

TOWN OF CAMDEN, DELAWARE

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

TOWN OF CAMDEN, DELAWARE

CONTENTS

JUNE 30, 2023

	<u>Pages</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1 - 4
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	5 - 6
Management's Discussion and Analysis	7 - 13
 <u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditure and Changes in Fund Balances to the Statement of Activities	19
Notes to Financial Statements	20 - 40
 <u>Required Supplementary Information</u>	
Budgetary Comparison Schedule - General Fund	41
Proportionate Share of the Net Pension Liability (Asset) - Delaware Municipal Police/Firefighter Pension Plan	42
Proportionate Share of Net Pension Liability (Asset) - Delaware County and Municipal Other Employees' Pension Plan	43
Schedule of Town Contributions - Delaware Municipal Police/Firefighter Pension Plan	44
Schedule of Town Contributions - Delaware County and Municipal Other Employees' Pension Plan	45

TOWN OF CAMDEN, DELAWARE

CONTENTS

JUNE 30, 2023

	<u>Pages</u>
<u>Supplementary Information</u>	
Combining Balance Sheet - Nonmajor Governmental Fund Types	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Fund Types	47
 <u>Single Audit Section</u>	
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required By the Uniform Guidance	48 - 51
 Schedule of Expenditures of Federal Awards	52
 Schedule of Findings and Questioned Costs	53 - 56

Independent Auditor's Report

To the Honorable Mayor and Members of Council
Town of Camden, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Camden, Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Camden, Delaware's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Camden, Delaware, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Camden, 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 these 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 Camden, Delaware's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 Camden, 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 Camden, 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.

Report on Summarized Comparative Information

We have previously audited the Town of Camden, Delaware's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 13, budgetary comparison information on page 41, proportionate share of the net pension liability (asset) - Delaware Municipal Police/Firefighter and Delaware County and Municipal Other Employees' Pension Plans on pages 42 and 43 and schedules of Town Contributions to the Delaware Municipal Police/Firefighter and Delaware County and Municipal Other Employees' Pension Plans on pages 44 and 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Camden, Delaware's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 combining and individual nonmajor fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are fairly stated, in all

To the Honorable Mayor and Members of Council
Town of Camden, Delaware

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 March 19, 2024 on our consideration of the Town of Camden, Delaware's 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 solely 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 the effectiveness of the Town of Camden, Delaware's 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 Camden, Delaware's internal control over financial reporting and compliance.

Dover, Delaware
March 19, 2024

Horty & Horty, P.A.

**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**

Independent Auditor's Report

To the Honorable Mayor and Members of Council
Town of Camden, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Camden, Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Camden, Delaware's basic financial statements, and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Camden, Delaware's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Camden, Delaware's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Camden, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Camden, 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 financial statements. 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*.

We noted certain matters that we have reported to management of the Town of Camden, Delaware in a separate letter dated March 19, 2024.

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.

Dover, Delaware
March 19, 2024

Horty & Horty, P.A.

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Management's discussion and analysis of the Town of Camden, Delaware ("the Town") provides an overview of the Town's financial performance for the fiscal year ended June 30, 2023. We encourage users to read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights for Fiscal Year 2023

The assets of the Town exceeded its liabilities at June 30, 2023 by \$10.5 million (net position). The Town's total net position increased by approximately \$2.5 million. Of this amount \$6.5 million is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors, and \$4.0 million is invested in capital assets, net of related debt.

As of June 30, 2023, the Town's governmental funds reported combined ending fund balances of \$6.4 million, an increase of \$1.1 million. The current year increase in fund balances is primarily due to an increase in building permit revenue from construction related activity as the Town population continues to grow.

The total net pension asset reported at June 30, 2023 totals \$67,693.

Overview of the Financial Statements

The financial statements consist of three parts - management's discussion and analysis ("MD&A"), the basic financial statements and required supplementary information. The MD&A is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting.

The statement of net position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

Fund Financial Statements. Traditional readers of government financial statements will find the fund financial statement presentation more familiar where the focus is on the Town's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate fiscal accountability. The Town uses governmental fund financial statements to provide more detailed information about the Town's most significant funds rather than the Town as a whole.

