Cedar Lane Wastewater Treatment Facility upon completion of the County's Inland Bays Regional Wastewater Facility for a term of twenty years. The treatment fee will be \$300 per dry-ton treated by the County's facility per calendar year. The fees will be revised each year based on a factor of the overall cost of maintenance and operations at the County's facility during the previous calendar year divided by the total number of dry-tons processed during that calendar year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GEORGETOWN

**Schedule of the Town’s Proportionate Share of the Net Pension Liability – County & Municipal Other Employees’ Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	2.42%	2.42%	2.46%	2.56%	2.68%	2.81%	2.99%	2.98%	3.39%	3.57%
Town's proportion share of the net pension liability (asset)	\$ (16,369)	\$ 50,048	\$ (16,672)	\$ (251,929)	\$ 56,853	\$ 128,827	\$ 94,095	\$ 192,916	\$ 210,123	\$ 1,522
Town's covered payroll	\$ 1,858,371	\$ 1,602,960	\$ 1,438,474	\$ 1,364,741	\$ 1,329,281	\$ 1,236,149	\$ 1,178,122	\$ 1,105,145	\$ 1,101,304	\$ 1,074,479
Town's proportion share of the net pension liability as a percentage of its covered payroll	-0.88%	3.12%	-1.16%	-18.46%	4.28%	10.42%	7.99%	17.46%	19.08%	0.14%
Plan fiduciary net position as a percentage of the total pension liability	100.64%	97.85%	100.80%	127.56%	96.95%	92.74%	94.41%	87.62%	86.38%	99.89%

Notes to the Schedule:

1. Measurement date: The amounts presented are as of and for the prior pension plan year ended June 30.

TOWN OF GEORGETOWN

**Schedule of Contributions – County & Municipal Other Employees’ Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	1.06%	1.06%	1.26%	1.41%	1.45%	1.43%	1.44%	1.33%	1.48%	1.17%
Town's proportion share of the net pension liability (asset)	\$ 194,209	\$ 152,897	\$ (132,030)	\$ (1,941,573)	\$ 223,466	\$ 411,428	\$ 331,784	\$ 133,619	\$ 234,611	\$ (61,460)
Town's covered payroll	\$ 1,499,218	\$ 1,199,355	\$ 1,281,042	\$ 1,364,741	\$ 1,342,232	\$ 1,261,348	\$ 1,184,825	\$ 1,072,927	\$ 1,024,631	\$ 38,243
Town's proportion share of the net pension liability as a percentage of its covered payroll	12.95%	12.75%	-10.31%	-142.27%	16.65%	32.62%	28.00%	12.45%	22.90%	7.33%
Plan fiduciary net position as a percentage of the total pension liability	97.57%	97.58%	102.00%	128.19%	96.67%	93.25%	94.41%	97.00%	94.70%	101.97%

Notes to the Schedule:

1. Measurement date: The amounts presented are as of and for the prior pension plan year ended June 30.

TOWN OF GEORGETOWN

**Schedule of Contributions – County & Municipal Other Employees’ Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions (actuarially determined)	\$ 105,580	\$ 96,329	\$ 92,263	\$ 97,086	\$ 96,792	\$ 95,034	\$ 89,828	\$ 84,513	\$ 73,644	\$ 68,823
Contributions in relation to the actuarially required contributions	<u>(105,580)</u>	<u>(96,329)</u>	<u>(92,263)</u>	<u>(97,086)</u>	<u>(96,792)</u>	<u>(95,034)</u>	<u>(89,828)</u>	<u>(84,513)</u>	<u>(73,644)</u>	<u>(68,823)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 1,858,371	\$ 1,602,960	\$ 1,602,960	\$ 1,438,474	\$ 1,364,741	\$ 1,329,281	\$ 1,236,149	\$ 1,178,122	\$ 1,105,145	\$ 1,101,304
Contributions as a percentage of covered payroll	5.68%	6.01%	5.76%	6.75%	7.09%	7.15%	7.27%	7.17%	6.66%	6.25%

Notes to the Schedule:

Methods and assumptions used to determine contribution rates are described in Note F.

