

TOWN OF BLADES, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2023

TOWN OF BLADES, DELAWARE
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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Blades, Delaware

Opinion

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Blades, Delaware as of and for the year ended December 31, 2023, 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 and the business-type activities of the Town of Blades, Delaware, as of December 31, 2023, 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 Opinion

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 opinion.

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

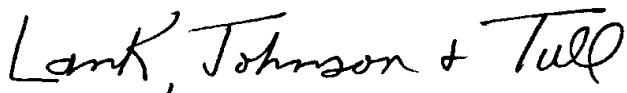
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the Town's Contributions be presented to supplement the basic financial 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 July 26, 2024, 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.

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

Seaford, Delaware
July 26, 2024

TOWN OF BLADES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

This section of the Town of Blades, Delaware's annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on December 31, 2023. 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, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

FUND FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds - Services for which the Town charges customers a fee is 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 8% from 2022 to 2023 (See table below), mostly due to the increase in capital assets which were funded by grants. The Town was able to cover the cost of operations and enhance the Town's water system and streets without incurring any new debt.

Town of Blades, Delaware
Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Current and Other Assets	0.70	0.34	0.79	0.96	1.49	1.30	14%
Capital Assets	0.74	0.44	3.70	3.73	4.44	4.17	6%
Deferred Outflows	0.14	-	-	-	0.14	-	100%
Net Pension Asset	0.01	0.29	-	-	0.01	0.29	(95%)
Total Assets and Deferrals	1.59	1.07	4.49	4.69	6.08	5.76	6%
Current Liabilities	0.42	0.05	0.77	0.95	1.19	1.00	20%
Long-Term Debt	-	-	0.61	0.64	0.61	0.64	(5%)
Deferred Inflows	-	0.16	-	-	-	0.16	(100%)
Total Liabilities and Deferrals	0.42	0.21	1.38	1.59	1.80	1.80	-
Net Position							
Capital Assets Net of Debt	0.74	0.44	3.09	3.09	3.83	3.53	8%
Unrestricted	0.43	0.42	0.02	0.01	0.45	0.43	6%
Total Net Position	1.17	0.86	3.11	3.10	4.28	3.96	8%

TOWN OF BLADES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Town's total revenues (excluding transfers) decreased by 26% to \$1.54 million (See table below). Revenue from business-type activities decreased by 67% to \$0.43 million, mostly due to a decrease in grant funds received to fund capital projects. Governmental revenues increased by 48% to \$1.11 million, mostly due to increases in grant awards for street paving completed during the year.

The total cost of all programs and services increased by 10% to \$1.22 million. The costs of business-type activities decreased by 9% to \$0.40 million, due to various line-item decreases. The costs of governmental-type activities increased by 22% to \$0.82 million due to capital outlay and a grant to the Blades Fire Company.

Town of Blades, Delaware
Change in Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Program Revenue							
Fees, Fines, Services	0.27	0.25	0.27	0.38	0.54	0.63	(14%)
Operating Grants	0.10	0.14	-	-	0.10	0.14	(29%)
Capital Grants	0.40	-	0.16	0.94	0.56	0.94	(40%)
General Revenue							
Taxes	0.33	0.36	-	-	0.33	0.36	(8%)
Investment Income	0.01	-	-	-	0.01	-	100%
Total Revenue	1.11	0.75	0.43	1.32	1.54	2.07	(26%)
Program Expenses							
General	0.34	0.24	-	-	0.34	0.24	42%
Police	0.32	0.28	-	-	0.32	0.28	14%
Cemetery and Parks	0.03	0.02	-	-	0.03	0.02	50%
Streets	0.06	0.06	-	-	0.06	0.06	-
Code Enforcement	0.07	0.07	-	-	0.07	0.07	-
Water	-	-	0.40	0.44	0.40	0.44	(9%)
Total Expenses	0.82	0.67	0.40	0.44	1.22	1.11	10%
Excess (Deficiency)	0.29	0.09	0.03	0.88	0.32	0.97	(67%)
Transfers In/(Out)	0.02	0.12	(0.02)	(0.12)	-	-	-
Change in Net Position	0.31	0.21	0.01	0.76	0.32	0.97	(67%)
Net Position - Beginning	0.86	0.65	3.10	2.34	3.96	2.99	(32%)
Net Position - Ending	1.17	0.86	3.11	3.10	4.28	3.96	8%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was not amended during the current fiscal year. General fund actual revenues of \$1.11 million exceeded budgeted revenues of \$0.66 million by \$0.45 million, or 68%. This favorable variance was primarily the result of the grant awards received for street paving projects and the renovation of Hardin Hall, which were not budgeted.

General fund actual expenditures of \$1.15 million were more than the budgeted expenditures of \$0.69 million by \$0.46 million, which was the result of various capital outlay projects not included in the budget.

TOWN OF BLADES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

ENTERPRISE FUND BUDGETARY HIGHLIGHTS

The original budget was not amended during the current fiscal year. Enterprise fund actual revenues of \$0.43 million were less than budgeted revenues of \$0.57 million by \$0.14 million, due to slower than expected funding and progress on the Town's water infrastructure upgrades.

Enterprise fund actual expenditures of \$0.40 million were over budgeted expenditures of \$0.29 million by \$0.11 million (38%), due to unbudgeted depreciation expense and higher than anticipated repairs and maintenance and operating expenses associated with the Town's water system.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, the Town had \$4.44 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 \$0.27 million from the prior year.