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town. A budgetary comparison schedule has been provided for the general fund. Certain information regarding the Town's pension plans has also been presented.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Government-Wide Financial Analysis

The following table presents a summary of the statement of net position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets	\$ 6,630,076	\$ 7,156,422
Capital assets, net	6,475,638	5,043,918
Other noncurrent assets	77,351	867,711
Deferred outflows of resources	<u>362,870</u>	<u>234,452</u>
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,545,935</u>	<u>\$ 13,302,503</u>

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

LIABILITIES		
Current liabilities	\$ 184,423	\$ 1,720,745
Noncurrent liabilities	2,669,211	2,714,952
Deferred inflows of resources	<u>147,214</u>	<u>896,377</u>
 TOTAL LIABILITIES and DEFERRED INFLOWS OF RESOURCES	 <u>3,000,848</u>	 <u>5,332,074</u>
 NET POSITION		
Net Investment in capital assets	4,015,875	2,520,510
Restricted	6,597	12,098
Unrestricted	<u>6,522,615</u>	<u>5,437,821</u>
 TOTAL NET POSITION	 <u>\$ 10,545,087</u>	 <u>\$ 7,970,429</u>

A significant portion of the Town's net assets is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to residents and are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table indicates the changes in net position for governmental activities:

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
REVENUES		
<u>Program revenues</u>		
Charges for services	\$ 1,235,128	\$ 584,621
Operating grants and contributions	199,837	554,956
Capital grants and contributions	1,540,793	
 <u>General revenues</u>		
Taxes and assessments	2,276,206	2,203,740
Interest income	167,922	23,637
Other revenue	24,293	
Gain from disposal of capital assets	<u> </u>	<u>2,400</u>
 <u>Total Revenues</u>	 <u>\$ 5,444,179</u>	 <u>\$ 3,369,354</u>

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

EXPENSES

General government	\$ 1,110,342	\$ 1,151,986
Public safety	1,391,380	1,202,270
Public works	304,787	278,232
Debt service	<u>63,012</u>	<u>63,586</u>
<u>Total Expenses</u>	<u>2,869,521</u>	<u>2,696,074</u>
Change in net position	2,574,658	673,280
<u>Net Position</u> - Beginning of Year	<u>7,970,429</u>	<u>7,297,149</u>
<u>Net Position</u> - End of Year	<u>\$ 10,545,087</u>	<u>\$ 7,970,429</u>

Governmental Activities

The cost of all governmental activities in 2023 was \$4.4 million. The amount that taxpayers provided for these activities through Town taxes and assessments was \$2.3 million, or 52 percent. Additional revenue was provided by charges to those who directly benefited from the programs (\$1.2 million) or by government agencies and organizations that subsidized funding with operating and capital grants and contributions (\$1.7 million.)

As indicated by the governmental program expenses, general government programs accounted for approximately 24 percent of the total expenses of the Town's governmental activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is valuable in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Town's governmental funds reported combined ending fund balances of \$6.5 million, an increase of \$1.1 million as compared to the prior year.

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The General Fund is the chief operating fund of the Town. As of June 30, 2023, the General Fund had an unassigned fund balance in the amount of \$4.9 million. The General Fund balance increased by \$1.1 million during the year ended June 30, 2023.

The Municipal Street Aid Fund provides funding for street expenditures of the Town. Revenue is provided by intergovernmental revenues. As of June 30, 2023, the total fund balance of the Municipal Street Aid Fund was \$4,924.

The Real Estate Transfer Tax Fund provides funding for operating costs of public safety, capital improvements and debt reduction. Revenue is provided by 1/2 percent of real estate transfer taxes. As of June 30, 2023, the total fund balance of the Real Estate Transfer Tax Fund was \$1.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental activities as of June 30, 2023 amounted to \$6.5 million (net of accumulated depreciation). Capital assets include construction in progress, land, building and improvements, furniture and fixtures, equipment, streets and vehicles. The total net increase in the Town's capital assets for the current fiscal year was approximately \$1.5 million. Current year depreciation expense was \$393 thousand.

More detailed information about the Town's capital assets is presented in the notes to the basic financial statements.

Debt

At June 30, 2023, the Town had outstanding Bonds payable totaling \$2.5 million. Other long-term obligations at June 30, 2023 in the amount of \$269 thousand include accrued sick and vacation leave for employees of the Town. Detailed information regarding long-term debt is included in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The most significant factors that will affect the future finances of the Town are as follows:

- The 2023-2024 general fund budget reflects total appropriations in the amount of \$2.6 million.
- The 2023-2024 property tax rate remained the same as follows:
 - Senior Citizen at \$0.96 per hundred of assessed property value.
 - Residential at \$1.42 per hundred of assessed property value.
 - Commercial at \$1.59 per hundred of assessed property value.

