

TOWN OF GEORGETOWN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2022

TOWN OF GEORGETOWN

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

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, 2022, 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, 2022, 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 date, including any currently known information that may raise substantial doubt shortly thereafter.



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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.



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Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying 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 November 30, 2022, 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
November 30, 2022

MANGEMENT'S DISCUSSION AND ANALYSIS

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2022**

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, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis 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, 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,173,318. Of this amount, the Town had unrestricted assets of \$6,119,992. The Town's total net position increased by \$3,653,840 during the year. The net increase is comprised of an increase in grant funding and transfer taxes.

FUND FINANCIAL STATEMENTS

As of April 30, 2022, the Town's governmental funds reported an ending fund balance of \$6,945,497. This increased by \$1,404,707 from the preceding year and was approximately 28% of budgeted expenditures.

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, 2022**

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 of Georgetown'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, 2022**

FUND FINANCIAL STATEMENTS (continued)

MAJOR AND NON-MAJOR FUNDS

The Town of Georgetown 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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 10,431,854	\$ 6,177,494	\$ 3,867,066	\$ 2,485,035	\$ 14,298,920	\$ 8,662,529
Capital assets	8,319,534	8,002,245	33,140,580	33,128,334	41,460,114	41,130,579
Total Assets	18,751,388	14,179,739	37,007,646	35,613,369	55,759,034	49,793,108
Deferred Outflows of Resources	565,746	588,283	79,766	96,594	645,512	6,848,773
Current and other liabilities	1,204,675	1,049,178	554,754	1,698,624	1,759,429	2,747,802
Long-term liabilities	2,194,262	2,081,051	5,896,903	4,763,970	8,091,165	6,845,021
Total Liabilities	3,398,937	3,130,229	6,451,657	6,462,594	9,850,594	9,592,823
Deferred Inflow of Resources	2,164,832	312,876	215,802	52,808	2,380,634	365,684
Net Position:						
Net investment in capital assets	6,494,487	6,113,765	27,336,390	27,195,803	33,830,877	33,309,568
Restricted	2,154,099	2,817,495	2,068,350	1,569,814	4,222,449	4,387,309
Unrestricted	5,104,779	2,393,657	1,015,213	428,944	6,119,992	2,822,601
Total Net Position	\$ 13,753,365	\$ 11,324,917	\$ 30,419,953	\$ 29,194,561	\$ 44,173,318	\$ 40,519,478

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2022**

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, 90% 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 2022 and 2021.

**TOWN OF GEORGETOWN'S CHANGES IN NET POSITION
For the Years Ended April 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	\$ 1,265,919	\$ 1,190,682	\$ 4,161,285	\$ 3,565,132	\$ 5,427,204	\$ 4,755,814
Operating grants and contributions	2,713,655	1,757,621	-	95,892	2,713,655	1,853,513
Capital grants and contributions	474,918	-	370,474	55,032	845,392	55,032
General Revenues:						
Property taxes and penalties	1,735,992	1,693,233	-	-	1,735,992	1,693,233
Realty transfer taxes	352,865	265,043	-	-	352,865	265,043
Lodging taxes	198,760	129,390	-	-	198,760	129,390
Other taxes	749,720	-	-	-	749,720	-
Gain on sale of assets	-	33,645	-	-	-	33,645
Miscellaneous	465,655	-	-	-	465,655	-
Investment income	-	1,239	-	-	-	1,239
Total Revenues	7,957,484	5,070,853	4,531,759	3,716,056	12,489,243	8,786,909
Program Expenses						
General administration	539,798	646,506	-	-	539,798	646,506
Public safety	3,109,692	3,239,862	-	-	3,109,692	3,239,862
Planning and zoning	156,328	173,854	-	-	156,328	173,854
Streets and grounds	1,278,616	2,009,379	-	-	1,278,616	2,009,379
Sewer facility	-	-	2,496,923	2,435,275	2,496,923	2,435,275
Water facility	-	-	1,254,046	1,291,619	1,254,046	1,291,619
Total Expenses	5,084,434	6,069,601	3,750,969	3,726,894	8,835,403	9,796,495
Increase (decrease) in net position						
before transfers	2,873,050	(998,748)	780,790	(10,838)	3,653,840	(1,009,586)
Transfers	(444,602)	798,885	444,602	(798,885)	-	-
Total Increase (decrease) in net position	2,428,448	(199,863)	1,225,392	(809,723)	3,653,840	(1,009,586)
Net position - beginning	11,324,917	11,524,780	29,194,561	30,004,284	40,519,478	41,529,064
Net position - ending	\$ 13,753,365	\$ 11,324,917	\$ 30,419,953	\$ 29,194,561	\$ 44,173,318	\$ 40,519,478

**THE TOWN OF GEORGETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR FISCAL YEAR ENDED APRIL 30, 2022**

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. Operating Grants and Contributions increased from prior year due to American Rescue Plan Act grant.

