

TOWN OF BLADES, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020

TOWN OF BLADES
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INDEPENDENT AUDITOR'S REPORT

To the Town Council
 Town of Blades
 Blades, Delaware

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Blades, Delaware as of and for the year ended December 31, 2020, 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 financial statements referred to above 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 of Blades, Delaware, as of December 31, 2020, and the respective changes in financial position and, where applicable, 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 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 of Blades, Delaware, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control 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 of Blades, Delaware'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.

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 generally accepted auditing standards 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 control. 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 generally accepted auditing standards 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 control 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 of Blades, Delaware's internal control. 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 of Blades, Delaware'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blades, Delaware's basic financial statements. The Schedule of Revenues - Budget and Actual - All Funds, Schedule of Expenditures/Expenses - Budget and Actual - All Funds, and Schedule of Operating Revenues and Expenses - Enterprise Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Revenues - Budget and Actual - All Funds, Schedule of Expenditures/Expenses - Budget and Actual - All Funds, and Schedule of Operating Revenues and Expenses - Enterprise Fund 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 October 21, 2022, on our consideration of the Town of Blades' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control 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 of Blades' internal control over financial reporting and compliance.



Seaford, Delaware
October 21, 2022

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

This section of The Town of Blades' annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the Town's financial statements, which follow this section.

BASIC FINANCIAL STATEMENTS

The financial statements are presented to focus on the Town as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements, which have been provided in the past, focus on the individual parts of the Town government, reporting the operations of the Town in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the user to address relevant questions, broaden the basis for comparison (year to year or government to government) and enhance the Town's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. Net position, the difference between the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health of the Town. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Town, one needs to consider other non-financial factors such as changes in the Town's property tax base and condition of the Town's infrastructure.

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

Governmental Activities - Most of the Town's basic services are included here, such as police and other public safety services, public works, and general administration. Property and transfer taxes, charges for services, and state grants finance most of these activities.

Business-type Activities - The Town's water operations are reported here. Fees are charged to customers to help cover the costs of providing these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The Town has two types of funds:

Governmental Fund - The General Fund is the Town's only governmental fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a short term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the governmental fund statements, or schedules immediately following the governmental fund statements, that explain the relationship (or differences) between them.

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FUND FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The Town's enterprise fund (one type of proprietary fund) is the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The Town utilizes an enterprise fund to account for its water operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position increased by 25% from 2019 to 2020 (See table below). General Fund net position decreased by 24%, mainly due to unfunded depreciation and transfers to the enterprise fund. Business-type net position increased by 59%, due to capital asset projects funded by grants, and transfers from the general fund.

Town of Blades
Net Position
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Current and Other Assets	0.11	0.22	0.20	0.51	0.31	0.73	(57%)
Capital Assets	0.40	0.44	1.90	1.61	2.30	2.05	12%
Deferred Outflows	0.08	0.06	-	-	0.08	0.06	28%
Total Assets and Deferrals	0.59	0.72	2.10	2.12	2.69	2.84	(6%)
Current Liabilities	0.08	0.06	0.42	0.89	0.50	0.95	(48%)
Long-Term Debt	0.06	0.07	0.38	0.42	0.44	0.49	(11%)
Total Liabilities and Deferrals	0.14	0.13	0.80	1.31	0.94	1.44	(35%)
Net Position							
Capital Assets Net of Debt	0.40	0.42	1.51	1.18	1.91	1.60	19%
Unrestricted	0.05	0.17	(0.21)	(0.37)	(0.16)	(0.20)	20%
Total Net Position	0.45	0.59	1.30	0.81	1.75	1.40	25%

The Town's total revenues (excluding transfers) decreased by 13% to \$1.27 million (See table below). Revenue from business-type activities decreased by 25% to \$0.68 million, mostly due to a decrease in grant funds received. Governmental revenues increased by 6% to \$0.59 million.

The total cost of all programs and services increased by 5% to \$0.96 million. The costs of business-type activities increased by 20% to \$0.30 million, due to professional fees and repairs and maintenance increases. The costs of governmental-type activities were relatively flat.

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Town of Blades
Change in Net Position
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Program Revenue							
Fees, Fines, Services	0.17	0.14	0.40	0.27	0.57	0.41	39%
Operating Grants	0.09	0.12	-	-	0.09	0.12	(26%)
Capital Grants	-	-	0.28	0.63	0.28	0.63	(56%)
General Revenue							
Taxes	0.33	0.30	-	-	0.33	0.30	11%
Total Revenue	0.59	0.56	0.68	0.90	1.27	1.46	(13%)
Program Expenses							
General	0.18	0.19	-	-	0.18	0.19	(4%)
Police	0.34	0.31	-	-	0.34	0.31	10%
Cemetery and Parks	0.01	0.01	-	-	0.01	0.01	(10%)
Streets	0.07	0.09	-	-	0.07	0.09	(27%)
Code Enforcement	0.06	0.06	-	-	0.06	0.06	27%
Water	-	-	0.30	0.25	0.30	0.25	20%
Total Expenses	0.66	0.66	0.30	0.25	0.96	0.91	5%
Excess (Deficiency)	(0.07)	(0.10)	0.38	0.65	0.31	0.55	(45%)
Transfers In/(Out)	(0.11)	0.31	0.11	(0.31)	-	-	-
Change in Net Position	(0.18)	0.22	0.49	0.34	0.31	0.56	(46%)
Net Position - Beginning-Restated	0.63	0.37	0.81	0.47	1.44	0.84	71%
Net Position - Ending	0.45	0.59	1.30	0.81	1.75	1.40	25%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was not amended during the current fiscal year. General fund actual revenues of \$0.59 million exceeded budgeted revenues of \$0.57 million by \$0.02 million (4%). This favorable variance was primarily the result of transfer taxes and other line item revenues being over budget.

General fund actual expenditures of \$0.61 million were slightly less than the budgeted expenditures of \$0.62 million by \$0.01 million (2%). This variance was primarily due to various line-item expenses being under budget.

ENTERPRISE FUND BUDGETARY HIGHLIGHTS

The original budget was not amended during the current fiscal year. Enterprise fund actual revenues of \$0.68 million were greater than budgeted revenues of \$0.63 million by \$0.05 million.

Enterprise fund actual expenditures of \$0.30 million were over budgeted expenditures of \$0.28 million by \$0.02 million (7%). This variance was due to unbudgeted depreciation and various other line item expenses being over budget.

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the Town had \$2.30 million invested in capital assets, including police equipment, buildings, land, vehicles and water system improvements. This amount represents a net increase (additions, deductions, and depreciation) of \$0.25 million from the prior year.