TOWN OF CAMDEN, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

- Town Council approved wage increases of 2% for the police department and a cost-of-living wage increase of 4.1% for non-uniform employees.
- Town Council increased trash rates because of the increase in the cost of trash collection.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need any additional information, please contact the Town of Camden, 1783 Friends Way, Camden, DE 19934.

BASIC FINANCIAL STATEMENTS

TOWN OF CAMDEN, DELAWARE

STATEMENT OF NET POSITION

JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 6,427,312	\$ 6,971,560
Tenant security deposit	1,860	1,860
Accounts receivable	70,420	38,168
Lease receivable	35,436	58,477
Taxes receivable	62,890	54,358
Prepaid expenses	<u>32,158</u>	<u>31,999</u>
<u>Total Current Assets</u>	<u>6,630,076</u>	<u>7,156,422</u>
<u>Noncurrent Assets</u>		
<u>Capital Assets</u>		
Construction in progress	163,846	137,741
Land	2,118,812	1,177,588
Building and improvements	3,927,873	3,729,997
Furniture and fixtures	170,809	157,042
Equipment	2,082,810	1,618,731
Streets	1,676,430	1,635,453
Transportation equipment - Vehicles	943,923	803,497
<u>Less: Accumulated depreciation</u>	<u>(4,608,865)</u>	<u>(4,216,131)</u>
<u>Total Capital Assets, Net of Accumulated Depreciation</u>	<u>6,475,638</u>	<u>5,043,918</u>
<u>Other Noncurrent Assets</u>		
Prepaid bond insurance costs	9,658	10,030
Net pension asset	<u>67,693</u>	<u>857,681</u>
<u>Total Other Noncurrent Assets</u>	<u>77,351</u>	<u>867,711</u>
<u>Total Assets</u>	<u>13,183,065</u>	<u>13,068,051</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows of resources - Delaware Public Employees Retirement System	<u>362,870</u>	<u>234,452</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 13,545,935</u>	<u>\$ 13,302,503</u>

The accompanying notes are an integral part of these financial statements.

	<u>2023</u>	<u>2022</u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 23,893	\$ 81,443
Accrued liabilities	69,542	123,371
Accrued interest	5,504	5,552
Unearned revenues	23,624	1,448,519
Tenant security deposit	1,860	1,860
Current portion of long-term debt	<u>60,000</u>	<u>60,000</u>
<u>Total Current Liabilities</u>	184,423	1,720,745
<u>Noncurrent Liabilities</u>		
Accrued compensated absences	269,448	251,544
Long-term debt, net of current portion	<u>2,399,763</u>	<u>2,463,408</u>
<u>Total Liabilities</u>	2,853,634	4,435,697
<u>Deferred Inflows of Resources</u>		
Deferred inflows of resources - Delaware Public Employees Retirement System	111,778	837,900
Deferred inflows of resources - Rental income	<u>35,436</u>	<u>58,477</u>
<u>Total Liabilities and Deferred Inflows of Resources</u>	<u>3,000,848</u>	<u>5,332,074</u>
<u>Net Position</u>		
Restricted for:		
Public safety	1,673	3,136
Street rehabilitation expenditures	4,924	8,962
Invested in capital assets, net of related debt	4,015,875	2,520,510
Unrestricted	<u>6,522,615</u>	<u>5,437,821</u>
<u>Total Net Position</u>	<u>\$ 10,545,087</u>	<u>\$ 7,970,429</u>

TOWN OF CAMDEN, DELAWARE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2023</u>
Governmental Activities:					
General government	\$ 1,110,342	\$ 1,195,969	\$ 6,007		\$ 91,634 (\$ 205,115)
Public safety	1,391,380	39,159	120,635		(1,231,586) (1,082,598)
Public works	304,787		73,195	\$ 1,540,793	1,309,201 (205,198)
Debt service	63,012				(63,012) (63,586)
<u>Total Governmental Activities</u>	<u>\$ 2,869,521</u>	<u>\$ 1,235,128</u>	<u>\$ 199,837</u>	<u>\$ 1,540,793</u>	<u>106,237 (1,556,497)</u>
		<u>General Revenues</u>			
				2,276,206	2,203,740
				167,922	23,637
				24,293	
					2,400
			<u>Total General Revenues</u>	<u>2,468,421</u>	<u>2,229,777</u>
			<u>Change in Net Position</u>	<u>2,574,658</u>	<u>673,280</u>
			<u>Net Position - Beginning of year</u>	<u>7,970,429</u>	<u>7,297,149</u>
			<u>Net Position - End of year</u>	<u>\$ 10,545,087</u>	<u>\$ 7,970,429</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CAMDEN, DELAWARE