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

	Governmental		Business-Type		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	0.03	0.03	-	-	0.03	0.03
Buildings	0.14	0.04	-	-	0.14	0.04
Equipment	0.01	-	-	-	0.01	-
Improvements	0.42	0.32	-	-	0.42	0.32
Vehicles	0.14	0.05	-	-	0.14	0.05
Water	-	-	3.70	3.73	3.70	3.73
Total Capital Assets	0.74	0.44	3.70	3.73	4.44	4.17

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 \$0.61 million in long-term liabilities, versus \$0.64 million last year.

Town of Blades, Delaware
Debt
(in millions)

	Governmental		Business-Type		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
DSWRF	-	-	0.15	0.15	0.15	0.15
State of Delaware	-	-	0.14	0.15	0.14	0.15
USDA Bond RUS-A	-	-	0.19	0.20	0.19	0.20
USDA Bond RUS-B	-	-	0.13	0.14	0.13	0.14
Net Pension Liability	-	-	-	-	-	-
Total Debt	-	-	0.61	0.64	0.61	0.64

TOWN OF BLADES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The 2024 budget was passed by the Town Council and includes increased revenues and increased expenditures.

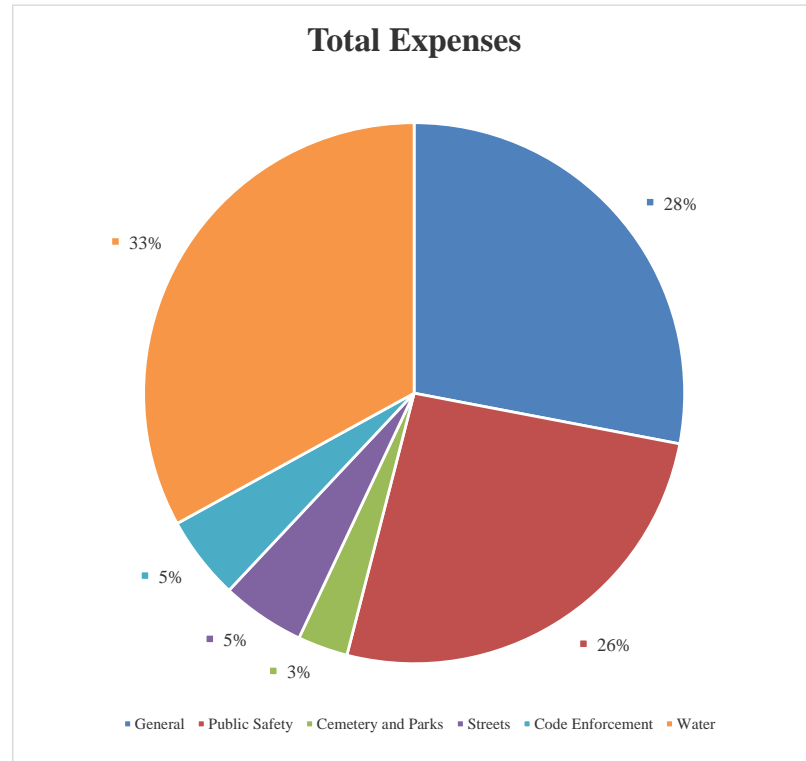
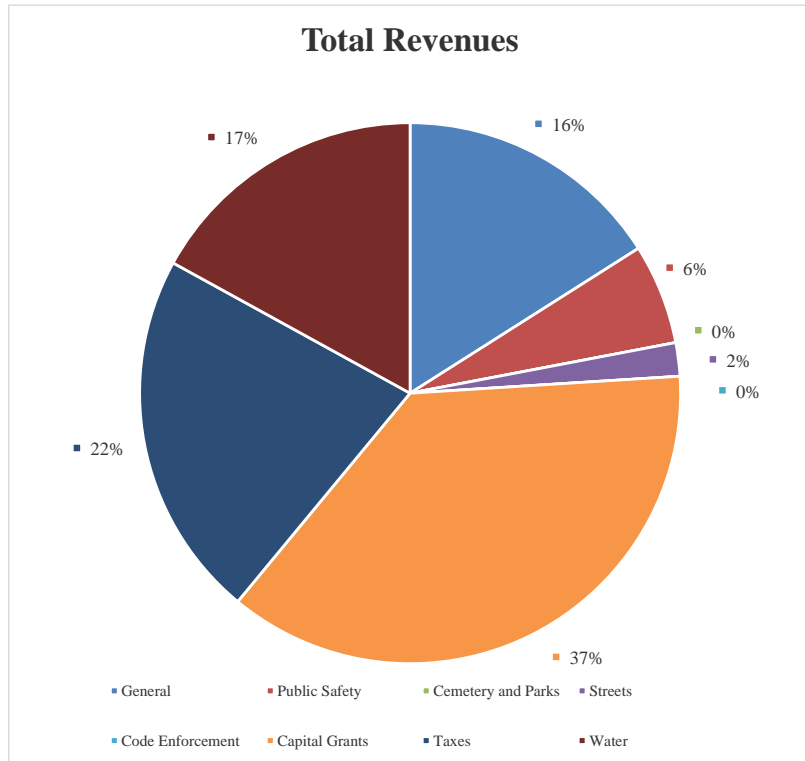
The Town has been awarded grant funds and loans from USDA and the State of Delaware to make improvements to the Town's water system. Upgrades to the Town's water treatment plant were completed in early 2024.

The Town is in the process of getting bids to complete the Route 13 Water Main Crossing Project, which it plans to use ARPA and RTT funds to complete. Hardin Hall is also being renovated.