Town of Blades
Capital Assets Net of Depreciation
(in millions)

	Governmental		Business-Type		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	0.03	0.03	-	-	0.03	0.03
Buildings	0.05	0.06	-	-	0.05	0.06
Equipment	0.01	0.01	-	-	0.01	0.01
Improvements	0.29	0.30	-	-	0.29	0.30
Vehicles	0.02	0.04	-	-	0.02	0.04
Water	-	-	1.90	1.61	1.90	1.61
Total Capital Assets	0.40	0.44	1.90	1.61	2.30	2.05

Note 4 of the Notes to the Basic Financial Statements gives further details of the Town's capital asset activity.

Debt

At year-end, the Town had \$0.44 million in pension liability and notes outstanding, versus \$0.49 million last year.

Town of Blades
Debt
(in millions)

	Governmental		Business-Type		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
DSWRF	-	-	0.17	0.18	0.17	0.18
DNREC	-	-	0.02	0.03	0.02	0.03
State of Delaware	-	-	0.18	0.19	0.18	0.19
USDA	-	-	0.01	0.02	0.01	0.02
Net Pension Liability	0.06	0.05	-	-	0.06	0.05
Town Hall	-	0.02	-	-	-	.02
Total Debt	0.06	0.07	0.38	0.42	0.44	0.49

Note 5 of the Notes to the Basic Financial Statements gives further details of the Town's debt activity.

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

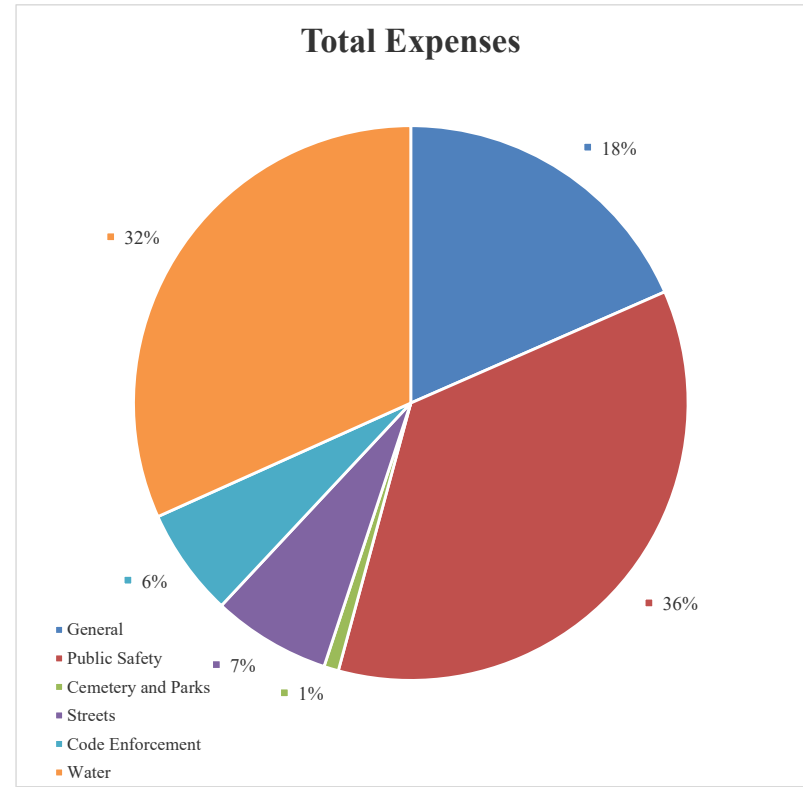
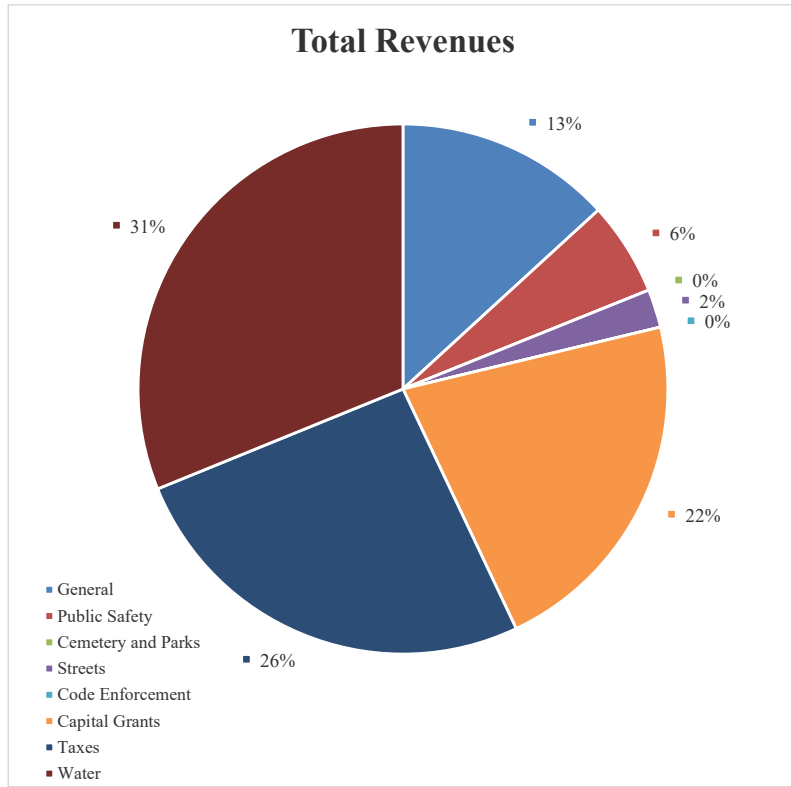
The 2021 budget was passed by the Town Council and includes increased revenues and increased expenditures, specifically in the enterprise fund. There are no plans to change the rates charged for the Town's services.

The Town has been awarded grant funds and loans from USDA and the State of Delaware to make improvements to the Town's water system. There are four projects underway including the Concord Road waterline extension, water treatment plant upgrades, the Route 13 water main crossing project and an update to the Town's water model facility plan. To date, the Town has received \$1.1 million in connection with these projects. In total, they are budgeted to cost the Town \$2.2 million over the coming years.

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town's management at 20 W. Fourth Street, Blades, Delaware 19973.