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 \$550,702, charges for services by \$451,844 and intergovernmental grants by \$2,203,452. The overall increase in actual revenues over budgeted revenues was \$3,352,968 on the Fund Financial Statements. Expenditures consist of General Administration, Planning and Zoning, Public Safety, and Streets and Grounds. General Administration disbursed more funding to the emergency services and other programs than was budgeted. Public Safety spent \$133,684 more than was budgeted. However, a portion of that spending was offset from State grants available for those expenditures. The capital outlay budget for General Administration did not include costs for new Public Safety equipment purchases. As a result, the total capital outlay for the General Fund was \$64,822 over budget. 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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and parks	\$ 431,586	\$ 431,586	\$ 1,071,128	\$ 1,071,128	\$ 1,502,714	\$ 1,502,714
Construction in progress	-	-	1,044,940	178,513	1,044,940	178,513
Buildings and improvements	2,153,315	2,228,532	-	-	2,153,315	2,228,532
Plant equipment and extensions	-	-	31,024,512	31,878,633	31,024,512	31,878,633
Equipment	55,863	172,267	-	-	55,863	172,267
Streets and storm drains	5,678,770	5,169,860	-	-	5,678,770	5,169,860
Total	\$ 8,319,534	\$ 8,002,245	\$ 33,140,580	\$ 33,128,274	\$ 41,460,114	\$ 41,130,519

The Town's total investment in capital assets for its governmental and business-type activities amounts to \$41,460,114 and \$41,130,519 as of April 30, 2022 and 2021, 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, 2022**

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$7,286,573 in general obligation bonds.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 1,824,899	\$ 1,868,542	\$ 5,461,674	\$ 5,926,766	\$ 7,286,573	\$ 7,795,308
Notes payable	-	19,938	-	-	-	19,938
Total	<u>\$ 1,824,899</u>	<u>\$ 1,888,480</u>	<u>\$ 5,461,674</u>	<u>\$ 5,926,766</u>	<u>\$ 7,286,573</u>	<u>\$ 7,815,246</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. Site work for the proposed Wawa convenience store, a new Sherwin Williams Warehouse, and dental facility are underway. In the downtown core, the Sussex County Family Court Facility has completed building demolition and started installation of underground utilities. Site work should begin in early 2023.

Multi-family housing continues to be the most prevalent in terms of large scale housing projects. Initial infrastructure at the Village of College Park for their residential phase (single and multi-family) has begun. Single family home construction on infill lots continues as well.

The Town has completed the water main and service line upgrades along Bedford and Market Streets. With this being completed, the Delaware Department of Transportation will be performing rehabilitation and rehabilitation of these roads in late winter/early spring of 2023.

The Town of Georgetown continues to use its American Rescue Plan Act of 2021 (ARPA) funds for various infrastructure (water and sewer) projects. The current focus is on planning and design, followed with construction.

BASIC FINANCIAL STATEMENTS

TOWN OF GEORGETOWN

Statement of Net Position As of April 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,012,014	\$ -	\$ 3,012,014
Receivables:			
Taxes	26,679	-	26,679
Trash	136,140	-	136,140
Service water and sewer	-	473,138	473,138
Miscellaneous	118,029	743,564	861,593
Prepaid items	25,058	23,969	49,027
Due from other government agencies	131,709	-	131,709
Net pension asset	2,253,491	225,871	2,479,362
Restricted assets:			
Cash and cash equivalents	4,728,734	2,360,167	7,088,901
Investments	-	35,484	35,484
Receivables	-	4,873	4,873
Capital assets:			
Land and construction in progress	431,586	2,116,068	2,547,654
Other capital assets, net of depreciation	7,887,948	31,024,512	38,912,460
TOTAL ASSETS	18,751,388	37,007,646	55,759,034
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	565,746	64,030	629,776
Deferred amounts on refunding	-	15,736	15,736
TOTAL DEFERRED OUTFLOWS OF RESOURCES	565,746	79,766	645,512
LIABILITIES			
Accounts payable	174,791	186,616	361,407
Accrued liabilities	197,052	53,952	251,004
Construction project deposit	249,863	-	249,863
Unearned revenue	582,969	314,186	897,155
Long-term liabilities:			
Due within one year	414,222	1,496,820	1,911,042
Due in more than one year	1,780,040	4,400,083	6,180,123
TOTAL LIABILITIES	3,398,937	6,451,657	9,850,594
DEFERRED INFLOWS OF RESOURCES	2,164,832	215,802	2,380,634
NET POSITION			
Net investment in capital assets	6,494,487	27,336,390	33,830,877
Restricted for:			
Construction and debt service	460,683	2,068,350	2,529,033
Grants, emergency services, recreation and transfer tax	1,693,416	-	1,693,416
Unrestricted	5,104,779	1,015,213	6,119,992
TOTAL NET POSITION	\$ 13,753,365	\$ 30,419,953	\$ 44,173,318

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

TOWN OF GEORGETOWN

**Statement of Activities
For the Year Ended April 30, 2022**

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	Business-type Activities	Total
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General administration	\$ 539,798	\$ 269,924	\$ 2,094,063	\$ -	\$ 1,824,189	\$ -	\$ 1,824,189
Public safety	3,109,692	211,219	316,824	-	(2,581,649)	-	(2,581,649)
Streets and grounds	1,278,616	509,420	302,768	474,918	8,490	-	8,490
Planning and zoning	156,328	275,356	-	-	119,028	-	119,028
TOTAL GOVERNMENTAL ACTIVITIES	5,084,434	1,265,919	2,713,655	474,918	(629,942)	-	(629,942)
BUSINESS-TYPE ACTIVITIES							
Sewer facility	2,496,923	2,604,164	-	179,899	-	287,140	287,140
Water facility	1,254,046	1,557,121	-	190,575	-	493,650	493,650
TOTAL BUSINESS-TYPE ACTIVITIES	3,750,969	4,161,285	-	370,474	-	780,790	780,790
TOTAL PRIMARY GOVERNMENT	\$ 8,835,403	\$ 5,427,204	\$ 2,713,655	\$ 845,392	(629,942)	780,790	150,848
GENERAL REVENUES							
Taxes:							
Property and penalties					1,735,992	-	1,735,992
Realty transfer					352,865	-	352,865
Lodging					198,760	-	198,760
Other taxes					749,720	-	749,720
Miscellaneous					465,655	-	465,655
TRANSFERS					(444,602)	444,602	-
TOTAL GENERAL REVENUES AND TRANSFERS					3,058,390	444,602	3,502,992
CHANGE IN NET POSITION					2,428,448	1,225,392	3,653,840
NET POSITION - BEGINNING					11,324,917	29,194,561	40,519,478
NET POSITION - ENDING					\$ 13,753,365	\$ 30,419,953	\$ 44,173,318