TOWN OF GEORGETOWN

**Schedule of Contributions – County & Municipal Police and Firefighters’ Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions (actuarially determined)	\$ 218,707	\$ 179,913	\$ 146,342	\$ 227,001	\$ 228,892	\$ 221,682	\$ 200,452	\$ 142,741	\$ 147,891	\$ 142,361
Contributions in relation to the actuarially required contributions	<u>(218,707)</u>	<u>(179,913)</u>	<u>(146,342)</u>	<u>(227,001)</u>	<u>(228,892)</u>	<u>(221,682)</u>	<u>(200,452)</u>	<u>(142,741)</u>	<u>(147,891)</u>	<u>(142,361)</u>
Contributions deficiency (excess)	<u>\$ -</u>									
Town's covered payroll	\$ 1,499,218	\$ 1,199,355	\$ 1,199,355	\$ 1,281,042	\$ 1,376,644	\$ 1,342,232	\$ 1,261,348	\$ 1,184,825	\$ 1,072,927	\$ 1,024,631
Contributions as a percentage of covered payroll	14.59%	15.00%	12.20%	17.72%	16.63%	16.52%	15.89%	12.05%	13.78%	13.89%

Notes to the Schedule:

1. Methods and assumptions used to determine contribution rates are described in Note F.

SUPPLEMENTARY INFORMATION

TOWN OF GEORGETOWN

**Schedule of General Fund Revenues –
Budget and Actual
For the Year Ended April 30, 2025**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
TAXES AND FEES			
Courthouse municipality fees	\$ 1,155,000	\$ 1,472,558	\$ 317,558
Property and capitation taxes	1,931,026	1,938,001	6,975
Realty transfer tax	127,000	1,420,635	1,293,635
Lodging tax	190,000	187,215	(2,785)
Penalties	17,000	33,744	16,744
TOTAL TAXES AND FEES	3,420,026	5,052,153	1,632,127
INTERGOVERNMENTAL			
Street grants	167,000	191,902	24,902
Police grants	90,000	543,674	453,674
Police pension	110,000	139,691	29,691
TOTAL INTERGOVERNMENTAL	367,000	875,267	508,267
CHARGES FOR SERVICES			
Trash pickup	500,000	618,045	118,045
Business and rental licenses	215,000	183,726	(31,274)
Permits and other	132,500	461,781	329,281
Planning and zoning fees	15,000	49,500	34,500
TOTAL CHARGES FOR SERVICES	862,500	1,313,052	450,552
FINES AND PARKING			
Parking meters and fines	49,000	45,844	(3,156)
Court fines	50,000	74,867	24,867
TOTAL FINES AND PARKING	99,000	120,711	21,711
MISCELLANEOUS			
State and local in lieu of taxes	94,000	77,526	(16,474)
Franchise fees	58,000	57,651	(349)
Investment income	-	303,864	303,864
Miscellaneous	150,706	329,479	178,773
TOTAL MISCELLANEOUS	302,706	768,520	465,814
TOTAL REVENUES	\$ 5,051,232	\$ 8,129,703	\$ 3,078,471

TOWN OF GEORGETOWN

Schedule of General Fund Expenditures And Other Financing Uses – Budget and Actual For the Year Ended April 30, 2025