TOWN OF BLADES
MANAGEMENT'S DISCUSSION AND ANALYSIS
TOTAL REVENUES AND EXPENSES
GOVERNMENT - WIDE
DECEMBER 31, 2020



TOWN OF BLADES
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020

EXHIBIT A

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash	\$ 58,833	\$ 17,779	\$ 76,612
Accounts Receivable	44,521	182,425	226,946
Prepaid Expenses	9,281	-	9,281
Capital Assets:			
Land	29,344	-	29,344
Buildings	163,430	-	163,430
Equipment	181,277	3,817,773	3,999,050
Improvements	1,900,897	-	1,900,897
Vehicles	131,349	-	131,349
Accumulated Depreciation	<u>(2,008,919)</u>	<u>(1,919,794)</u>	<u>(3,928,713)</u>
Total Assets	510,013	2,098,183	2,608,196
Deferred Outflow of Resources	<u>81,815</u>	<u>-</u>	<u>81,815</u>
Total Assets and Deferred Outflows	<u>591,828</u>	<u>2,098,183</u>	<u>2,690,011</u>
 <u>LIABILITIES</u> 			
Accounts Payable	67,880	257,462	325,342
Deferred Revenue	11,405	158,273	169,678
Non-Current Liabilities:			
Net Pension Liability	62,452	-	62,452
Due within one year	-	35,390	35,390
Due in more than one year	<u>-</u>	<u>349,352</u>	<u>349,352</u>
Total Liabilities	<u>141,737</u>	<u>800,477</u>	<u>942,214</u>
 <u>NET POSITION</u> 			
Invested in Capital Assets, Net of Related Debt	397,378	1,513,237	1,910,615
Unrestricted	<u>52,713</u>	<u>(215,531)</u>	<u>(162,818)</u>
Total Net Position	<u>\$ 450,091</u>	<u>\$ 1,297,706</u>	<u>\$ 1,747,797</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 177,172	\$ 156,844	\$ -	\$ -	\$ (20,328)	\$ -	\$ (20,328)
Public Safety	343,818	15,563	57,789	-	(270,466)	-	(270,466)
Cemetery and Parks	8,205	-	-	-	(8,205)	-	(8,205)
Streets	66,339	-	29,949	-	(36,390)	-	(36,390)
Code Enforcement	60,711	-	-	-	(60,711)	-	(60,711)
<u>Total Governmental Activities</u>	<u>656,245</u>	<u>172,407</u>	<u>87,738</u>	<u>-</u>	<u>(396,100)</u>	<u>-</u>	<u>(396,100)</u>
<u>Business-Type Activities:</u>							
Water	<u>304,783</u>	<u>400,056</u>	<u>-</u>	<u>278,998</u>	<u>-</u>	<u>374,271</u>	<u>374,271</u>
<u>Total Government</u>	<u>\$ 961,028</u>	<u>\$ 572,463</u>	<u>\$ 87,738</u>	<u>\$ 278,998</u>	<u>(396,100)</u>	<u>374,271</u>	<u>(21,829)</u>

General Revenues:			
Taxes			
Property Taxes, Penalties, and Interest		242,292	242,292
Transfer Tax		89,825	89,825
Investment Income		252	252
Transfer In/(Out)		(108,096)	-
Total General Revenues		<u>224,273</u>	<u>332,369</u>
Change in Net Position		(171,827)	310,540
Net Position - Beginning - Restated		621,918	1,437,257
Net Position - Ending		<u>\$ 450,091</u>	<u>\$ 1,747,797</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2020

EXHIBIT C

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 58,833
Accounts Receivable	44,521
Prepaid Expenses	<u>9,281</u>
Total Assets	<u>\$ 112,635</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 67,880
Deferred Revenue	<u>11,405</u>
Total Liabilities	<u>79,285</u>
Fund Balance:	
Assigned	10,900
Unassigned	<u>22,450</u>
Total Fund Balance	<u>33,350</u>
Total Liabilities and Fund Balance	<u>\$ 112,635</u>
Amounts Reported For Governmental Activities in the Statement of Net Position Are Different Because:	
Total Fund Balance	\$ 33,350
Capital assets and related accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the governmental fund's balance sheet.	397,378
The deferred outflow of resources is not a use of current financial resources and therefore is not reported in the governmental fund's balance sheet.	81,815
The net pension liability is not a use of current financial resources and therefore is not reported in the governmental fund's balance sheet.	<u>(62,452)</u>
Net Position of Governmental Activities	<u>\$ 450,091</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES EXHIBIT D
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 242,292
Transfer Tax	89,825
Charges for Services	46,453
Grants	79,994
Licenses and Permits	28,495
Investment Income	252
Police Pension Fund	7,744
Fines	15,563
Miscellaneous	<u>81,896</u>
Total Revenues	<u>592,514</u>
Expenditures:	
Current:	
General Government	158,632
Public Safety	316,436
Cemetery and Park	6,724
Streets	39,410
Code Enforcement	60,711
Capital Outlay	<u>26,377</u>
Total Expenditures	<u>608,290</u>
Excess of Revenues over (under) Expenditures	(15,776)
Other Financing Sources:	
Operating Transfers	<u>(108,096)</u>
Net Change in Fund Balance	(123,872)
Fund Balance - Beginning	<u>157,222</u>
Fund Balance - Ending	<u>\$ 33,350</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ (123,872)
Amounts reported for governmental activities in the statement of activities are different because:	
Pension plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities.	(1,135)
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	26,377
Book value of disposed assets does not require the use of current financial resources	(13,340)
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(59,857)</u>
Change in Net Position of Governmental Activities	<u>\$ (171,827)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 244,051	\$ 244,051	\$ 242,292	\$ (1,759)
Transfer Tax	50,000	50,000	89,825	39,825
Charges for Services	45,500	45,500	46,453	953
Grants	106,634	106,634	79,994	(26,640)
Licenses and Permits	43,848	43,848	28,495	(15,353)
Investment Income	11	11	252	241
Police Pension Fund	-	-	7,744	7,744
Fines	25,000	25,000	15,563	(9,437)
Miscellaneous	58,897	58,897	81,896	22,999
Total Revenues	<u>573,941</u>	<u>573,941</u>	<u>592,514</u>	<u>18,573</u>
Expenditures:				
Current:				
General Government	151,236	151,236	158,632	(7,396)
Public Safety	309,393	309,393	316,436	(7,043)
Cemetery and Park	17,943	17,943	6,724	11,219
Streets	81,424	81,424	39,410	42,014
Code Enforcement	57,345	57,345	60,711	(3,366)
Capital Outlay	-	-	26,377	(26,377)
Total Expenditures	<u>617,341</u>	<u>617,341</u>	<u>608,290</u>	<u>9,051</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	(43,400)	(43,400)	(15,776)	27,624
Other Financing Sources (Uses):				
Operating Transfers	<u>(108,096)</u>	<u>(108,096)</u>	<u>(108,096)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(151,496)	(151,496)	(123,872)	27,624
Fund Balance - Beginning	<u>157,222</u>	<u>157,222</u>	<u>157,222</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,726</u>	<u>\$ 5,726</u>	<u>\$ 33,350</u>	<u>\$ 27,624</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
STATEMENT OF NET POSITION - ENTERPRISE FUND
DECEMBER 31, 2020

EXHIBIT G

ASSETS

Current Assets:		
Cash	\$	17,779
Accounts Receivable		<u>182,425</u>
Total Current Assets		<u>200,204</u>
Capital Assets:		
Equipment		3,817,773
Accumulated Depreciation		<u>(1,919,794)</u>
Total Capital Assets		<u>1,897,979</u>
Total Assets	\$	<u><u>2,098,183</u></u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	257,462
Deferred Revenue		158,273
Current Portion of Long-Term Debt		<u>35,390</u>
Total Current Liabilities		451,125
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion		<u>349,352</u>
Total Liabilities		<u>800,477</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt		1,513,237
Unrestricted		<u>(215,531)</u>
Total Net Position		<u>1,297,706</u>
Total Liabilities and Net Position	\$	<u><u>2,098,183</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT H