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

TOWN OF GEORGETOWN

Balance Sheet – Governmental Fund As of April 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,012,014
Receivables:	
Taxes	26,679
Trash	136,140
Miscellaneous	118,029
Prepaid items	25,058
Due from other government agencies	131,709
Restricted assets:	
Cash and cash equivalents	<u>4,728,734</u>
TOTAL ASSETS	<u>\$ 8,178,363</u>
LIABILITIES	
Accounts payable	\$ 174,791
Accrued liabilities	197,052
Construction project deposit	249,863
Unearned revenue	<u>582,969</u>
TOTAL LIABILITIES	<u>1,204,675</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues:	
Property taxes	24,811
Other	<u>3,380</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,191</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	25,058
Restricted for:	
Emergency services and recreation services	460,683
Grant funds	2,972,386
Realty transfer tax	1,693,416
Assigned for:	
Health benefits	206,382
Public safety	27,520
Unassigned	<u>1,560,052</u>
TOTAL FUND BALANCES	<u>6,945,497</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 8,178,363</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, 2022**

FUND BALANCES OF GOVERNMENTAL FUND \$ 6,945,497

**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. 8,319,534

Certain revenues are not available to pay for current period expenditures and therefore
are reported as unavailable in the governmental funds. 28,191

Long-term liabilities for notes payable (\$1,824,899), accrued compensated absences
(\$369,363), are not due and payable in the current
period, and accordingly, are not reported in the governmental fund financial
statements. Interest and fees on long-term debt are not accrued in governmental
funds, but rather are recognized as an expenditure when due. (2,194,262)

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. 654,405

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 13,753,365

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, 2022**

	<u>General Fund</u>
REVENUES	
Taxes and fees	\$ 3,043,296
Intergovernmental	2,742,850
Charges for services	1,206,844
Fines and parking	59,075
Miscellaneous	465,655
	<hr/>
TOTAL REVENUES	7,517,720
	<hr/>
EXPENDITURES	
Current:	
General administration	547,487
Planning and zoning	158,555
Public safety	3,153,991
Streets and grounds	1,522,067
Debt service	94,488
Capital outlay	191,822
	<hr/>
TOTAL EXPENDITURES	5,668,410
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	1,849,310
OTHER FINANCING USES	
Transfers out	(444,602)
	<hr/>
NET CHANGE IN FUND BALANCE	1,404,708
FUND BALANCE - BEGINNING	5,540,790
	<hr/>
FUND BALANCE - ENDING	\$ 6,945,498
	<hr/>

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, 2022**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND		\$ 1,404,708
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 (\$560,010) and disposal of assets (\$3,314) exceeded capital outlay (\$405,696) and donated assets (\$474,917) in the current period.		317,288
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The net changes are as follows:		
Grants	\$ (29,195)	
Property taxes	<u>(5,959)</u>	(35,154)
Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		63,581
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:		
Compensated absences	42,875	
Pension expenses	<u>635,150</u>	<u>678,025</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,428,448</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, 2022

	Budgeted Amounts Original and Final	Actual	Variance with Budget - Positive (Negative)
REVENUES			
Taxes and fees	\$ 2,492,594	\$ 3,043,296	\$ 550,702
Intergovernmental	539,398	2,742,850	2,203,452
Charges for services	755,000	1,206,844	451,844
Fines and parking	97,000	59,075	(37,925)
Miscellaneous	280,760	465,655	184,895
TOTAL REVENUES	<u>4,164,752</u>	<u>7,517,720</u>	<u>3,352,968</u>
EXPENDITURES			
Current:			
General administration	379,494	547,487	(167,993)
Planning and zoning	172,570	158,555	14,015
Public safety	3,020,307	3,153,991	(133,684)
Streets and grounds	1,249,240	1,522,067	(272,827)
Debt service	94,488	94,488	-
Capital outlay	127,000	191,822	(64,822)
TOTAL EXPENDITURES	<u>5,043,099</u>	<u>5,668,410</u>	<u>(625,311)</u>
REVENUES OVER (UNDER) EXPENDITURES	(878,347)	1,849,310	2,727,657
OTHER FINANCING USES			
Transfers out	-	(444,602)	(444,602)
NET CHANGE IN FUND BALANCE	(878,347)	1,404,708	2,283,055
FUND BALANCE - BEGINNING	<u>5,540,790</u>	<u>5,540,790</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,662,443</u>	<u>\$ 6,945,498</u>	<u>\$ 2,283,055</u>