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, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
TOTAL REVENUES AND EXPENSES
GOVERNMENT-WIDE
FOR THE YEAR ENDED DECEMBER 31, 2023



TOWN OF BLADES, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS & DEFERRED OUTFLOWS</u>			
Cash	\$ 631,929	\$ 751,421	\$ 1,383,350
Accounts Receivable	55,357	39,705	95,062
Prepaid Expenses	8,160	-	8,160
Capital Assets:			
Land	29,344	-	29,344
Buildings	269,663	-	269,663
Equipment	201,277	5,885,722	6,086,999
Improvements	2,105,067	-	2,105,067
Vehicles	199,959	-	199,959
Accumulated Depreciation	(2,062,769)	(2,188,518)	(4,251,287)
Net Pension Asset	14,383	-	14,383
	<u>1,452,370</u>	<u>4,488,330</u>	<u>5,940,700</u>
Total Assets			
	<u>1,452,370</u>	<u>4,488,330</u>	<u>5,940,700</u>
Deferred Outflows of Resources	143,469	-	143,469
	<u>143,469</u>	<u>-</u>	<u>143,469</u>
Total Assets and Deferred Outflows	<u>1,595,839</u>	<u>4,488,330</u>	<u>6,084,169</u>
<u>LIABILITIES</u>			
Accounts Payable	18,171	1,020	19,191
Deferred Revenue	404,388	772,858	1,177,246
Non-Current Liabilities:			
Due within one year	-	29,274	29,274
Due in more than one year	-	579,447	579,447
	<u>-</u>	<u>579,447</u>	<u>579,447</u>
Total Liabilities	<u>422,559</u>	<u>1,382,599</u>	<u>1,805,158</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	742,541	3,088,483	3,831,024
Unrestricted	430,739	17,248	447,987
	<u>430,739</u>	<u>17,248</u>	<u>447,987</u>
Total Net Position	\$ <u>1,173,280</u>	\$ <u>3,105,731</u>	\$ <u>4,279,011</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		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>Program Activities</u>	<u>Expenses</u>						
<u>Governmental Activities:</u>							
General Government	\$ 338,579	\$ 242,068	\$ -	\$ 89,237	\$ (7,274)	\$ -	\$ (7,274)
Public Safety	322,924	27,529	70,933	170,616	(53,846)	-	(53,846)
Cemetery and Parks	33,649	-	-	-	(33,649)	-	(33,649)
Streets	58,670	-	31,450	142,790	115,570	-	115,570
Code Enforcement	<u>65,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,623)</u>	<u>-</u>	<u>(65,623)</u>
<u>Total Governmental Activities</u>	819,445	269,597	102,383	402,643	(44,822)	-	(44,822)
<u>Business-Type Activities:</u>							
Water	<u>404,636</u>	<u>273,534</u>	<u>-</u>	<u>161,091</u>	<u>-</u>	<u>29,989</u>	<u>29,989</u>
<u>Total Government</u>	<u>\$ 1,224,081</u>	<u>\$ 543,131</u>	<u>\$ 102,383</u>	<u>\$ 563,734</u>	<u>(44,822)</u>	<u>29,989</u>	<u>(14,833)</u>
General Revenues:							
Taxes							
Property Taxes, Penalties, and Interest					231,612	-	231,612
Transfer Tax					94,675	-	94,675
Investment Income					8,190	-	8,190
Transfer In/(Out)					23,664	(23,664)	-
Total General Revenues					358,141	(23,664)	334,477
Change in Net Position					313,319	6,325	319,644
Net Position - Beginning					859,961	3,099,406	3,959,367
Net Position - Ending					<u>\$ 1,173,280</u>	<u>\$ 3,105,731</u>	<u>\$ 4,279,011</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023

EXHIBIT C

<u>ASSETS</u>	General Fund
Cash	\$ 631,929
Accounts Receivable	55,357
Prepaid Expenses	<u>8,160</u>
Total Assets	\$ <u>695,446</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 18,171
Deferred Revenue	<u>404,388</u>
Total Liabilities	<u>422,559</u>
Deferred Inflows of Resources:	
Unavailable Revenue - General Fund Accounts Receivable	<u>27,290</u>
Fund Balance:	
Assigned	-
Unassigned	<u>245,597</u>
Total Fund Balance	<u>245,597</u>
Total Liabilities and Fund Balance	\$ <u>695,446</u>

Amounts Reported For Governmental Activities in the Statement of Net Position Are Different Because:

Total Fund Balance	\$ 245,597
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.	742,541
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.	143,469
The net pension asset is not a source of current financial resources and therefore is not reported in the governmental fund's balance sheet.	14,383
Governmental funds recognize revenues if they are received within sixty days of year end. The Statement of Activities reports revenues when earned. This is the balance of deferred inflows which was earned, but not received within the specified time period.	<u>27,290</u>
Net Position of Governmental Activities	\$ <u>1,173,280</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT D

Revenues:	
Property Taxes	\$ 254,331
Transfer Tax	94,675
Charges for Services	65,149
Grants	489,899
Licenses and Permits	61,830
Investment Income	8,190
Police Pension Fund	15,127
Fines	27,529
Miscellaneous	<u>87,799</u>
Total Revenues	<u>1,104,529</u>
Expenditures:	
General Government	323,795
Public Safety	337,740
Cemetery and Park	33,083
Streets	28,303
Code Enforcement	65,623
Capital Outlay	<u>365,350</u>
Total Expenditures	<u>1,153,894</u>
Excess of Revenues Over (Under) Expenditures	(49,365)
Other Financing Sources (Uses):	
Operating Transfers	<u>23,664</u>
Net Change in Fund Balance	(25,701)
Fund Balance - Beginning	<u>271,298</u>
Fund Balance - Ending	<u><u>\$ 245,597</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
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, 2023