Operating Revenues:	
Water Billings	\$ 368,593
Water Permits and Penalties	31,220
Front Footage Assessment	<u>243</u>
Total Operating Revenues	<u>400,056</u>
Operating Expenses:	
Chemicals and Supplies	7,430
Depreciation	62,430
Equipment	6,865
Insurance	31,286
Interest	6,138
Miscellaneous	3,128
Payroll Taxes	6,979
Pension	2,945
Postage and Office Supplies	1,320
Professional Fees	54,303
Repairs and Maintenance	54,007
Salaries and Wages	55,638
Telephone	496
Testing	250
Utilities	9,819
Vehicle Fuel and Maintenance	<u>1,749</u>
Total Operating Expenses	<u>304,783</u>
Operating Income (Loss)	95,273
Other Revenue (Expenses):	
Water Grants	278,998
Operating Transfers	<u>108,096</u>
Total Other Revenue (Expenses)	<u>387,094</u>
Net Income (Loss)	482,367
Net Position - Beginning	<u>815,339</u>
Net Position - Ending	<u><u>\$ 1,297,706</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

EXHIBIT I

	<u>Water Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 269,144
Cash Payments for Interest	(6,138)
Cash Payments to Employees for Services	(55,638)
Cash Payments to Suppliers for Goods and Services	<u>(650,946)</u>
Net Cash Flows from Operating Activities	<u>(443,578)</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>108,096</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(346,193)
Water Grants	278,998
Retirement of Debt	<u>(42,610)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(109,805)</u>
Net Decrease in Cash	(445,287)
Cash - Beginning	<u>463,066</u>
Cash - Ending	<u>\$ 17,779</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 95,273
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	62,430
Change in Accounts Receivable	(130,912)
Change in Accounts Payable	<u>(470,369)</u>
Net Cash Flows from Operating Activities	<u>\$ (443,578)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The Town of Blades, Delaware (the "Town") is a municipality incorporated in 1915 under the laws of the State of Delaware with a population of approximately 1,375 people. It is located in the western part of Sussex County, Delaware.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity is set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 61.

Based on this criteria, the Town has no component units.

C. Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-Wide Financial Statements:

The statement of net position and the statement of activities report information on all of the activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements would normally be presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued)

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major funds:

General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Water Fund

The Water Fund is used to account for the provision of water services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

D. Measurement Focus/Basis of Accounting

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 presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported 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 revenue as available if it is collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus/Basis of Accounting (Continued)

The revenues susceptible to accrual are charges for services and intergovernmental revenues. All other Governmental Fund revenues are recognized when received.

E. Budgetary Control

The Town Administrator submits an annual budget to the Town Council in accordance with the Town Charter. The Town Council then reviews and adopts the budget. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Council.

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund is presented using the same basis of accounting for both budgetary purposes and actual results.

F. Cash and Investments

The Town follows the practice of segregating cash as to fund purpose or type.

Statutes authorize the Town to invest in bonds or in other obligations of which the full faith and credit of the United States of America is 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 full faith and credit of the United States are pledged, and any bank in the State of Delaware.

The Town considers all cash or investments with an initial maturity of three months or less to be cash.

G. Accounts Receivable

Management of the Town considers all accounts receivable, under three years of age or less, to be fully collectible. An allowance for doubtful accounts has been established for the General Fund in the amount of \$7,472 as of December 31, 2020.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Property Taxes

The Town's real property is levied each November on the assessed values certified as of that date for all taxable real property located in the Town. Payments are due by January 31. All unpaid taxes become delinquent February 1. The Town bills and collects its own property taxes.

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of the funds. Since the Enterprise Fund maintains no checking account, all transactions are run through the general accounts.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The Town has elected not to retroactively report general infrastructure assets, as allowed by GASB 34. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method.

Estimated useful lives are as follows:

<u>Classification</u>	<u>Life</u>
Buildings	10 - 40 Years
Equipment	5 - 15 Years
Vehicles	5 - 10 Years
Water Assets	10 - 40 Years

In accordance with Accounting Standards Codification (ASC), No. 360, "Accounting for the Impairment or Disposal of Long-Lived Assets," management reviews property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference.

L. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M. Use of Estimates

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

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Accumulated Unpaid Vacation and Sick Leave

The Town does not maintain an accrual for unused vacation or sick pay. While sick leave may be carried over from year to year, any unused balance is not paid to employees upon termination. Vacation leave does not carry over from year to year and any unused vacation is paid upon termination of employment only to those employees who have been actively employed for at least six months prior to termination. The Town deems the liability for unused vacation not to be material to the Town's financial statements.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Bond issuance costs are deferred and amortized over the term of the bonds using the interest method.

P. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town currently has no non-spendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town currently has no committed resources.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Fund Balance Classification (Continued)

- Unassigned: This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding, if any. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Q. Deferred Revenue

The Town receives restricted contributions in the form of private, state, and federal grant awards. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

R. Subsequent Events

Events and transactions subsequent to year-end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through October 21, 2022, the date the report was available for issuance.

As a result of the spread of COVID-19 (Coronavirus) and its variants, economic uncertainties have arisen which are likely to negatively impact the Town's revenue. Other financial impact could occur, though such potential impact is unknown at this time.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking Accounts	\$ 63,199
Water Improvement Savings	<u>17,779</u>
<u>TOTAL CASH IN BANK (Per Bank Statements)</u>	<u>\$ 80,978</u>

Cash is maintained at M&T Bank and Citizens Bank and is insured by the FDIC or collateralized, as follows:

Amount insured by the FDIC	\$ 80,978
Uncollateralized	-
Collateralized	<u>-</u>
<u>TOTAL CASH</u>	<u>\$ 80,978</u>

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - RECEIVABLES:

The following is a list, by the type of charge, of outstanding receivables:

Water Charges	\$ 182,425
Property Taxes	37,123
Other Charges	<u>7,398</u>
<u>TOTAL</u>	<u>\$ 226,946</u>

NOTE 4 - CAPITAL ASSETS:

The following is a summary of Governmental Capital Asset changes for the current year:

	<u>ASSETS</u>			
	Balance Beginning of Year	Additions During Year	Disposals During Year	Balance End of Year
Land	\$ 29,344	\$ -	\$ -	\$ 29,344
Buildings	187,806	-	(24,376)	163,430
Equipment	181,277	-	-	181,277
Improvements	1,874,520	26,377	-	1,900,897
Vehicles	<u>131,349</u>	<u>-</u>	<u>-</u>	<u>131,349</u>
<u>TOTALS</u>	<u>\$ 2,404,296</u>	<u>\$ 26,377</u>	<u>\$ (24,376)</u>	<u>\$ 2,406,297</u>