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

TOWN OF GEORGETOWN

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

ASSETS	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
CURRENT ASSETS			
Receivables, net of allowance for doubtful accounts:			
Service charges	\$ 207,885	\$ 265,253	\$ 473,138
Grants and loans	35,443	708,121	743,564
TOTAL CURRENT ASSETS	243,328	973,374	1,216,702
NONCURRENT ASSETS			
Prepaid items	23,969	-	23,969
Net pension asset	112,935	112,936	225,871
Restricted assets:			
Cash and cash equivalents	2,062,916	297,251	2,360,167
Investments	35,484	-	35,484
Receivables	4,873	-	4,873
Capital assets:			
Land and construction in progress	1,261,856	854,212	2,116,068
Other capital assets, net of depreciation	20,281,820	10,742,692	31,024,512
TOTAL NONCURRENT ASSETS	23,783,853	12,007,091	35,790,944
TOTAL ASSETS	24,027,181	12,980,465	37,007,646
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	31,975	32,055	64,030
Deferred amounts on refunding	6,609	9,127	15,736
TOTAL DEFERRED OUTFLOWS OF RESOURCES	38,584	41,182	79,766
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	145,963	40,653	186,616
Accrued liabilities	39,412	14,540	53,952
Unearned revenue	314,186	-	314,186
Current portion of long-term liabilities	698,418	798,402	1,496,820
TOTAL CURRENT LIABILITIES	1,197,979	853,595	2,051,574
LONG-TERM LIABILITIES, LESS CURRENT PORTION	3,860,516	539,567	4,400,083
TOTAL LIABILITIES	5,058,495	1,393,162	6,451,657
DEFERRED INFLOWS OF RESOURCES	107,816	107,986	215,802
NET POSITION			
Net investment in capital assets	17,044,377	10,292,013	27,336,390
Restricted for:			
Construction and debt service	1,840,203	228,147	2,068,350
Unrestricted	14,874	1,000,339	1,015,213
TOTAL NET POSITION	\$ 18,899,454	\$ 11,520,499	\$ 30,419,953

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, 2022

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,136,658	\$ 1,432,868	\$ 3,569,526
TOTAL OPERATING REVENUES	2,136,658	1,432,868	3,569,526
OPERATING EXPENSES			
Chemicals	87,349	64,035	151,384
Depreciation	853,621	372,053	1,225,674
Employee benefits	164,854	102,255	267,109
Gasoline and oil	5,052	2,025	7,077
Insurance	25,645	15,935	41,580
Lease expense	13,241	-	13,241
Maintenance and repairs	81,987	176,712	258,699
Payroll taxes	31,663	30,467	62,130
Professional services	510,139	8,108	518,247
Salaries	421,637	400,043	821,680
Supplies	20,927	5,348	26,275
Telephone	5,696	3,631	9,327
Utilities	164,121	59,849	223,970
TOTAL OPERATING EXPENSES	2,385,932	1,240,461	3,626,393
OPERATING INCOME (LOSS)	(249,274)	192,407	(56,867)
NON-OPERATING REVENUES (EXPENSES)			
Impact fees, net	392,200	106,336	498,536
Investment income (loss)	(1,376)	5	(1,371)
Penalties	18,791	13,610	32,401
Interest expense	(109,615)	(13,585)	(123,200)
Miscellaneous	56,515	4,302	60,817
TOTAL NON-OPERATING REVENUES, NET	356,515	110,668	467,183
INCOME BEFORE TRANSFERS	107,241	303,075	410,316
CAPITAL GRANTS AND CONTRIBUTIONS	179,899	190,575	370,474
TRANSFERS IN	161,179	283,423	444,602
CHANGE IN NET POSITION	448,319	777,073	1,225,392
NET POSITION - BEGINNING	18,451,135	10,743,426	29,194,561
NET POSITION - ENDING	\$ 18,899,454	\$ 11,520,499	\$ 30,419,953

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, 2022

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,158,292	\$ 1,444,729	\$ 3,603,021
Payments to suppliers for goods and services	(838,162)	(339,425)	(1,177,587)
Payments to employees for services	(641,623)	(549,785)	(1,191,408)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>678,507</u>	<u>555,519</u>	<u>1,234,026</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>161,179</u>	<u>283,423</u>	<u>444,602</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(209,296)	(657,131)	(866,427)
Issuance of debt	2,844,791	552,725	3,397,516
Retirement of bonds and related costs	(3,440,870)	(763,852)	(4,204,722)
Impact fees	392,200	106,336	498,536
Non-operating grants	56,515	190,609	247,124
Interest paid	(109,615)	(13,585)	(123,200)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(466,275)</u>	<u>(584,898)</u>	<u>(1,051,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments	7,848	-	7,848
Investment income and penalties	<u>17,415</u>	<u>13,615</u>	<u>31,030</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>25,263</u>	<u>13,615</u>	<u>38,878</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	398,674	267,659	666,333
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,664,242</u>	<u>190,911</u>	<u>1,855,153</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,062,916</u>	<u>\$ 458,570</u>	<u>\$ 2,521,486</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, 2022**

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (249,274)	\$ 192,407	\$ (56,867)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	853,621	372,053	1,225,674
Changes in non-cash operating assets, liabilities, and deferred outflows and inflows of resources:			
Receivables	16,462	11,861	28,323
Accounts payable	107,658	26,685	134,343
Net change in pension liabilities	(57,198)	(47,358)	(104,556)
Net change in compensated absences	2,066	(129)	1,937
Unearned revenue	5,172	-	5,172
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 678,507	\$ 555,519	\$ 1,234,026

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

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements

April 30, 2022

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, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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, 2022

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. GASBS 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, 2022

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 \$60,774.