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

<u>ASSETS</u>	<u>General Fund</u>	<u>Municipal Street Aid Fund</u>	<u>Real Estate Transfer Tax Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>	
					<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 4,905,922	\$ 4,924	\$ 1,514,793	\$ 1,673	\$ 6,427,312	\$ 6,971,560
Tenant security deposit	1,860				1,860	1,860
Accounts receivable - net	70,420				70,420	38,168
Lease receivable	35,436				35,436	58,477
Taxes receivable	44,387		18,503		62,890	54,358
Due from other funds			444		444	444
Prepaid expenses	<u>32,158</u>				<u>32,158</u>	<u>31,999</u>
Total Assets	<u>\$ 5,090,183</u>	<u>\$ 4,924</u>	<u>\$ 1,533,740</u>	<u>\$ 1,673</u>	<u>\$ 6,630,520</u>	<u>\$ 7,156,866</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 23,893				\$ 23,893	\$ 81,443
Accrued liabilities	69,542				69,542	123,371
Unearned revenues	23,624				23,624	1,448,519
Tenant security deposit	1,860				1,860	1,860
Due to other funds	<u>444</u>				<u>444</u>	<u>444</u>
Total Liabilities	<u>119,363</u>				<u>119,363</u>	<u>1,655,637</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenues - property taxes	14,554				14,554	19,391
- lease revenue	<u>35,436</u>				<u>35,436</u>	<u>58,477</u>
Total Deferred Inflows of Resources	<u>49,990</u>				<u>49,990</u>	<u>77,868</u>
<u>FUND BALANCE</u>						
Nonspendable:						
Prepaid expenses	32,158				32,158	31,999
Restricted for:						
Public safety				\$ 1,673	1,673	3,136
Street rehabilitation expenditures		\$ 4,924			4,924	8,962
Committed for:						
Caesar Rodney school district capital improvements	14				14	65,825
Camden-Wyoming fire department						1,324
Assigned for:						
Other purposes			\$ 1,533,740		1,533,740	1,700,047
Unassigned	<u>4,888,658</u>				<u>4,888,658</u>	<u>3,612,068</u>
Total Fund Balance	<u>4,920,830</u>	<u>4,924</u>	<u>1,533,740</u>	<u>1,673</u>	<u>6,461,167</u>	<u>5,423,361</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,090,183</u>	<u>\$ 4,924</u>	<u>\$ 1,533,740</u>	<u>\$ 1,673</u>	<u>\$ 6,630,520</u>	<u>\$ 7,156,866</u>

TOWN OF CAMDEN, DELAWARE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

JUNE 30, 2023

Total Fund Balances, Governmental Funds (Page 16) \$ 6,461,167

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets, net of accumulated depreciation are included in the governmental activities of the statement of net position.

Total capital assets	\$ 11,084,503	
Accumulated depreciation	(4,608,865)	6,475,638

Some liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. Those liabilities consist of:

Accrued interest payable	(5,504)	
Bonds payable	(2,459,763)	
Compensated absences	(269,448)	(2,734,715)

Prepaid bond insurance costs 9,658

Net pension assets 67,693

Deferred charges - Delaware Public Employees Retirement System 362,870

Deferred credits - Delaware Public Employees Retirement System (111,778)

Some of the Town's assets are not available soon enough to pay for current period expenditures and therefore are not reported as assets in the fund financial statements. 14,554

Net Position of Governmental Activities in the
Statement of Net Position (Page 14) \$ 10,545,087