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ (25,701)
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.	33,432
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.	365,350
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.	(63,914)
Governmental funds recognize revenues if they are received within sixty days of year end. The Statement of Activities reports revenues when earned. This is the net change in deferred inflows which was earned, but not received within the specified time period.	<u>4,152</u>
Change in Net Position of Governmental Activities	<u><u>\$ 313,319</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Unfavorable)</u>
				<u>Variance</u>
Revenues:				
Property Taxes	\$ 250,000	\$ 250,000	\$ 254,331	\$ 4,331
Transfer Tax	80,000	80,000	94,675	14,675
Charges for Services	47,540	47,540	65,149	17,609
Grants	132,960	132,960	489,899	356,939
Licenses and Permits	63,000	63,000	61,830	(1,170)
Investment Income	75	75	8,190	8,115
Police Pension Fund	10,790	10,790	15,127	4,337
Fines	34,075	34,075	27,529	(6,546)
Miscellaneous	45,203	45,203	87,799	42,596
Total Revenues	<u>663,643</u>	<u>663,643</u>	<u>1,104,529</u>	<u>440,886</u>
Expenditures:				
Current:				
General Government	184,050	184,050	323,795	(139,745)
Public Safety	353,144	353,144	337,740	15,404
Cemetery and Park	15,362	15,362	33,083	(17,721)
Streets	57,260	57,260	28,303	28,957
Code Enforcement	80,575	80,575	65,623	14,952
Capital Outlay	-	-	365,350	(365,350)
Total Expenditures	<u>690,391</u>	<u>690,391</u>	<u>1,153,894</u>	<u>(463,503)</u>
Excess (Deficiency) of Revenues				
Over/(Under) Expenditures	(26,748)	(26,748)	(49,365)	(22,617)
Other Financing Sources (Uses):				
Operating Transfers	<u>23,664</u>	<u>23,664</u>	<u>23,664</u>	<u>-</u>
Excess (Deficiency) of Revenues and				
Other Sources Over/(Under) Expenditures	(3,084)	(3,084)	(25,701)	(22,617)
Fund Balance - Beginning	<u>271,298</u>	<u>271,298</u>	<u>271,298</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 268,214</u>	<u>\$ 268,214</u>	<u>\$ 245,597</u>	<u>\$ (22,617)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
STATEMENT OF NET POSITION - ENTERPRISE FUND
DECEMBER 31, 2023

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 751,421
Accounts Receivable	<u>39,705</u>
Total Current Assets	<u>791,126</u>
Capital Assets:	
Equipment	5,885,722
Accumulated Depreciation	<u>(2,188,518)</u>
Total Capital Assets	<u>3,697,204</u>
Total Assets	<u>\$ 4,488,330</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 1,020
Deferred Revenue	772,858
Current Portion of Long-Term Debt	<u>29,274</u>
Total Current Liabilities	803,152
Non-Current Liabilities:	
Long-Term Debt - Net of Current Portion	<u>579,447</u>
Total Liabilities	<u>1,382,599</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	3,088,483
Unrestricted	<u>17,248</u>
Total Net Position	<u>3,105,731</u>
Total Liabilities and Net Position	<u>\$ 4,488,330</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT H

Operating Revenues:	
Water Billings	\$ 241,053
Water Permits and Penalties	24,401
Front Footage Assessment	<u>8,080</u>
Total Operating Revenues	<u>273,534</u>
Operating Expenses:	
Chemicals and Supplies	24,107
Depreciation	99,327
Equipment	60,340
Insurance	30,381
Interest	6,411
Miscellaneous	10,365
Payroll Taxes	5,493
Pension	3,861
Postage and Office Supplies	3,101
Professional Fees	33,456
Repairs and Maintenance	35,914
Salaries and Wages	69,308
Telephone	1,972
Testing	250
Utilities	18,255
Vehicle Fuel and Maintenance	<u>2,095</u>
Total Operating Expenses	<u>404,636</u>
Operating Income (Loss)	<u>(131,102)</u>
Other Revenue (Expenses):	
Water Grants	161,091
Operating Transfers	<u>(23,664)</u>
Total Other Revenue (Expenses)	<u>137,427</u>
Net Income (Loss)	6,325
Net Position - Beginning	<u>3,099,406</u>
Net Position - Ending	<u><u>\$ 3,105,731</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT I

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 340,603
Cash Received from Grantors	(92,199)
Cash Payments for Interest	(6,411)
Cash Payments to Employees for Services	(69,308)
Cash Payments to Suppliers for Goods and Services	<u>(317,448)</u>
Net Cash Flows from Operating Activities	<u>(144,763)</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>(23,664)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(64,839)
Water Grants	161,091
Retirement of Debt	<u>(28,911)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>67,341</u>
Net Increase in Cash	(101,086)
Cash - Beginning	<u>852,507</u>
Cash - Ending	<u>\$ 751,421</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (131,102)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	99,327
Change in Accounts Receivable	67,069
Change in Accounts Payable	(87,858)
Change in Deferred Revenue	<u>(92,199)</u>
Net Cash Flows from Operating Activities	<u>\$ (144,763)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 these 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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 funds 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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 not been established due to immateriality.

In the governmental fund, accounts receivable that are received over 60 days after year-end are considered deferred inflows, as these amounts are not available to meet current obligations. Deferred inflows of \$27,290 were recognized as of December 31, 2023.

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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT J

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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 July 26, 2024, 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	\$ 631,929
Water Improvement Savings	<u>751,421</u>
<u>TOTAL CASH IN BANK (Per Bank Statements)</u>	<u>\$ 1,383,350</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	\$ 477,541
Uncollateralized	905,809
Collateralized	<u>-</u>
<u>TOTAL CASH</u>	<u>\$ 1,383,350</u>

Uncollateralized and uninsured cash balances represent a concentration of credit risk since they are not protected against the potential failure of the financial institutions holding the funds. Despite the exposure to this risk, the Town believes that the financial institutions it banks with are of high credit quality and that the risk of loss is minimal.