ACCUMULATED DEPRECIATION

	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 123,516	\$ 4,524	\$ (11,036)	\$ 117,004
Equipment	168,169	7,273	-	175,442
Improvements	1,574,749	26,929	-	1,601,678
Vehicles	<u>93,664</u>	<u>21,131</u>	<u>-</u>	<u>114,795</u>
<u>TOTALS</u>	<u>\$ 1,960,098</u>	<u>\$ 59,857</u>	<u>\$ (11,036)</u>	<u>\$ 2,008,919</u>

NET GOVERNMENTAL CAPITAL ASSETS \$ 397,378

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED):

The following is a summary of Business-Type Capital Asset changes for the current year:

<u>ASSETS</u>				
	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u> <u>During</u> <u>Year</u>	<u>Disposals</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
Water Improvements	\$ <u>3,471,580</u>	\$ <u>346,193</u>	\$ <u>-</u>	\$ <u>3,817,773</u>
<u>ACCUMULATED DEPRECIATION</u>				
	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Depreciation</u> <u>for the</u> <u>Year</u>	<u>Disposals</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
Water Improvements	\$ <u>1,857,364</u>	\$ <u>62,430</u>	\$ <u>-</u>	\$ <u>1,919,794</u>
<u>NET BUSINESS-TYPE CAPITAL ASSETS</u>				\$ <u>1,897,979</u>
<u>TOTAL CAPITAL ASSETS</u>				\$ <u>2,295,357</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 5,602
Police	25,845
Cemetery and Parks	1,481
Streets	26,929
<u>Business-Type Activities:</u>	
Water	<u>62,430</u>
Total Depreciation Expense	\$ <u>122,287</u>

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - DEBT:

Business-Type Debt consists of the following:

General Obligation Bond payable to USDA Rural Development for water system upgrades in the original amount of \$180,000 on March 3, 1982. Paid in semiannual installments of \$5,339 including interest of 5.0%. Maturity on December 1, 2021.	\$ 9,217
General Obligation Bond payable to the State of Delaware for water system upgrades in the original amount of \$401,300 on March 29, 2001. Paid in semiannual installments of \$8,678 including interest of 1.50%. Maturity on December 31, 2031.	175,385
General Obligation Bond payable to DNREC for water system upgrades in the original amount of \$84,343 on June 15, 2005. Paid in semiannual installments of \$2,670 including interest of 2.41%. Maturity on June 15, 2026.	27,351
General Obligation Bond payable to DSWRF for water system upgrades in the original amount of \$375,000 on April 13, 2012. Paid in semiannual installments of \$4,298 including interest of 1.00%. Maturity on April 1, 2043.	<u>172,789</u>
<u>TOTAL BUSINESS-TYPE DEBT</u>	<u>384,742</u>
Less: Current Portion	<u>(35,390)</u>
 <u>TOTAL LONG-TERM BUSINESS-TYPE DEBT</u>	 <u>\$ 349,352</u>
 <u>TOTAL LONG-TERM DEBT</u>	 <u>\$ 349,352</u>

Maturities of debt subsequent to year end are as follows:

	Governmental Activities		Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ -	\$ 35,390	\$ 5,240
2022	-	-	26,779	4,512
2023	-	-	27,192	4,099
2024	-	-	27,611	3,680
2025	-	-	28,038	3,253
2026 - 2030	-	-	121,812	10,803
2031 - 2035	-	-	55,965	4,366
2036 - 2040	-	-	40,786	2,188
2041 - 2045	-	-	21,169	319
 <u>TOTALS</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 384,742</u>	 <u>\$ 38,460</u>

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - DEBT (CONTINUED):

Below summarizes the changes in debt:

<u>Business-Type:</u>	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
USDA	\$ 19,064	\$ -	\$ (9,847)	\$ 9,217
State of Delaware	189,956	-	(14,571)	175,385
DNREC	31,948	-	(4,597)	27,351
DSWRF	179,605	-	(6,816)	172,789
<u>Governmental:</u>				
Net Pension Liability	<u>50,092</u>	<u>12,360</u>	<u>-</u>	<u>62,452</u>
<u>TOTALS</u>	<u>\$ 470,665</u>	<u>\$ 12,360</u>	<u>\$ (35,831)</u>	<u>\$ 447,194</u>

NOTE 6 - RISK AND INSURANCE COVERAGE:

The Town has exposure to various kinds of risk. As a vehicle to reduce this exposure the Town has purchased insurance policies from commercial insurance agents. The insurance policies from commercial agents cover general liability, public officials' legal liability for errors and omissions, police legal liability for wrongful acts, workman's compensation claims, bonding for employees and the Town Council, and property and automobile liability and damage claims.

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NOTE 8 - PENSION PLAN:

A. Plan Descriptions and Contribution Information

The County and Municipal Police and Firefighters' Pension Plan (Police and Firefighter Plan) and the County and Municipal Other Employees' Pension Plan (Other Employee Plan) are cost sharing multiple employer defined benefit plans established in the Delaware Code (collectively the Plans). The Plans are administered by the Delaware Public Employees' Retirement System (DPERS).

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

The management of both Plans is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. The daily operation is the responsibility of the State of Delaware Office of Pensions. Although most of the assets of the Plans are commingled with other Plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plans in accordance with the terms of the Plans.

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

Employee pension contributions of 3% of total gross pay begin after employee earnings exceed \$6,000 in a calendar year.

There were 9 active, covered employees as of December 31, 2020.

During the year ended December 31, 2020, the Town contributed \$26,700 to the Plans.

Separately issued financial statements from DPERS are available from the pension office at McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904-2402, or via the internet at <https://open.omb.delaware.gov/Financials.shtml>.

The following is a brief description of the Plans in effect as of December 31, 2020. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Plan Description and Eligibility

Police and Firefighter Plan - The plan covers police officers and firefighters employed by a county or municipality of the State that joined the Plan.

Other Employee Plan - The Plan covers employees of counties or municipalities that have joined the Plan.

Service Benefits

Police and Firefighter Plan - 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this Plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay)

Other Employee Plan - 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this Plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting - Five years of credited service.