TOWN OF CAMDEN, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

	General Fund	Municipal Street Aid Fund	Real Estate Transfer Tax Fund	Other Nonmajor Funds	Total Governmental Funds	
					<u>2023</u>	<u>2022</u>
<u>Revenues</u>						
Taxes and assessments	\$ 1,979,055		\$ 301,988		\$ 2,281,043	\$ 2,205,937
Licenses and permits	1,104,340				1,104,340	370,807
Fines, forfeits and costs	55,488				55,488	68,116
Intergovernmental grants	1,667,435	\$ 73,195			1,740,630	554,956
Charges for services	16,109				16,109	87,733
Rental revenue	59,191				59,191	57,965
Interest income	128,374	8	39,540		167,922	23,637
Other revenue	24,293				24,293	
Total Revenues	5,034,285	73,203	341,528		5,449,016	3,369,151
<u>Expenditures</u>						
General government	1,050,027		9,707		1,059,734	1,172,445
Public safety	1,217,820		187,713	1,463	1,406,996	1,407,935
Public works	1,530,480	77,241	210,426		1,818,147	259,270
Debt service	126,333				126,333	126,907
Total Expenditures	3,924,660	77,241	407,846	1,463	4,411,210	2,966,557
<u>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources</u>	1,109,625	(4,038)	(66,318)	(1,463)	1,037,806	402,594
<u>Other Financing Sources (Uses)</u>						
Transfers in	280				280	20,903
Transfers out			(280)		(280)	(20,903)
Total Other Financing Sources (Uses)	280		(280)			
<u>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</u>	1,109,905	(4,038)	(66,598)	(1,463)	1,037,806	402,594
<u>Fund Balances - Beginning of year</u>	3,810,925	8,962	1,600,338	3,136	5,423,361	5,020,767
<u>Fund Balances - End of year</u>	\$ 4,920,830	\$ 4,924	\$ 1,533,740	\$ 1,673	\$ 6,461,167	\$ 5,423,361

The accompanying notes are an integral part of these financial statements.

TOWN OF CAMDEN, DELAWARE
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies

Operations

The Town of Camden, Delaware (the Town), a community in Kent County, was incorporated in 1941. The Town operates under a Mayor and Council form of government. The Town provides the following services as authorized by its charter: public safety, street maintenance, planning and zoning, sanitation and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Town is considered to be an independent reporting entity and has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the Town (the primary government). For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a function or segment; and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Town adopted the provisions of GASB Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," as modified by GASB Statement No. 37 on July 1, 2003. These statements affect the manner in which the Town records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established a reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

The retroactive reporting of roads and certain other infrastructure as capital assets is not required for the Town under GASB reporting principles and has not been implemented.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The Town has the following funds:

Governmental Fund Types - Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are paid. The fund equity is referred to

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

as “fund balance”. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The following comprise the Town’s major governmental funds:

General Fund - This is the main operating fund of the Town. It is used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes and other intergovernmental revenues. This fund accounts for the general administrative services of the Town not recorded elsewhere, including the activities of the various departments, public safety, street maintenance, administrative and council. 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. This fund also includes funds allocated to the Town through the American Rescue Plan Act by the U.S. Department of Treasury. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Municipal Street Aid Fund - This fund is a grant that is derived from a portion of the State of Delaware's motor fuel tax. All revenue received must be expended on street maintenance and repairs.

Real Estate Transfer Tax Fund - This fund is a source of income derived from the State of Delaware, by which each town will receive 1-1/2 percent of real estate transfer taxes. This revenue may be used for public safety, economic development programs, capital and Town capital projects and debt reduction.

The Town reports three special revenue funds as nonmajor funds. These special revenue funds account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days of the end of the fiscal period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund type revenues are recognized when received.

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Cash and Cash Equivalents

Except where otherwise required, the Town maintains all deposits in bank accounts in the name of the Town. These deposits are invested on a short term basis with interest income being recorded in the general fund, except for interest income allocated where specifically required by law to be recorded in other funds.

Capital Assets and Depreciation

Capital assets, including property, plant and equipment, are reported in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Under GASB Statement No. 34, the Town is not required and therefore has elected not to reconstruct public domain or infrastructure assets added in years'

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

prior to its implementation such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, that are immovable and of value only to the Town government.