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - RECEIVABLES:

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

Water Charges	\$ 39,705
Property Taxes	22,080
Other Charges	<u>33,277</u>
<u>TOTAL</u>	<u>\$ 95,062</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	163,430	106,233	-	269,663
Equipment	181,277	20,000	-	201,277
Improvements	1,974,777	130,290	-	2,105,067
Vehicles	<u>159,263</u>	<u>108,827</u>	<u>(68,131)</u>	<u>199,959</u>
<u>TOTALS</u>	<u>\$ 2,508,091</u>	<u>\$ 365,350</u>	<u>\$ (68,131)</u>	<u>\$ 2,805,310</u>

	<u>ACCUMULATED DEPRECIATION</u>			
	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 125,240	\$ 6,242	\$ -	\$ 131,482
Equipment	184,514	3,335	-	187,849
Improvements	1,653,234	30,367	-	1,683,601
Vehicles	<u>103,998</u>	<u>23,970</u>	<u>(68,131)</u>	<u>59,837</u>
<u>TOTALS</u>	<u>\$ 2,066,986</u>	<u>\$ 63,914</u>	<u>\$ (68,131)</u>	<u>\$ 2,062,769</u>

NET GOVERNMENTAL CAPITAL ASSETS \$ 742,541

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

	<u>ASSETS</u>			
	Balance Beginning of Year	Additions During Year	Disposals During Year	Balance End of Year
Water Improvements	\$ <u>5,820,883</u>	\$ <u>64,839</u>	\$ <u>-</u>	\$ <u>5,885,722</u>

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED):

	<u>ACCUMULATED DEPRECIATION</u>			
	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Water Improvements	\$ <u>2,089,191</u>	\$ <u>99,327</u>	\$ <u>-</u>	\$ <u>2,188,518</u>
<u>NET BUSINESS-TYPE CAPITAL ASSETS</u>				\$ <u>3,697,204</u>
<u>TOTAL CAPITAL ASSETS</u>				\$ <u>4,439,745</u>

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

Governmental Activities:

General Government	\$ 23,970
Police	9,011
Cemetery and Parks	566
Streets	30,367

Business-Type Activities:

Water	<u>99,327</u>
Total Depreciation Expense	\$ <u>163,241</u>

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 \$205,000 on June 17, 2021. Paid in quarterly installments of \$1,669 including interest of 1.375%. Maturity on June 17, 2061.	\$ 194,051
General Obligation Bond payable to USDA Rural Development for water system upgrades in the original amount of \$139,000 on June 17, 2021. Paid in quarterly installments of \$1,132 including interest of 1.375%. Maturity on June 17, 2061.	132,359
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.	130,382
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>151,929</u>
<u>TOTAL BUSINESS-TYPE DEBT</u>	608,721
Less: Current Portion	<u>(29,274)</u>
<u>TOTAL LONG-TERM DEBT</u>	<u>\$ 579,447</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>
2024	\$ -	\$ -	\$ 29,274	\$ 7,881
2025	-	-	29,683	7,472
2026	-	-	30,085	7,070
2027	-	-	30,494	6,662
2028	-	-	30,896	6,259
2029 - 2033	-	-	125,829	23,662
2034 - 2038	-	-	79,679	19,315
2038 - 2043	-	-	80,248	14,492
2044 - 2048	-	-	45,537	10,483
2049 - 2053	-	-	48,780	7,186
2054 - 2058	-	-	52,247	3,773
2059 - 2063	<u>-</u>	<u>-</u>	<u>25,970</u>	<u>510</u>
<u>TOTALS</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>608,721</u>	\$ <u>114,765</u>

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - DEBT (CONTINUED):

Below summarizes the changes in debt:

<u>Business-Type:</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance End of Year</u>
USDA	\$ 198,025	\$ -	\$ (3,974)	\$ 194,051
USDA	135,044	-	(2,685)	132,359
State of Delaware	145,611	-	(15,229)	130,382
DSWRF	<u>158,952</u>	<u>-</u>	<u>(7,023)</u>	<u>151,929</u>
<u>TOTALS</u>	<u>\$ 637,632</u>	<u>\$ -</u>	<u>\$ (28,911)</u>	<u>\$ 608,721</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 Delaware 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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 10 active, covered employees as of December 31, 2023.

During the year ended December 31, 2023, the Town contributed \$40,151 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, 2023. 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, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2021 through June 30, 2022, 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 16.03% and 6.78% of earnings for the fiscal year 2022 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	\$ 661,256
Plan Net Position	<u>(674,167)</u>
Police and Firefighter Plan Net Pension Liability (Asset)	<u>(12,911)</u>
<u>Other Employees' Plan</u>	
Employers' Total Pension Liability	187,053
Plan Net Position	<u>(188,525)</u>
Other Employee Plan Net Pension Liability (Asset)	<u>(1,472)</u>
Total Net Pension Liability (Asset)	\$ <u><u>(14,383)</u></u>

The Town's proportionate percentages of the collective net pension liability for the Police and Firefighter Plan and the Other Employees' Plan are 0.1228% and 0.2173%, respectively.