Retirement

Police and Firefighter Plan - Age 62 with 5 years of service: age plus credited service (but not less than 10 years) equals 75: or 20 years of credited service

Other Employee Plan - Age 62 with 5 years of service: age 60 with 15 years of credited service; or after 30 years of credited service

Disability Benefits

Police and Firefighter Plan -

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

Duty - Partial Disability - Calculated the same as Service benefits, subject to minimum 50% of final average compensation

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

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

Other Employee Plan - Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits

Police and Firefighter Plan - If employee is receiving a pension, then eligible survivor receives 50% of pension. If employee is active, eligible survivor receives 75% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

Other Employee Plan - If employee is receiving a pension, then eligible survivor receives 50% of pension. If employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

B. Allocation Methodology

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in the Plans to recognize their proportionate share of the collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The allocation percentages used are based on the ratio of each employer's contribution over the total employer contributions during the measurement period July 1, 2018 through June 30, 2019, adjusted to remove contributions to separately finance specific liabilities of an individual employer. Employer contributions to the plan are recognized when due pursuant to legal requirements. The Board of Pension Trustees determines employer contributions. Employer contributions were 16.68% and 7.3% of earnings for the fiscal year 2019 for the Police and Firefighter Plan and the Other Employee Plan, respectively.

C. Collective Net Pension Liability and Actuarial Information

The components of the collective net pension liability of the Town were as follows:

<u>Police and Firefighter Plan</u>	
Employers' Total Pension Liability	\$ 652,797
Plan Net Position	<u>(608,749)</u>
Police and Firefighter Plan Net Pension Liability	<u>44,048</u>
<u>Other Employees' Plan</u>	
Employers' Total Pension Liability	253,604
Plan Net Position	<u>(235,200)</u>
Other Employee Plan Net Pension Liability	<u>18,404</u>
Total Net Pension Liability	<u>\$ 62,452</u>

The Town's proportionate percentages of the collective net pension liability for The Police and Firefighter Plan and The Other Employees' Plan are 0.1534% and 0.4018%, respectively.

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

Actuarial Assumptions - The collective total pension liability for the June 30, 2019, measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Investment rate of return/discount rate	7.0%
Projected salary increases	2.5% + Merit
Cost of living adjustments	-
Inflation (included in above percentages)	2.5%

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

Mortality assumptions 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.

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

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. These ranges are combined to produce the long-term expected rate of return by weighting 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 class included in the Plan's current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Asset Allocation</u>
Domestic Equity	5.7%	29.5%
International Equity	5.7%	13.5%
Fixed Income	2.0%	27.1%
Alternative Investments	7.8%	22.4%
Cash and Equivalents	-	7.5%

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability, calculated using the discount rate of 7.0% as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Plan</u>	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Police and Firefighter	\$ 144,738	\$ 44,048	\$ (38,060)
Other Employees	<u>57,714</u>	<u>18,404</u>	<u>(13,874)</u>
Net Pension Liability (Asset)	\$ <u>202,452</u>	\$ <u>62,452</u>	\$ <u>(51,934)</u>

D. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Liability

The following presents a summary of changes in the deferred outflows of resources, deferred inflows of resources and net pension liability.

The Town reported the following related to pensions:

Deferred outflows of resources, December 31, 2019	\$ 66,252
Year-end December 31, 2019, contributions	(17,806)
Difference between expected and actual experience	(2,350)
Net difference between projected and actual earnings on investments	9,171
Changes of assumptions	(2,548)
Changes of proportion	782
Year-end December 31, 2020, contributions	<u>26,701</u>
Deferred outflows of resources, December 31, 2020	<u>80,202</u>
Deferred inflows of resources, December 31, 2019	(3,258)
Difference between expected and actual experience	903
Net difference between projected and actual earnings on investments	-
Changes of assumptions	712
Changes of proportion	<u>3,256</u>
Deferred inflows of resources, December 31, 2020	<u>1,613</u>
Net deferred outflows (inflows) of resources, December 31, 2019	\$ <u>81,815</u>
Net pension liability, December 31, 2019	\$ 50,092
Change in net pension liability factored for contributions	<u>12,360</u>
Net pension liability, December 31, 2020	\$ <u>62,452</u>

TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

D. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Liability (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Deferred Outflows</u>	Difference Actual and Expected <u>Experience</u>	Change in <u>Assumptions</u>	Change in <u>Proportion</u>	Difference Actual Earnings on Pension Plan <u>Investments</u>	Subsequent Pension <u>Contribution</u>	<u>Total</u>
2021 \$	4,738	\$ 2,548	\$ 310	-	\$ 26,701	\$ 34,297
2022	4,738	2,548	310	-	-	7,596
2023	4,738	2,548	310	-	-	7,596
2024	4,738	2,548	310	-	-	7,596
2025	4,739	2,546	313	-	-	7,598
2026	3,893	2,090	269	-	-	6,252
2027	3,286	1,449	213	-	-	4,948
2028	3,284	-	216	-	-	3,500
2029	-	-	90	-	-	90
2030	-	-	-	-	-	-
	<u>\$ 34,154</u>	<u>\$ 16,277</u>	<u>\$ 2,341</u>	<u>\$ -</u>	<u>\$ 26,701</u>	<u>\$ 79,473</u>

<u>Deferred Inflows</u>	Difference Actual and Expected <u>Experience</u>	Change in <u>Assumptions</u>	Change in <u>Proportion</u>	Difference Actual Earnings on Pension Plan <u>Investments</u>	Subsequent Pension <u>Contribution</u>	<u>Total</u>
2021 \$	(2,441)	\$ (712)	\$ 3,493	\$ 4,274	-	\$ 4,614
2022	(2,441)	(712)	3,185	(5,804)	-	(5,772)
2023	(2,441)	(712)	2,916	(1,199)	-	(1,436)
2024	(2,090)	(712)	2,916	3,458	-	3,572
2025	(2,090)	(712)	2,922	-	-	120
2026	(2,087)	(714)	2,278	-	-	(523)
2027	(790)	-	1,403	-	-	613
2028	(154)	-	1,098	-	-	944
2029	(151)	-	361	-	-	210
2030	-	-	-	-	-	-
	<u>\$ (14,685)</u>	<u>\$ (4,274)</u>	<u>\$ 20,572</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 2,342</u>

<u>NET DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES</u>	<u>\$ 81,815</u>
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TOWN OF BLADES
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (CONTINUED):

D. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Liability (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources by each Plan will be recognized in pension expense as follows:

<u>Years Ending December 31,</u>	<u>Police and Firefighter Plan</u>	<u>Other Employees' Plan</u>	<u>Total</u>
2021	\$ 25,905	\$ 13,006	\$ 38,911
2022	755	1,069	1,824
2023	4,137	2,023	6,160
2024	7,538	3,630	11,168
2025	5,043	2,675	7,718
2026	4,400	1,329	5,729
2027	4,615	946	5,561
2028	3,801	643	4,444
2029	300	-	300
2030	-	-	-
	<u>\$ 56,494</u>	<u>\$ 25,321</u>	<u>\$ 81,815</u>

E. Pension Expense

The components of pension expense are as follows:

	<u>Police and Firefighter Plan</u>	<u>Other Employees' Plan</u>	<u>Total</u>
Service Cost	\$ 26,900	\$ 14,441	\$ 41,341
Interest on Total Pension Liability	43,193	16,783	59,976
Member Contributions	(9,874)	(4,681)	(14,555)
Administrative Expense	224	386	610
Changes in Benefit Terms	189	269	458
Projected Earnings on Plan Investments	(40,059)	(15,325)	(55,384)
Recognition of Deferred Outflows and Inflows of Resources:			
Differences Between Projected and Actual Earnings on Plan Investments	5,924	2,190	8,114
Differences Between Expected and Actual Experiences with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	2,230	68	2,298
Changes in Assumption with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	<u>738</u>	<u>1,097</u>	<u>1,835</u>
<u>Total Pension Expense</u>	<u>\$ 29,465</u>	<u>\$ 15,228</u>	<u>\$ 44,693</u>

NOTE 9 - PRIOR PERIOD ADJUSTMENT:

Lease obligations recorded in the prior year have been restated. The Town originally leased a 2016 Ford F250 for the Enterprise Fund, and two 2016 Chevrolet Caprices for the General Fund. The leases were paid in-full by the end of fiscal year 2019, in-part due to the receipt of grant funds, which were used to make the payments. As a result of this adjustment, fiscal year 2020's beginning net assets have been restated by \$33,329 on Exhibit B. The Town no longer has any leases payable, or receivable.

TOWN OF BLADES
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020

TOWN OF BLADES
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)

Police Plan:		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Town's Proportion of the Net Pension Liability		0.1534%		0.1558%		0.1417%		0.5352%		0.5091%		0.5966%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$	44,048	\$	35,876	\$	14,284	\$	33,161	\$	217	\$	(2,196)
Town's Covered-Employee Payroll	\$	154,620	\$	136,590	\$	174,826	\$	179,050	\$	150,926	\$	161,299
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		28.49%		26.27%		8.17%		18.52%		0.14%		-1.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		94.00%		94.00%		97.00%		86.00%		100.00%		101.00%
 Municipal Plan:		 <u>2020</u>		 <u>2019</u>		 <u>2018</u>		 <u>2017</u>		 <u>2016</u>		 <u>2015</u>
Town's Proportion of the Net Pension Liability		0.4018%		0.4517%		0.4551%		0.1235%		0.1248%		0.1488%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$	18,404	\$	14,216	\$	29,495	\$	19,628	\$	(6,579)	\$	(16,093)
Town's Covered-Employee Payroll	\$	85,288	\$	75,663	\$	86,363	\$	89,964	\$	88,625	\$	98,563
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll		21.58%		18.79%		34.15%		21.82%		-7.42%		-16.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		93.00%		94.00%		88.00%		95.00%		102.00%		104.00%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, pension plans should present information for those years for which information is available.

TOWN OF BLADES
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)

Police Plan:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 55,129	\$ 27,835	\$ 24,352	\$ 11,119	\$ 9,780	\$ 10,678
Contributions in Relation to the Contractually Required Contribution	<u>(8,937)</u>	<u>(10,072)</u>	<u>(24,352)</u>	<u>(11,119)</u>	<u>(9,780)</u>	<u>(10,678)</u>
Contribution Deficiency (Excess)	<u>\$ 46,192</u>	<u>\$ 17,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 154,620</u>	<u>\$ 136,590</u>	<u>\$ 174,826</u>	<u>\$ 179,050</u>	<u>\$ 150,926</u>	<u>\$ 161,299</u>
Contributions as a Percentage of Covered-Employee Payroll	35.65%	20.38%	13.93%	6.21%	6.48%	6.62%
 Municipal Plan:	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually Required Contribution	\$ 18,438	\$ 16,672	\$ 16,096	\$ 12,460	\$ 12,567	\$ 15,297
Contributions in Relation to the Contractually Required Contribution	<u>(17,763)</u>	<u>(7,734)</u>	<u>(16,096)</u>	<u>(12,460)</u>	<u>(12,567)</u>	<u>(15,297)</u>
Contribution Deficiency (Excess)	<u>\$ 675</u>	<u>\$ 8,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 85,288</u>	<u>\$ 75,663</u>	<u>\$ 86,363</u>	<u>\$ 89,964</u>	<u>\$ 88,625</u>	<u>\$ 98,563</u>
Contributions as a Percentage of Covered-Employee Payroll	21.62%	22.03%	18.64%	13.85%	14.18%	15.52%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, pension plans should present information for those years for which information is available.

TOWN OF BLADES
SUPPLEMENTAL INFORMATION
REVENUES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE C

	2020				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 12/31/19
	Original	Final			
<u>GOVERNMENTAL ACTIVITIES:</u>					
Cemetery Fees and Lots	\$ 3,000	\$ 3,000	\$ 4,300	\$ 1,300	\$ 3,500
Community Hall Rental	6,000	6,000	-	(6,000)	4,370
Franchise Fees	36,500	36,500	36,607	107	36,499
Grants	106,634	106,634	79,994	(26,640)	103,170
Investment Income	11	11	252	241	384
Licenses and Permits	43,848	43,848	28,495	(15,353)	41,803
Miscellaneous	58,897	58,897	81,896	22,999	22,063
Police Pension	-	-	7,744	7,744	15,603
Public Safety	25,000	25,000	15,563	(9,437)	28,325
Real Estate Taxes	244,051	244,051	242,292	(1,759)	246,616
Tax Penalties	-	-	5,546	5,546	2,025
Transfer Taxes	50,000	50,000	89,825	39,825	52,060
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>573,941</u>	<u>573,941</u>	<u>592,514</u>	<u>18,573</u>	<u>556,418</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Billings	309,059	309,059	368,593	59,534	236,285
Water Permits and Penalties	24,026	24,026	31,220	7,194	35,063
Water Grants	300,000	300,000	278,998	(21,002)	631,727
Front Footage Assessment	900	900	243	(657)	1,084
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>633,985</u>	<u>633,985</u>	<u>679,054</u>	<u>45,069</u>	<u>904,159</u>
<u>TOTAL REVENUE</u>	<u>\$ 1,207,926</u>	<u>\$ 1,207,926</u>	<u>\$ 1,271,568</u>	<u>\$ 63,642</u>	<u>\$ 1,460,577</u>