Capital assets of the Town and its components are depreciated using the straight-line method over the estimated useful lives of the related assets. Unless an asset's life has been adjusted based on actual experience, the Town generally uses the following estimated useful lives:

Buildings and improvements	40 years
Furniture and fixtures	7 years
Equipment	5 - 10 years
Streets	15 - 40 years
Transportation equipment - Vehicles	5 years

Budgets and Budgetary Accounting

The Town charter established the fiscal year as the 12-month period beginning July 1st. The Town Council adopts the budget annually, which occurs during the June Town Council meeting. The financial coordinator, police chief and Town Manager begin the budget process by setting up a preliminary budget. Once the final budget is reached, the Mayor and Town Council approve it. The budget can be revised if deemed necessary by the Council. The budgetary amounts are comprised of the normal operating budget and supplemental budget allocations, if applicable. All annual appropriations lapse at year end.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The Town first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Fund Balance

The Town has adopted GASB No. 54 "Fund Balances Reporting and Governmental Fund Type Definitions," which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are as follows:

Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution.

Assigned - Amounts are intended for a particular purpose such as segregation of an amount intended to be used at some time in the future. This intent can be expressed by Town Council or through the council delegating this responsibility to the Town Manager through the budgetary process.

Unassigned - All amounts not included in other spendable classifications.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has five items that are required to be reported in this category: (1) unavailable revenue, is reported only in the governmental funds balance sheet which report unavailable revenues from property taxes, (2) unavailable revenue, which represents future amounts due from the Town's leases (3) differences between actual and expected experience, (4) changes in pension plan assumptions and (5) changes in employer proportionate share of the net pension liabilities that are being amortized over future periods and, which are all reported in the statement of net position which reports deferred inflows of resources - Delaware Public Employees Retirement System.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Town has five items that are required to

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

be reported in this category: (1) differences between actual and expected experience, (2) changes in employer proportionate share of the net pension liabilities that are being amortized over future periods, (3) changes in pension assumptions and (4) pension contributions made subsequent to the measurement date related to pensions and (5) differences between projected and actual investment earnings. Accordingly, these items are reported in the statement of net position as deferred outflow of resources - Delaware Public Employees Retirement System.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements, requiring recognition of certain subscription-based information technology arrangements (SBITA) as subscription assets and liabilities for SBITA contracts and licensing arrangements that previously were classified as expenses and recognize amortization of the subscription asset as an outflow of resources over the subscription term. The adoption of this GASB statement did not have a material effect on the financial statements.

Note 2 - Cash and Cash Equivalents

The Town's cash and cash equivalents on deposit with financial institutions are subject to prudent business practices. They are held in federally regulated financial institutions whose balances are covered by the Federal Deposit Insurance Corporation (FDIC). The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. The categories are as follows:

Category 1 - Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department in the Town's name.

Category 3 - Uncollateralized.

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Carrying amounts differ from bank balances as a result of normal reconciling items. A summary of these deposits at June 30, 2023 is shown below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Cash and Cash Equivalents</u>		
Category 1	\$ 250,000	\$ 250,000
Category 2	6,177,312	6,189,879
Category 3	<u> </u>	<u> </u>
<u>Total Cash and Cash Equivalents</u>	<u>\$6,427,312</u>	<u>\$6,439,879</u>

At June 30, 2023, the Town's cash and cash equivalents are comprised of the following:

Carrying value of unrestricted cash and cash equivalents	\$6,397,092
Restricted cash and cash equivalents	<u>30,220</u>
<u>Total</u>	<u>\$6,427,312</u>

Note 3 - Property Taxes

Property taxes are levied on July 1. Town property taxes are recognized when levied since they result in current receivables. The Town bills and collects its own real estate taxes. The schedule for real estate taxes for the fiscal year is as follows:

- July 1 Levy date.
- July - September 30 Face payment period.
- October 1 Penalty period.

Note 4 - Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2023:

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$1,177,588	\$ 941,224		\$2,118,812
Construction in progress	<u>137,741</u>	<u>67,081</u>	<u>\$ 40,976</u>	<u>163,846</u>
 <u>Total Capital Assets Not Being Depreciated</u>	 <u>1,315,329</u>	 <u>1,008,305</u>	 <u>40,976</u>	 <u>2,282,658</u>
Capital assets being depreciated:				
Buildings and improvements	3,729,997	197,876		3,927,873
Furniture and fixtures	157,042	13,767		170,809
Equipment	1,618,731	464,079		2,082,810
Streets	1,635,453	40,977		1,676,430
Transportation equipment - Vehicles	<u>803,497</u>	<u>140,426</u>		<u>943,923</u>
 <u>Total Capital Assets Being Depreciated</u>	 <u>7,944,720</u>	 <u>857,125</u>		 <u>8,801,845</u>
 <u>Less: Accumulated depreciation for:</u>				
Buildings and improvements	1,257,693	100,964		1,358,657
Furniture and fixtures	37,106	9,224		46,330
Equipment	1,419,866	133,059		1,552,925
Streets	911,146	62,336		973,482
Transportation equipment - Vehicles	<u>590,320</u>	<u>87,151</u>		<u>677,471</u>
 <u>Total Accumulated Depreciation</u>	 <u>4,216,131</u>	 <u>392,734</u>		 <u>4,608,865</u>
 <u>Total Capital Assets Being Depreciated, Net</u>	 <u>3,728,589</u>	 <u>464,391</u>		 <u>4,192,980</u>
 <u>Total Capital Assets, Net</u>	 <u>\$5,043,918</u>	 <u>\$1,472,696</u>	 <u>\$ 40,976</u>	 <u>\$6,475,638</u>

Depreciation expense for the year ended June 30, 2023 was charged to the functions of the primary government as follows:

Governmental Activities

General government	\$163,667
Public safety	193,362

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Public works	35,705
<u>Total Depreciation Expense - Governmental Activities</u>	<u>\$392,734</u>

Note 5 - Long-term Debt

A schedule of changes in the long-term debt is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$2,425,000		\$60,000	\$2,365,000	\$60,000
Premium on debts issued	98,408		3,645	94,763	
Total bonds payable	2,523,408		63,645	2,459,763	60,000
Compensated absences	251,544	\$17,905		269,449	
<u>Total</u>	<u>\$2,774,952</u>	<u>\$17,905</u>	<u>\$63,645</u>	<u>\$2,729,212</u>	<u>\$60,000</u>

In 2009, the Town issued \$3,000,000 General Obligation Bonds with a fixed interest rate of 4.375% through the United States Department of Agriculture Rural Development (“USDA”). This loan was refunded by General Obligation bonds issued by the Town in November 2020.

In November 2020, the Town issued General Obligation Bonds series 2020A and 2020B. Series 2020A were issued in the amount of \$2,295,000 and bear interest ranging from 2% to 3%. Series 2020B were issued in the amount of \$230,000 and bear interest ranging from .75% to 1.05%. The purpose of these issues was to refund the outstanding USDA Rural Development Loan, Series 2009. The Town refunded series 2009 to reduce its debt service payments over the next twenty-eight years by \$1,058,395. Payments of principal and interest are due semi-annually. The bonds are secured by property taxes levied within the Town.

Maturities of debt obligations, including interest, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 60,000	\$ 65,733	\$ 125,733
2025	65,000	65,085	130,085

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

2026	70,000	64,400	134,400
2027	70,000	63,525	133,525
2028	70,000	61,950	131,950
2029-2033	380,000	252,000	632,000
2034-2038	445,000	221,550	666,550
2039-2043	510,000	151,200	661,200
2044-2048	<u>695,000</u>	<u>73,050</u>	<u>768,050</u>
<u>Total</u>	<u>\$2,365,000</u>	<u>\$1,018,493</u>	<u>\$3,383,493</u>

Note 6 - State of Delaware Municipal Police/Firefighter Pension Plan

The Town participates in the State of Delaware Municipal Police/Firefighter Pension Plan for uniformed police officers whose employment with the Town started on or after July 1, 1989. This is a “multiple-employer, cost-sharing” contributory pension plan, with the employee contributing 7% of gross salary exclusive of overtime. The Town’s employer contributions are based upon actuarial valuations and was 11.34% of covered payroll for the year ended June 30, 2023. The total amount contributed by the Town for the year ended June 30, 2023 is \$73,649 of which \$66,548 was reimbursed by the State of Delaware.

This contribution covers the Town’s total liability for funding, as determined by the State of Delaware. The pension plan is managed by the State of Delaware. The Comprehensive Annual Financial Report of the Delaware Public Employees’ Retirement System can be obtained from the Office of Pension, McArde Building, Suite #1, 860 Silver Lake Blvd., Dover, Delaware 19904.

The State of Delaware Municipal Police/Firefighter Pension Plan provides benefits equal to 2½% of final average monthly compensation for up to twenty years of service and 3½% of final average compensation for up to twenty years of service, multiplied by years of service in excess of twenty years. Vesting occurs after five years of credited service, retirement is sixty-two with five years of service, age plus credited service (but not less than ten years) equals seventy-five, or twenty years of service.