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - PENSION PLAN (CONTINUED):

Actuarial Assumptions - The collective total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. 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%	31.8%
International Equity	5.7%	15.0%
Fixed Income	2.0%	23.6%
Alternative Investments	7.8%	21.5%
Cash and Equivalents	-	8.1%

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT JNOTE 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	\$ 85,905	\$ (12,911)	\$ (93,426)
Other Employees	<u>27,862</u>	<u>(1,472)</u>	<u>(25,448)</u>
Net Pension Liability (Asset)	\$ <u>113,767</u>	\$ <u>(14,383)</u>	\$ <u>(118,874)</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, 2022	\$ (112,692)
Year-end December 31, 2022, contributions	(34,695)
Difference between expected and actual experience	9,104
Net difference between projected and actual earnings on investments	210,935
Changes of assumptions	(1,754)
Changes of proportion	14,494
Year-end December 31, 2023, contributions	<u>40,151</u>
Deferred outflows of resources, December 31, 2023	<u>125,543</u>
Deferred inflows of resources, December 31, 2022	10,509
Difference between expected and actual experience	2,044
Net difference between projected and actual earnings on investments	-
Changes of assumptions	2,019
Changes of proportion	<u>3,354</u>
Deferred inflows of resources, December 31, 2023	<u>17,926</u>
Net deferred outflows (inflows) of resources from pension plans	\$ <u>143,469</u>
Net pension liability (asset), December 31, 2022	\$ 285,620
Change in net pension liability (asset) factored for contributions	<u>(271,237)</u>
Net pension liability (asset), December 31, 2023	\$ <u>14,383</u>

\$ 143,469

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

EXHIBIT JNOTE 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>
2024	\$ 33,987	\$ 15,373	\$ 49,360
2025	3,372	3,098	6,470
2026	5,544	3,267	8,811
2027	39,726	12,593	52,319
2028	7,241	2,883	10,124
2029	4,336	1,785	6,121
2030	4,012	1,288	5,300
2031	4,964	-	4,964
2032	-	-	-
2033	-	-	-
	<u>\$ 103,182</u>	<u>\$ 40,287</u>	<u>\$ 143,888</u>

E. Pension Expense

The components of pension expense as measured at December 31, 2023, and reported in the plan's audited financial statements are as follows:

	<u>Police and Firefighter Plan</u>	<u>Other Employees' Plan</u>	<u>Total</u>
Service Cost	\$ 24,224	\$ 10,196	\$ 34,420
Interest on Total Pension Liability	43,757	12,403	56,160
Member Contributions	(9,269)	(3,470)	(12,739)
Administrative Expense	200	254	454
Changes in Benefit Terms	2,781	87	2,868
Projected Earnings on Plan Investments	(54,161)	(14,989)	(69,150)
Recognition of Deferred Outflows and Inflows of Resources:			
Differences Between Projected and Actual Earnings on Plan Investments	(5,805)	(1,319)	(7,124)
Differences Between Expected and Actual Experiences with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	2,667	395	3,062
Changes in Assumption with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	<u>(661)</u>	<u>398</u>	<u>(263)</u>
<u>Total Pension Expense</u>	<u>\$ 3,733</u>	<u>\$ 3,955</u>	<u>\$ 7,688</u>

TOWN OF BLADES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEFERRED REVENUE

The Town reports deferred revenue on its government-wide and fund financial statements. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Deferred revenues also arise when resources are unearned by the Town and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the applicable financial statement and revenue is recognized.

Deferred Revenues consist of the following:

EIDE Grant Funds	\$ 603
Police Pension Grant Funds	23,786
Park Equipment Grant Funds	794
State of Delaware Grant Funds for Hardin Hall Renovation	<u>379,205</u>
General Total	\$ <u>404,388</u>
American Rescue Plan Act Funds	\$ <u>772,858</u>
Enterprise Total	\$ <u>772,858</u>

The Town received grant funds from the American Rescue Plan Act of 2021 (ARPA). During 2023, the Town made eligible expenditures of these funds totaling \$92,199. The Town has elected the standard deduction available in the Plan’s final guidance. A standard deduction allows an awardee to spend up to \$10,000,000 in grant funds received on any government services.

TOWN OF BLADES, DELAWARE
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2023

TOWN OF BLADES, DELAWARE
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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability (Asset)	0.1228%	0.1799%	0.1207%	0.1534%	0.1558%	0.1417%	0.5352%	0.5091%	0.5966%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ (12,911)	\$ (247,606)	\$ 18,557	\$ 44,048	\$ 35,876	\$ 14,284	\$ 33,161	\$ 217	\$ (2,196)
Town's Covered-Employee Payroll	\$ 150,391	\$ 125,194	\$ 145,283	\$ 154,620	\$ 136,590	\$ 174,826	\$ 179,050	\$ 150,926	\$ 161,299
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-8.58%	-197.78%	12.77%	28.49%	26.27%	8.17%	18.52%	0.14%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.00%	128.00%	97.00%	94.00%	94.00%	97.00%	86.00%	100.00%	101.00%
Municipal Plan:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability (Asset)	0.2173%	0.1815%	0.2363%	0.4018%	0.4517%	0.4551%	0.1235%	0.1248%	0.1488%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,472)	\$ (38,014)	\$ 5,018	\$ 18,404	\$ 14,216	\$ 29,495	\$ 19,628	\$ (6,579)	\$ (16,093)
Town's Covered-Employee Payroll	\$ 93,467	\$ 90,481	\$ 95,706	\$ 85,288	\$ 75,663	\$ 86,363	\$ 89,964	\$ 88,625	\$ 98,563
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-1.57%	-42.01%	5.24%	21.58%	18.79%	34.15%	21.82%	-7.42%	-16.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.00%	128.00%	97.00%	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, DELAWARE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)