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
GENERAL ADMINISTRATION			
Dues and donations	\$ 20,000	\$ 23,585	\$ (3,585)
Employee benefits	32,774	30,815	1,959
Gasoline and oil	1,000	3,200	(2,200)
Insurance	13,426	9,380	4,046
Lease expense	4,760	4,363	397
Meetings and conferences	5,200	9,687	(4,487)
Office	20,000	32,419	(12,419)
Payroll taxes	13,246	13,046	200
Pension expense	9,698	9,693	5
Professional services	152,900	219,183	(66,283)
Repairs and maintenance	10,000	20,921	(10,921)
Salaries	173,147	175,916	(2,769)
Special projects	-	21,230	(21,230)
ARPA and other expenses	94,488	189,918	(95,430)
Utilities	22,000	23,459	(1,459)
TOTAL GENERAL ADMINISTRATION	572,639	786,815	(214,176)
PLANNING AND ZONING			
Employee benefits	22,302	38,874	(16,572)
Insurance	4,548	3,737	811
Office	8,000	19,021	(11,021)
Payroll taxes	7,317	7,754	(437)
Pension expense	5,452	5,633	(181)
Professional services	130,000	106,262	23,738
Salaries	95,650	104,320	(8,670)
Utilities	5,500	4,695	805
TOTAL PLANNING AND ZONING	278,769	290,296	(11,527)
PUBLIC SAFETY			
Employee benefits	567,117	511,069	56,048
Gasoline and oil	50,000	56,376	(6,376)
Insurance	108,053	106,860	1,193
Lease expense	172,000	144,985	27,015
Maintenance, supplies and materials	53,000	47,450	5,550
Office	75,000	79,494	(4,494)
Payroll taxes	172,547	159,090	13,457
Pension expense	301,835	234,318	67,517
Professional services	123,000	298,815	(175,815)
Salaries	2,255,507	2,044,958	210,549
Special projects	-	10,094	(10,094)
Utilities	24,500	29,797	(5,297)
TOTAL PUBLIC SAFETY	3,902,559	3,723,306	179,253

TOWN OF GEORGETOWN

**Schedule of General Fund Expenditures
And Other Financing Uses – Budget and Actual (continued)
For the Year Ended April 30, 2025**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
STREETS AND GROUNDS			
Employee benefits	\$ 92,898	\$ 128,985	\$ (36,087)
Gasoline and oil	25,000	13,895	11,105
Insurance	27,932	30,780	(2,848)
Lease expense	6,000	8,522	(2,522)
Office	8,000	7,269	731
Payroll taxes	17,477	23,873	(6,396)
Pension expense	13,022	14,190	(1,168)
Professional services	55,000	164,135	(109,135)
Repairs and maintenance	78,500	95,957	(17,457)
Salaries	228,454	264,639	(36,185)
Special events	1,000	-	1,000
Street lights	165,000	185,726	(20,726)
Trash removal and fees	500,000	521,207	(21,207)
Utilities	5,000	5,343	(343)
TOTAL STREETS AND GROUNDS	<u>1,223,283</u>	<u>1,464,521</u>	<u>(241,238)</u>
DEBT SERVICE	<u>94,488</u>	<u>236,228</u>	<u>(141,740)</u>
CAPITAL OUTLAY			
General administration	45,891	8,740	37,151
Public safety	-	137,412	(137,412)
Streets and grounds	61,385	406,396	(345,011)
TOTAL CAPITAL OUTLAY	<u>107,276</u>	<u>552,548</u>	<u>(445,272)</u>
TOTAL EXPENDITURES	<u>6,179,014</u>	<u>7,053,714</u>	<u>(874,700)</u>
OTHER FINANCING SOURCES (USES)			
Bond premium	-	634,021	(634,021)
Debt proceeds	-	10,010,999	(10,010,999)
Transfers in (out)	148,316	-	148,316
TOTAL OTHER FINANCING SOURCES (USES)	<u>148,316</u>	<u>10,645,020</u>	<u>(10,496,704)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,327,330</u>	<u>\$ 17,698,734</u>	<u>\$ (11,371,404)</u>

TOWN OF GEORGETOWN

**PROPERTY ASSESSMENTS
FOR THE MOST RECENT TEN YEARS**

<u>Assessment Date</u>	<u>Assessed Property Values</u>	
	<u>Taxable</u>	<u>Non-taxable</u>
May 1, 2015	\$ 47,496,370	\$ 15,739,405
May 1, 2016	48,119,764	15,502,881
May 1, 2017	48,860,666	15,378,705
May 1, 2018	49,632,369	15,215,742
May 1, 2019	50,720,750	15,253,680
May 1, 2020	52,567,936	15,442,170
May 1, 2021	52,714,936	15,653,620
May 1, 2022	53,410,710	15,929,530
May 1, 2023	53,593,205	16,406,030
May 1, 2024	55,280,976	16,189,335



**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

To the Honorable Mayor and Council
Town of Georgetown
Georgetown, 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 Town of Georgetown (the Town) as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Town'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 Town’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
December 12, 2025