TOWN OF BLADES
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Restated Prior Year 12/31/19
	Original	Final			
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT:					
Advertising	\$ 1,962	\$ 1,962	\$ 1,086	\$ 876	\$ 1,611
Dues and Subscriptions	3,680	3,680	2,383	1,297	3,942
Insurance	12,794	12,794	8,115	4,679	26,559
Miscellaneous	1,218	1,218	19,256	(18,038)	3,734
Office Expense	1,954	1,954	255	1,699	133
Other Supplies	2,760	2,760	3,561	(801)	2,650
Payroll Taxes	-	-	5,218	(5,218)	8,937
Pension	5,035	5,035	2,600	2,435	10,287
Printing and Duplicating	888	888	831	57	952
Professional Fees	30,000	30,000	20,369	9,631	24,746
Repairs and Maintenance	8,860	8,860	745	8,115	705
Salaries	73,000	73,000	85,288	(12,288)	75,663
Telephone	963	963	922	41	668
Trash Removal	3,481	3,481	2,090	1,391	2,901
Travel - Special Meetings	436	436	180	256	363
Utilities	4,205	4,205	5,733	(1,528)	6,626
TOTAL GENERAL GOVERNMENT	151,236	151,236	158,632	(7,396)	170,477
POLICE:					
Capital Outlay	-	-	2,575	(2,575)	-
Dues and Subscriptions	654	654	2,827	(2,173)	545
Equipment	50,892	50,892	17,543	33,349	13,738
Gas and Oil	4,493	4,493	4,395	98	11,609
Insurance	50,598	50,598	60,598	(10,000)	57,208
Miscellaneous	9,634	9,634	1,186	8,448	4,945
Other Supplies	2,949	2,949	8,104	(5,155)	4,124
Payroll Taxes	-	-	14,342	(14,342)	12,083
Pension	22,649	22,649	21,206	1,443	19,390
Repairs and Maintenance	10,574	10,574	2,522	8,052	11,173
Salaries	150,000	150,000	177,105	(27,105)	142,028
Telephone	3,875	3,875	2,827	1,048	3,080
Training	100	100	445	(345)	-
Travel - Special Meetings	750	750	-	750	-
Uniforms	2,225	2,225	761	1,464	2,155
TOTAL POLICE	309,393	309,393	316,436	(7,043)	282,078
CEMETERY AND PARK:					
Cemetery and Park Care	5,400	5,400	3,600	1,800	3,900
Equipment	432	432	80	352	90
Miscellaneous	2,969	2,969	420	2,549	135
Repairs and Maintenance	2,150	2,150	433	1,717	1,120
Supplies	338	338	612	(274)	327
Trash Removal	1,116	1,116	690	426	930
Utilities	5,538	5,538	889	4,649	878
TOTAL CEMETERY AND PARK	17,943	17,943	6,724	11,219	7,380
STREETS:					
Capital Outlay	-	-	26,377	(26,377)	27,548
Electricity	21,251	21,251	20,563	688	25,315
Equipment	9,004	9,004	3,555	5,449	-
Repairs and Maintenance	49,971	49,971	15,018	34,953	38,411
Supplies	1,198	1,198	274	924	266
TOTAL STREETS	81,424	81,424	65,787	15,637	91,540
CODE ENFORCEMENT:					
Miscellaneous	21,766	21,766	2,373	19,393	2,314
Payroll Taxes and Insurance	-	-	20,750	(20,750)	14,361
Repairs and Maintenance	1,506	1,506	2,743	(1,237)	1,288
Salaries	34,073	34,073	34,845	(772)	29,806
TOTAL CODE ENFORCEMENT	57,345	57,345	60,711	(3,366)	47,769
TOTAL GOVERNMENTAL ACTIVITIES	\$ 617,341	\$ 617,341	\$ 608,290	\$ 9,051	\$ 599,244

TOWN OF BLADES
 SUPPLEMENTAL INFORMATION
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	2020				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Restated Prior Year 12/31/19
	Original	Final			
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>WATER:</u>					
Chemicals and Supplies	\$ 9,198	\$ 9,198	\$ 7,430	\$ 1,768	\$ 8,103
Depreciation	-	-	62,430	(62,430)	63,352
Equipment	12,854	12,854	6,865	5,989	29,607
Insurance	43,594	43,594	31,286	12,308	22,403
Debt Service	44,759	44,759	6,138	38,621	8,811
Miscellaneous	11,417	11,417	3,128	8,289	832
Other	-	-	-	-	230
Payroll Taxes	6,407	6,407	6,979	(572)	6,025
Pension	4,885	4,885	2,945	1,940	3,187
Postage and Office Supplies	3,016	3,016	1,320	1,696	680
Professional Fees	-	-	54,303	(54,303)	2,701
Repairs and Maintenance	44,787	44,787	54,007	(9,220)	6,247
Salaries and Wages	75,000	75,000	55,638	19,362	71,623
Telephone	2,168	2,168	496	1,672	1,845
Testing	300	300	250	50	250
Utilities	13,024	13,024	9,819	3,205	10,649
Vehicle Fuel and Maintenance	4,153	4,153	1,749	2,404	3,405
<u>TOTAL WATER</u>	<u>275,562</u>	<u>275,562</u>	<u>304,783</u>	<u>(29,221)</u>	<u>239,950</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>275,562</u>	<u>275,562</u>	<u>304,783</u>	<u>(29,221)</u>	<u>239,950</u>
<u>TOTAL EXPENDITURES/EXPENSES</u>	<u>\$ 892,903</u>	<u>\$ 892,903</u>	<u>\$ 913,073</u>	<u>\$ (20,170)</u>	<u>\$ 839,194</u>

TOWN OF BLADES
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE E

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<u>OPERATING REVENUES:</u>				
Water Billings	\$ 309,059	\$ 309,059	\$ 368,593	\$ 59,534
Water Permits and Penalties	24,026	24,026	31,220	7,194
Miscellaneous	900	900	243	(657)
	<u>333,985</u>	<u>333,985</u>	<u>400,056</u>	<u>66,071</u>
<u>TOTAL OPERATING REVENUES</u>				
<u>OPERATING EXPENSES:</u>				
Chemicals and Supplies	9,198	9,198	7,430	1,768
Depreciation	-	-	62,430	(62,430)
Equipment	12,854	12,854	6,865	5,989
Insurance	43,594	43,594	31,286	12,308
Debt Service	44,759	44,759	6,138	38,621
Miscellaneous	11,417	11,417	3,128	8,289
Payroll Taxes	6,407	6,407	6,979	(572)
Pension	4,885	4,885	2,945	1,940
Postage and Office Supplies	3,016	3,016	1,320	1,696
Professional Fees	-	-	54,303	(54,303)
Repairs and Maintenance	44,787	44,787	54,007	(9,220)
Salaries and Wages	75,000	75,000	55,638	19,362
Telephone	2,168	2,168	496	1,672
Testing	300	300	250	50
Utilities	13,024	13,024	9,819	3,205
Vehicle Fuel and Maintenance	4,153	4,153	1,749	2,404
	<u>275,562</u>	<u>275,562</u>	<u>304,783</u>	<u>(29,221)</u>
<u>TOTAL OPERATING EXPENSES</u>				
<u>NET OPERATING INCOME (LOSS)</u>	<u>\$ 58,423</u>	<u>\$ 58,423</u>	<u>\$ 95,273</u>	<u>\$ 36,850</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL 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 Town Council
 Town of Blades

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Blades, as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the Town of Blades basic financial statements, and have issued our report thereon dated October 21, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* 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 control, 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 control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Blades' 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 control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lank, Johnson & Tull". The signature is written in a cursive, flowing style.

Seaford, Delaware
October 21, 2022