Police Plan:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 28,616	\$ 24,026	\$ 70,468	\$ 55,129	\$ 27,835	\$ 24,352	\$ 11,119	\$ 9,780	\$ 10,678
Contributions in Relation to the Contractually Required Contribution	<u>(28,616)</u>	<u>(24,026)</u>	<u>(70,468)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,192</u>	<u>\$ 17,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 150,391</u>	<u>\$ 125,194</u>	<u>\$ 145,283</u>	<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	19.03%	19.19%	48.50%	35.65%	20.38%	13.93%	6.21%	6.48%	6.62%
 Municipal Plan:	 <u>2023</u>	 <u>2022</u>	 <u>2021</u>	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually Required Contribution	\$ 11,535	\$ 10,670	\$ 20,398	\$ 18,438	\$ 16,672	\$ 16,096	\$ 12,460	\$ 12,567	\$ 15,297
Contributions in Relation to the Contractually Required Contribution	<u>(11,535)</u>	<u>(10,670)</u>	<u>(20,398)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675</u>	<u>\$ 8,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 93,467</u>	<u>\$ 90,481</u>	<u>\$ 95,706</u>	<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	12.34%	11.79%	21.31%	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, DELAWARE
SUPPLEMENTAL INFORMATION
REVENUES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE C

	2023				
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>	<u>Prior Year 12/31/22</u>
<u>GOVERNMENTAL ACTIVITIES:</u>					
Cemetery Fees and Lots	\$ 4,450	\$ 4,450	\$ 2,950	\$ (1,500)	\$ 3,400
Franchise Fees	35,090	35,090	39,387	4,297	39,842
Grants	132,960	132,960	489,899	356,939	115,684
Investment Income	75	75	8,190	8,115	226
Licenses and Permits	63,000	63,000	61,830	(1,170)	59,145
Miscellaneous	45,203	45,203	87,799	42,596	85,269
Police Pension	10,790	10,790	15,127	4,337	21,581
Public Safety	34,075	34,075	27,529	(6,546)	21,719
Real Estate Taxes	250,000	250,000	254,331	4,331	240,423
Tax Penalties	8,000	8,000	22,812	14,812	16,021
Transfer Taxes	80,000	80,000	94,675	14,675	139,639
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>663,643</u>	<u>663,643</u>	<u>1,104,529</u>	<u>440,886</u>	<u>742,949</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Water Billings	250,000	250,000	241,053	(8,947)	358,320
Water Permits and Penalties	26,900	26,900	24,401	(2,499)	24,469
Water Grants	300,000	300,000	161,091	(138,909)	934,522
Front Footage Assessment	150	150	8,080	7,930	140
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>577,050</u>	<u>577,050</u>	<u>434,625</u>	<u>(142,425)</u>	<u>1,317,451</u>
<u>TOTAL REVENUE</u>	<u>\$ 1,240,693</u>	<u>\$ 1,240,693</u>	<u>\$ 1,539,154</u>	<u>\$ 298,461</u>	<u>\$ 2,060,400</u>

TOWN OF BLADES, DELAWARE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE D

	2023				
	Budgeted Amounts				
	Original	Final	Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 12/31/22
<u>GOVERNMENTAL FUNDS</u>					
<u>GENERAL GOVERNMENT:</u>					
Advertising	\$ 1,000	\$ 1,000	\$ 1,252	\$ (252)	\$ 874
Capital Outlay	-	-	21,295	(21,295)	-
Donations	-	-	79,947	(79,947)	-
Dues and Subscriptions	2,500	2,500	5,595	(3,095)	3,715
Insurance	25,100	25,100	15,476	9,624	20,453
Miscellaneous	2,600	2,600	39,103	(36,503)	15,771
Office Expense	1,450	1,450	2,659	(1,209)	180
Other Supplies	1,700	1,700	3,569	(1,869)	3,185
Payroll Taxes	-	-	8,698	(8,698)	7,521
Pension	3,900	3,900	14,976	(11,076)	4,405
Printing and Duplicating	1,000	1,000	1,181	(181)	1,714
Professional Fees	30,000	30,000	43,681	(13,681)	83,757
Repairs and Maintenance	200	200	2,687	(2,487)	1,231
Salaries	105,000	105,000	93,467	11,533	90,481
Telephone	950	950	980	(30)	953
Trash Removal	4,200	4,200	4,736	(536)	4,153
Travel - Special Meetings	800	800	1,264	(464)	1,022
Utilities	3,650	3,650	4,524	(874)	4,582
<u>TOTAL GENERAL GOVERNMENT</u>	<u>184,050</u>	<u>184,050</u>	<u>345,090</u>	<u>(161,040)</u>	<u>243,997</u>
<u>POLICE:</u>					
Capital Outlay	-	-	213,765	(213,765)	47,438
Dues and Subscriptions	-	-	363	(363)	544
Equipment	3,000	3,000	31,724	(28,724)	24,003
Gas and Oil	10,000	10,000	6,696	3,304	7,373
Insurance	77,200	77,200	47,791	29,409	45,055
Miscellaneous	6,944	6,944	12,561	(5,617)	10,547
Other Supplies	500	500	4,903	(4,403)	3,849
Payroll Taxes	-	-	13,082	(13,082)	12,007
Pension	18,500	18,500	40,703	(22,203)	16,872
Repairs and Maintenance	4,500	4,500	2,376	2,124	7,978
Salaries	224,000	224,000	172,733	51,267	146,531
Telephone	4,000	4,000	3,924	76	3,975
Training	2,500	2,500	-	2,500	167
Uniforms	2,000	2,000	884	1,116	4,574
<u>TOTAL POLICE</u>	<u>353,144</u>	<u>353,144</u>	<u>551,505</u>	<u>(198,361)</u>	<u>330,913</u>
<u>CEMETERY AND PARK:</u>					
Cemetery and Park Care	9,550	9,550	11,300	(1,750)	10,075
Equipment	100	100	6,681	(6,581)	261
Miscellaneous	2,777	2,777	6,375	(3,598)	4,278
Repairs and Maintenance	500	500	4,095	(3,595)	493
Supplies	475	475	2,550	(2,075)	1,255
Trash Removal	1,110	1,110	1,155	(45)	1,120
Utilities	850	850	927	(77)	858
<u>TOTAL CEMETERY AND PARK</u>	<u>15,362</u>	<u>15,362</u>	<u>33,083</u>	<u>(17,721)</u>	<u>18,340</u>
<u>STREETS:</u>					
Capital Outlay	-	-	130,290	(130,290)	-
Electricity	23,000	23,000	25,916	(2,916)	22,956
Equipment	1,000	1,000	-	1,000	-
Repairs and Maintenance	32,760	32,760	306	32,454	12,292
Supplies	500	500	2,081	(1,581)	196
<u>TOTAL STREETS</u>	<u>57,260</u>	<u>57,260</u>	<u>158,593</u>	<u>(101,333)</u>	<u>35,444</u>
<u>CODE ENFORCEMENT:</u>					
Miscellaneous	5,775	5,775	2,786	2,989	6,406
Insurance	19,000	19,000	23,537	(4,537)	22,428
Repairs and Maintenance	-	-	18	(18)	880
Salaries	55,800	55,800	39,282	16,518	38,949
<u>TOTAL CODE ENFORCEMENT</u>	<u>80,575</u>	<u>80,575</u>	<u>65,623</u>	<u>14,952</u>	<u>68,663</u>
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>\$ 690,391</u>	<u>\$ 690,391</u>	<u>\$ 1,153,894</u>	<u>\$ (463,503)</u>	<u>\$ 697,357</u>