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, 2022

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, 2022

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, 2022

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, 2022

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. The general fund transferred \$444,602 to the sewer and water funds during the year.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

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, 2022. 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, 2022

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, 2022, the carrying amount of the Town's deposits was \$10,136,399 and the bank balance was \$10,154,776. Of the bank balance, \$1,303,013 was insured by federal depository insurance, \$8,567,176 was insured by pledged collateral and \$ 271,337 was uninsured and uncollateralized 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, 2022

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 \$35,484 for U.S. Treasuries (\$23,939), Federal Home Loan Mortgage Corporation (\$6,389) and Federal National Mortgage Association (\$5,156) 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, 2022

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, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 23,939	\$ -	\$ -	\$ 8,945	\$ 14,994
Federal Home Loan Mortgage Corporation	6,389	6,389	-	192	6,197
Federal National Mortgage Association	5,156	5,156	-	-	5,074
Total Investments	\$ 35,484	\$ 11,545	\$ -	\$ 9,137	\$ 26,265

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

Cash on hand	\$ 500
Carrying amount of deposits	10,100,415
Carrying amount of investments	35,484
Total	\$ 10,136,399
Cash and cash equivalents	\$ 3,012,014
Cash and cash equivalents - restricted	7,088,901
Investments - restricted	35,484
Total	\$ 10,136,399

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022, was as follows:

	Balance at April 30, 2021	Increases	Decreases	Balance at April 30, 2022
Governmental Activities:				
Capital assets, not being depreciated:				
Land and parks	\$ 431,586	\$ -	\$ -	\$ 431,586
Other capital assets:				
Buildings and improvements	3,529,626	-	-	3,529,626
Equipment	1,664,163	-	(60,668)	1,603,495
Streets and storm drains	8,465,385	880,613	-	9,345,998
Total other capital assets	<u>13,659,174</u>	<u>880,613</u>	<u>(60,668)</u>	<u>14,479,119</u>
Less accumulated depreciation for other capital assets:				
Buildings and improvements	1,301,094	75,217	-	1,376,311
Equipment	1,491,896	113,090	(57,354)	1,547,632
Streets and storm drains	3,295,525	371,703	-	3,667,228
Total accumulated depreciation	<u>6,088,515</u>	<u>560,010</u>	<u>(57,354)</u>	<u>6,591,171</u>
Other capital assets, net	<u>7,570,659</u>	<u>320,603</u>	<u>(3,314)</u>	<u>7,887,948</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,002,245</u>	<u>\$ 320,603</u>	<u>\$ (3,314)</u>	<u>\$ 8,319,534</u>

The Town entered into five-year capital leases for certain vehicles totaling \$125,936, \$18,308 and \$98,116 during the fiscal years ended April 30, 2016, 2017 and 2018, respectively. These vehicles have been capitalized and depreciated under equipment for governmental activities. There were no new capital leases for the Town during the fiscal year ended April 30, 2022. The future minimum lease payments to Fulton Bank, N.A. for these capital leases are detailed in Note E under governmental activities.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE C - CAPITAL ASSETS - CONTINUED

	Balance at April 30, 2021	Increases	Decreases	Balance at April 30, 2022
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,071,128	\$ -	\$ -	\$ 1,071,128
Construction in progress	178,513	866,427	-	1,044,940
Total capital assets, not being depreciated	<u>1,249,641</u>	<u>866,427</u>	<u>-</u>	<u>2,116,068</u>
Other capital assets:				
Plant equipment and extensions	55,453,148	371,553	-	55,824,701
Less accumulated depreciation for other capital assets:	<u>23,574,515</u>	<u>1,225,674</u>	<u>-</u>	<u>24,800,189</u>
Other capital assets, net	<u>31,878,633</u>	<u>(854,121)</u>	<u>-</u>	<u>31,024,512</u>
Business-type Activities Capital Assets, Net	<u>\$ 33,128,274</u>	<u>\$ 12,306</u>	<u>\$ -</u>	<u>\$ 33,140,580</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 76,174
Public safety	109,983
Streets and grounds	<u>373,853</u>
Total Governmental Activities Depreciation Expense	<u>\$ 560,010</u>

Business-type Activities:

Sewer	\$ 853,621
Water	<u>372,053</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,225,674</u>

NOTE D - PROPERTY TAXES

Taxes are levied on May 1, and a lien attaches to the property on May 31. 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, 2022, was \$3.17 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 \$52,714,936. Real property and improvements that are exempt from taxation due to State, Town or other tax-exempt ownership total \$15,653,620.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE

As of April 30, 2022, 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.	\$ 2,940,000
Bond payable to the State of Delaware, interest at 1.3755%, with loan forgiveness at completion of project, general obligation of the Town. Total bonds authorized were \$1,255,000. Total debt incurred as of April 30, 2022 was \$974,967.	974,967
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.	1,306,539
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.	34,035
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>206,133</u>
TOTAL	5,461,674
ADD: Unamortized bond premium	<u>342,516</u>
TOTAL GENERAL OBLIGATION BONDS FROM DIRECT BORROWINGS	<u>\$ 5,804,190</u>

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2022**

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>
2023	\$ 1,369,855	\$ 122,166	\$ 1,492,021
2024	407,887	112,367	520,254
2025	416,097	103,207	519,304
2026	579,524	92,880	672,404
2027	598,177	76,732	674,909
2028-2032	2,090,134	170,058	2,260,192
TOTAL	<u>\$ 5,461,674</u>	<u>\$ 677,410</u>	<u>\$ 6,139,084</u>

As of April 30, 2022, governmental activities general obligation bond and notes payable are direct borrowings and are as follows:

At April 30, 2022, 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.	<u>\$ 1,824,899</u>

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2022**

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>
2023	\$ 44,859	\$ 49,629	\$ 94,488
2024	45,976	48,512	94,488
2025	47,388	47,100	94,488
2026	48,708	45,780	94,488
2027	50,065	44,423	94,488
2028-2032	271,799	200,641	472,440
2033-2037	311,960	160,480	472,440
2038-2042	357,907	114,533	472,440
2043-2047	410,620	61,820	472,440
2048-2052	235,617	8,780	244,397
TOTAL	\$ 1,824,899	\$ 781,698	\$ 2,606,597

Long-term Liability Activity

Long-term liability activity for governmental activities for the year ended April 30, 2022, was as follows:

	<u>April 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bond from direct borrowings	\$ 1,868,542	\$ -	\$ 43,643	\$ 1,824,899	\$ 44,859
Notes payable from direct borrowings	19,938	-	19,938	-	-
Compensated absences	412,238	310,508	353,383	369,363	369,363
Net pension liability	256,152	-	256,152	-	-
Total Governmental Activities	\$ 2,556,870	\$ 310,508	\$ 673,116	\$ 2,194,262	\$ 414,222

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE E - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED

Long-term liability activity for business-type activities for the year ended April 30, 2022, was as follows:

	April 30, 2021	Increases	Decreases	April 30, 2022	Due Within One Year
Business-type Activities:					
General obligation bond from direct borrowings	\$ 5,926,766	\$ 3,733,865	\$ 4,198,957	\$ 5,461,674	\$ 1,369,855
Unamortized bond premium	5,765	342,516	5,765	342,516	34,252
Total general obligation bonds from direct borrowings	5,932,531	4,076,381	4,204,722	5,804,190	1,404,107
Compensated absences	90,776	45,189	43,252	92,713	92,713
Net pension liability	24,167	-	24,167	-	-
Total Business-type Activities:	<u>\$ 6,047,474</u>	<u>\$ 4,121,570</u>	<u>\$ 4,272,141</u>	<u>\$ 5,896,903</u>	<u>\$ 1,496,820</u>

As described in Note C, the Town's capital leases owed to Fulton Bank, N.A., are listed as outstanding notes payable from direct borrowings related to the governmental activities totaling \$19,938. These notes contain a provision that in an event of default, (1) outstanding amounts become immediately due if the Town is unable to make payments and/or (2) the Town will be required to return the leased assets at no cost for the lessor. These notes do not contain a subjective clause.

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, 2022**

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, 2022

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, 2021, the Town was required to contribute 7.06% and 16.59% 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 \$97,086 for the Other Employees' Plan and \$227,001 for the Police's Plan for the year ended April 30, 2022.

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, 2022, the Town reported an asset of \$537,789 for its proportionate share of the net pension liability that is allocated amongst the Town's funds. For the Police's Plan, the Town reported an asset of \$1,941,573 for its proportionate share of the net pension liability. The net pension liabilities for both of these plans were measured as of June 30, 2020. The collective total pension liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of June 30, 2020, and update procedures were used to roll forward the total pension liability to June 30, 2021. 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, 2022, the Town recognized pension expense of (\$51,053) and (\$273,357) for the Other Employees' Plan and the Police's Plan, respectively.

TOWN OF GEORGETOWN

**Notes to the Basic Financial Statements
April 30, 2022**

NOTE F - PENSION PLANS - CONTINUED

Deferred Inflows/Outflows of Resources Related to Pensions

As of April 30, 2022, 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	\$ 17,438	\$ 183,712	\$ 201,150
Changes of assumptions	14,566	66,719	81,285
Town contributions subsequent to the measurement date	56,310	227,001	283,311
Total Governmental Activities Deferred Outflows of Resources	\$ 88,314	\$ 477,432	\$ 565,746
Business-type Activities			
Net differences between expected and actual experience	\$ 12,627	\$ -	\$ 12,627
Changes of assumptions	10,548	-	10,548
Changes in proportion and differences between Town contributions and proportionate share of contributions	79	-	79
Town contributions subsequent to the measurement date	40,776	-	40,776
Total Business-type Activities Deferred Outflows of Resources	\$ 64,030	\$ -	\$ 64,030

The \$97,086 (\$56,310 for governmental activities and \$40,776 for business-type activities) and the \$194,758 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, 2023.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

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		Total
	Employees' Plan	Police's Plan	
2023	\$ (11,595)	\$ (422,011)	\$ (433,606)
2024	15,942	(380,716)	(364,774)
2025	(483)	(413,729)	(414,212)
2026	897	(381,460)	(380,563)
2027	897	17,002	17,899
Thereafter	3,589	(25,482)	(21,893)

Actuarial Assumptions

The actuarial assumptions for the June 30, 2021, measurement date that is being applied to the April 30, 2022, period for both Plans were determined by an actuarial valuation as of June 30, 2020, and as mentioned, update procedures were used to roll forward the total pension liability to June 30, 2021.

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, 2020, 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, 2022**

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, 2022, 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	\$ 21,977	\$ 75,643	\$ 97,620
Changes of assumptions	9,400	141,399	150,799
Net differences between projected and actual investment earnings on pension investments	266,636	1,649,777	1,916,413
Total Governmental Activities Deferred Inflows of Resources	\$ 298,013	\$ 1,866,819	\$ 2,164,832
Business-type Activities			
Net differences between expected and actual experience	\$ 15,914	\$ -	\$ 15,914
Net difference between projected and actual investment earnings on pension plan investments	193,081	-	193,081
Change in assumptions	6,807	-	6,807
Total Business-type Activities Deferred Inflows of Resources	\$ 215,802	\$ -	\$ 215,802

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, 2022

NOTE F - PENSION PLANS – 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:

Asset Class	Long-term Expected Real Rate of Return	Asset Allocation
Domestic equity	5.7%	32.3%
International equity	5.7	18.1
Fixed income	2	20.6
Alternative investments	7.8	24.2
Cash and cash equivalents	-	4.8

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:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Other Employees' Plan	\$ (232,599)	\$ (537,789)	\$ (843,020)
Police's Plan	(896,356)	(1,941,573)	(2,794,426)

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

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 - OPERATING LEASES

The Town leases various equipment under operating leases in the general fund. Minimum rental payments are due on various contracts through 2030. The Town rents land for the sewer plant's spray irrigation system. The land leases contain renewal options. Operating lease expenses incurred in the General and Proprietary Funds were \$ 99,927 and \$ 113,156, respectively. Future minimum rental payments are as follows:

<u>Years Ending April 30,</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
2023	\$ 92,105	\$ 56,506	\$ 148,611
2024	71,559	58,030	129,589
2025	59,672	57,227	116,899
2026	18,317	55,523	73,840
2027	-	57,189	57,189
2028	-	58,905	58,905
2029	-	60,672	60,672
2030	-	62,492	62,492
TOTAL	<u>\$ 241,653</u>	<u>\$ 466,544</u>	<u>\$ 708,197</u>

NOTE H - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; 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.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE I - PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

GASB has issued the following statements, which may impact the Town's financial reporting requirements in the future.

- GASBS No. 87, *Leases*, effective for the fiscal year beginning after May 1, 2021.
- GASBS No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year beginning after May 1, 2023.
- GASBS No. 101, *Compensated Absences*, effective for the fiscal year beginning after May 1, 2023.

NOTE J - EMPLOYEE HEALTH PLAN

The Town is exposed to the risk of loss related to employee medical expenses. During fiscal year 2022, 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 2022 and 2021, respectively). The Town had an estimated maximum aggregate exposure of \$587,183 with no laser risk for the calendar year 2022. The Town had an estimated maximum aggregate exposure of \$596,878, plus a laser risk of \$60,000 for the calendar year 2021. The maximum for projected health reimbursement account (HRA) claims was \$9,713 and \$25,296 for the calendar years 2022 and 2021, respectively. The employee health plan is administered by an outside agency.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE J - EMPLOYEE HEALTH PLAN - CONTINUED

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, 2022, 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
2022	\$ 176,063	\$ 504,956	\$ (630,068)	\$ 50,951
2021	27,468	989,807	(841,212)	176,063

NOTE K - 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.

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

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE K - TAX ABATEMENTS - CONTINUED

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 less than \$1,000 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 \$1,662 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.

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.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE K - TAX ABATEMENTS – CONTINUED

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 EDU's 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.

NOTE L - 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, 2021, no amount was owed under these contracts.

In September of 2021, The Town executed a new four-year agreement with the Georgetown Fraternal Order of Police Bargaining Unit that begins May 1, 2021, and ends April 30, 2025. The agreement provides for certain rights and benefits to the Town's police officers.

TOWN OF GEORGETOWN

Notes to the Basic Financial Statements April 30, 2022

NOTE M - COMMITMENTS AND CONTINGENCIES

The Town made commitments to borrow funds from the State of Delaware that are from federal and state sources totaling \$1,255,000. The funds will be used to rehabilitate the Town's water utility infrastructure along Market and Bedford Streets. The Town has incurred costs totaling \$24,988 during the current year related to these projects but has not drawn down on any of the loans as of April 30, 2022.

For the same utility project, the Town entered into a construction contract agreement in February 2021 totaling \$1,668,668. The Town did not incur any projects costs before the end of April 30, 2022.

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 \$1,428,200, 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 not become due until May 2023.

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. As of April 30, 2022, the County has not completed its wastewater facility to accept the Town's bio-solids and has not incurred any fees related to this agreement.

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, 2022**

	<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)	2.56%	2.68%	2.81%	2.99%	2.98%	3.39%	3.57%
Town's proportion share of the net pension liability (asset)	\$ (251,929)	\$ 56,853	\$ 128,827	\$ 94,095	\$ 192,916	\$ 210,123	\$ 1,522
Town's covered payroll	\$ 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	-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	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.

*Fiscal year April 30, 2016 was the first year of implementation, therefore only seven years are shown.

TOWN OF GEORGETOWN

**Schedule of Contributions – County & Municipal Police & Firefighters Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2022**

	<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)	1.41%	1.45%	1.43%	1.44%	1.33%	1.48%	1.17%
Town's proportion share of the net pension liability (asset)	\$ (1,941,573)	\$ 223,466	\$ 411,428	\$ 331,784	\$ 133,619	\$ 234,611	\$ (61,460)
Town's covered payroll	\$ 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	-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	-128.19%	96.67%	93.25%	94.41%	97.00%	94.70%	101.97%

Notes to the Schedule:

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

*Fiscal year April 30, 2016 was the first year of implementation, therefore only seven years are shown.

TOWN OF GEORGETOWN

**Schedule of Contributions – County & Municipal Police & Firefighters Pension Plan – A Cost Sharing Defined Benefit Pension Plan
(last 10 years*)
For the Year Ended April 30, 2022**

	<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)	\$ 97,086	\$ 96,792	\$ 95,034	\$ 89,828	\$ 84,513	\$ 73,644	\$ 68,823
Contributions in relation to the actuarially required contributions	<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>
Town's covered payroll	\$ 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	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.

*Fiscal year April 30, 2016 was the first year of implementation, therefore only seven years are shown.

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, 2022**

	<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)	\$ 227,001	\$ 228,892	\$ 221,682	\$ 200,452	\$ 142,741	\$ 147,891	\$ 142,361
Contributions in relation to the actuarially required contributions	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 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	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.

*Fiscal year April 30, 2016 was the first year of implementation, therefore only seven years are shown.