TOWN OF BLADES, DELAWARE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE D

	2023				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 12/31/22
	Original	Final			
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>WATER:</u>					
Chemicals and Supplies	\$ 11,500	\$ 11,500	\$ 24,107	\$ (12,607)	\$ 13,266
Depreciation	-	-	99,327	(99,327)	96,557
Equipment	3,500	3,500	60,340	(56,840)	26,638
Insurance	40,500	40,500	30,381	10,119	32,872
Interest	4,300	4,300	6,411	(2,111)	9,778
Miscellaneous	3,350	3,350	10,365	(7,015)	7,241
Payroll Taxes	-	-	5,493	(5,493)	5,608
Pension	3,100	3,100	3,861	(761)	4,086
Postage and Office Supplies	2,900	2,900	3,101	(201)	2,427
Professional Fees	80,000	80,000	33,456	46,544	82,551
Repairs and Maintenance	30,000	30,000	35,914	(5,914)	67,122
Salaries and Wages	90,000	90,000	69,308	20,692	68,717
Telephone	450	450	1,972	(1,522)	434
Testing	300	300	250	50	250
Utilities	12,000	12,000	18,255	(6,255)	14,441
Vehicle Fuel and Maintenance	4,400	4,400	2,095	2,305	3,620
<u>TOTAL WATER</u>	<u>286,300</u>	<u>286,300</u>	<u>404,636</u>	<u>(118,336)</u>	<u>435,608</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>286,300</u>	<u>286,300</u>	<u>404,636</u>	<u>(118,336)</u>	<u>435,608</u>
<u>TOTAL EXPENDITURES/EXPENSES</u>	<u>\$ 976,691</u>	<u>\$ 976,691</u>	<u>\$ 1,558,530</u>	<u>\$ (581,839)</u>	<u>\$ 1,132,965</u>

TOWN OF BLADES, DELAWARE
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE E

	Original	Final	Actual Amounts	Favorable (Unfavorable) Variance
<u>OPERATING REVENUES:</u>				
Water Billings	\$ 250,000	\$ 250,000	\$ 241,053	\$ (8,947)
Water Permits and Penalties	26,900	26,900	24,401	(2,499)
Miscellaneous	150	150	8,080	7,930
<u>TOTAL OPERATING REVENUES</u>	<u>277,050</u>	<u>277,050</u>	<u>273,534</u>	<u>(3,516)</u>
<u>OPERATING EXPENSES:</u>				
Chemicals and Supplies	11,500	11,500	24,107	(12,607)
Depreciation	-	-	99,327	(99,327)
Equipment	3,500	3,500	60,340	(56,840)
Insurance	40,500	40,500	30,381	10,119
Interest	4,300	4,300	6,411	(2,111)
Miscellaneous	3,350	3,350	10,365	(7,015)
Payroll Taxes	-	-	5,493	(5,493)
Pension	3,100	3,100	3,861	(761)
Postage and Office Supplies	2,900	2,900	3,101	(201)
Professional Fees	80,000	80,000	33,456	46,544
Repairs and Maintenance	30,000	30,000	35,914	(5,914)
Salaries and Wages	90,000	90,000	69,308	20,692
Telephone	450	450	1,972	(1,522)
Testing	300	300	250	50
Utilities	12,000	12,000	18,255	(6,255)
Vehicle Fuel and Maintenance	4,400	4,400	2,095	2,305
<u>TOTAL OPERATING EXPENSES</u>	<u>286,300</u>	<u>286,300</u>	<u>404,636</u>	<u>(118,336)</u>
<u>NET OPERATING INCOME (LOSS)</u>	<u>\$ (9,250)</u>	<u>\$ (9,250)</u>	<u>\$ (131,102)</u>	<u>\$ (121,852)</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, Delaware

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 and the business-type activities of the Town of Blades, Delaware, as of and for the year ended December 31, 2023, and related notes to the financial statements, which collectively comprise the Town of Blades, Delaware's basic financial statements, and have issued our report thereon dated July 26, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Blades, Delaware's 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, Delaware's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Blades, Delaware's 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, Delaware'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 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

July 26, 2024