SUPPLEMENTARY INFORMATION

TOWN OF GEORGETOWN

**Schedule of General Fund Revenues –
Budget and Actual
For the Year Ended April 30, 2022**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
TAXES AND FEES			
Courthouse municipality fees	\$ 575,000	\$ 749,720	\$ 174,720
Property and capitation taxes	1,675,094	1,677,101	2,007
Realty transfer tax	125,500	352,865	227,365
Lodging tax	100,000	198,760	98,760
Penalties	17,000	58,891	41,891
TOTAL TAXES AND FEES	2,492,594	3,037,337	544,743
INTERGOVERNMENTAL			
Street grants	292,500	726,517	434,017
Police grants	154,898	283,881	128,983
Police pension	92,000	125,681	33,681
ARPA	-	1,606,771	1,606,771
TOTAL INTERGOVERNMENTAL	539,398	2,742,850	596,681
CHARGES FOR SERVICES			
Trash pickup	480,000	509,420	29,420
Business and rental licenses	210,000	231,336	21,336
Permits and variances	50,000	274,382	224,382
Planning and zoning fees	15,000	191,706	176,706
TOTAL CHARGES FOR SERVICES	755,000	1,206,844	451,844
FINES AND PARKING			
Parking meters and fines	32,000	12,809	(19,191)
Court fines	65,000	46,266	(18,734)
TOTAL FINES AND PARKING	97,000	59,075	(37,925)
MISCELLANEOUS			
State and local in lieu of taxes	85,000	96,707	11,707
Franchise fees	60,000	64,462	4,462
Investment income	-	633	633
Miscellaneous	135,760	303,853	168,093
TOTAL MISCELLANEOUS	280,760	465,655	184,895
TOTAL REVENUES	\$ 4,164,752	\$ 7,511,761	\$ 3,347,009

TOWN OF GEORGETOWN

Schedule of General Fund Expenditures And Other Financing Uses – Budget and Actual For the Year Ended April 30, 2022

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
GENERAL ADMINISTRATION			
Dues and donations	\$ 10,000	\$ 208,521	\$ (198,521)
Employee benefits	31,593	(60,089)	91,682
Gasoline and oil	1,300	552	748
Insurance	9,027	6,640	2,387
Lease expense	4,761	4,760	1
Meetings and conferences	3,000	6,593	(3,593)
Office	17,000	21,998	(4,998)
Payroll taxes	10,180	9,951	229
Pension expense	8,770	8,833	(63)
Professional services	130,000	160,510	(30,510)
Repairs and maintenance	2,500	9,748	(7,248)
Salaries	133,063	140,301	(7,238)
Special projects	-	12,313	(12,313)
Utilities	18,300	16,856	1,444
	<u>379,494</u>	<u>547,487</u>	<u>(167,993)</u>
TOTAL GENERAL ADMINISTRATION			
PLANNING AND ZONING			
Employee benefits	11,857	12,049	(192)
Insurance	2,078	2,153	(75)
Office	8,200	6,051	2,149
Payroll taxes	4,594	4,486	108
Pension expense	4,037	4,095	(58)
Professional services	75,750	63,068	12,682
Repairs and maintenance	-	1,791	(1,791)
Salaries	60,054	59,870	184
Utilities	6,000	4,992	1,008
	<u>172,570</u>	<u>158,555</u>	<u>14,015</u>
TOTAL PLANNING AND ZONING			
PUBLIC SAFETY			
Employee benefits	480,045	384,682	95,363
Gasoline and oil	50,000	44,597	5,403
Insurance	79,960	80,156	(196)
Lease expense	94,175	96,479	(2,304)
Maintenance, supplies and materials	60,000	54,395	5,605
Meetings and conferences	-	-	-
Special events	-	80	(80)
Office	42,000	72,231	(30,231)
Payroll taxes	133,409	131,256	2,153
Pension expense	244,315	216,946	27,369
Professional services	62,000	297,179	(235,179)
Salaries	1,743,903	1,744,613	(710)
Utilities	30,500	31,377	(877)
	<u>3,020,307</u>	<u>3,153,991</u>	<u>(133,684)</u>
TOTAL PUBLIC SAFETY			

TOWN OF GEORGETOWN

**Schedule of General Fund Expenditures
And Other Financing Uses – Budget and Actual (continued)
For the Year Ended April 30, 2022**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
STREETS AND GROUNDS			
Employee benefits	\$ 117,831	\$ 116,725	\$ 1,106
Gasoline and oil	6,000	18,418	(12,418)
Insurance	21,548	23,216	(1,668)
Lease expense	46,653	20,458	26,195
Office	10,000	5,246	4,754
Payroll taxes	19,968	19,345	623
Pension expense	17,217	17,838	(621)
Professional services	43,000	63,327	(20,327)
Repairs and maintenance	76,000	330,253	(254,253)
Salaries	261,023	266,005	(4,982)
Special events	-	1,440	(1,440)
Street lights	150,000	166,744	(16,744)
Trash removal and fees	475,000	466,694	8,306
Utilities	5,000	6,359	(1,359)
	<u>1,249,240</u>	<u>1,522,068</u>	<u>(272,828)</u>
TOTAL STREETS AND GROUNDS			
DEBT SERVICE	<u>94,488</u>	<u>94,488</u>	<u>-</u>
CAPITAL OUTLAY			
General administration	-	5,500	(5,500)
Public safety	-	-	-
Streets and grounds	127,000	186,322	(59,322)
	<u>127,000</u>	<u>191,822</u>	<u>(64,822)</u>
TOTAL CAPITAL OUTLAY			
TOTAL EXPENDITURES	<u>5,043,099</u>	<u>5,668,411</u>	<u>(625,312)</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>444,602</u>	<u>(444,602)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 5,043,099</u>	<u>\$ 6,113,013</u>	<u>\$ (1,069,914)</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, 2012	\$ 45,214,117	\$ 15,115,650
May 1, 2013	46,036,221	15,182,400
May 1, 2014	46,575,180	15,107,468
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



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

**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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 30, 2022.

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.



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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
November 30, 2022

S B & Company, LLC