Disability benefits paid to a participant who is totally disabled in the performance of duty are 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents. Partial disability benefits for duty-related or ordinary disability are calculated the same as a service pension (subject to maximum and minimum limitations).

If a retired participant dies, the eligible survivor receives a minimum of 50% of the monthly benefit. If any active employee dies, the survivor receives 75% of the monthly benefit that the employee would have received at age sixty-two. If the employee is killed in

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

the line of duty, the survivor receives 75% of the monthly benefit. The member also receives a \$7,000 burial benefit.

The total pension asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions, applied to all periods:

Significant actuarial assumptions are as follows:

Actuarial Cost Method - Entry Age Normal
Amortization Method - Level Percent Open
Remaining Amortization Period - 7 Years
Asset Valuation Method - 5 Year Smoothed Market
Actuarial Assumptions:
Investment Rate of Return - 7.0%
Projected Salary Increases - 2.5% + Merit
Inflation - 2.5%
Cost-of-Living Adjustments - 0.00%

The total pension liabilities (assets) are measured based on the assumptions pertaining to the interest rates, inflation rates, and employee demographics behavior in future years. It is likely that future experiences 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 Pub-2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 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 consideration relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

Assets of the plan are managed by many investment firms approved by the State Pension Board. Details are available from the Office of Pensions, Dover, Delaware.

Pension Liability (Asset) and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2023, the Town reported a pension asset of \$64,565 for its proportionate

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by rolling forward the plan's total pension liability as of June 30, 2021 to June 30, 2022. The Town's proportion of the net pension asset was calculated utilizing the employer's one-year actual reported contributions. At June 30, 2022, the Town's proportion was 0.6141%, which was an increase of 0.0700% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized a net negative pension expense of \$58,099. At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual investment earnings	\$ 106,976	
Difference between actual and expected experience	109,815	\$ 26,844
Change of assumptions	23,230	52,421
Changes in proportions	3,545	20,081
Contributions subsequent to the measurement date	<u>73,648</u>	
	<u>\$ 317,214</u>	<u>\$ 99,346</u>

An amount of \$73,648 is reported as deferred outflows of resources resulting from the Town's contribution subsequent to the measurement date (June 30, 2022) and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts will be reported as deferred outflows and inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year ended June 30,	
2024	(\$ 9,423)
2025	(19,432)
2026	(1,330)
2027	170,273
2028	7,893
Thereafter	<u>(3,761)</u>
	<u>(\$ 144,220)</u>

The differences between expected and actual experience and projected and actual investment earnings are amortized over the average of the expected remaining service life

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

of active and inactive members, which is 9 years for the 2022 amounts.

The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.0% is amortized over a closed period of 5 years.

The long-term expected rate of return on pension plan investments was determined using the 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system'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 cash equivalents	0.0%	8.1%

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

The following presents the collective net pension liability (asset), calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Town's proportionate share of the net pension (asset) liability	\$429,594	(\$ 64,565)	(\$ 467,207)

Pension Plan Fiduciary Net Position

Detailed information about Delaware Public Employees' Retirement Systems' fiduciary net position is available in Delaware Public Employees' Retirement System Comprehensive Annual Financial Report, which is available from the pension office in Dover, Delaware.

Note 7 - State of Delaware County and Municipal Other Employees' Pension Plan

The Town participates in the State of Delaware County and Municipal Other Employees' Pension Plan. This is a "multiple-employer, cost-sharing" contributory pension plan, with the employee contributing 3% of gross salary. The Town's employer contributions are based upon actuarial valuations and was 5.55% of covered payroll for the year ended June 30, 2023. The total amount contributed by the Town for the year ended June 30, 2023 is \$13,887.

This contribution covers the Town's total liability for funding, as determined by the State of Delaware. The pension plan is managed by the State of Delaware. The Comprehensive Annual Financial Report of the Delaware Public Employees' Retirement System can be obtained from the Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Blvd., Dover, Delaware 19904.

The State of Delaware County and Municipal Other Employees' Pension Plan provides benefits equal to 1/60th of final average monthly compensation, multiplied by years of credited service, subject to maximum limitations. Vesting occurs after five years of credited service; and retirement is at age sixty-two with five years of service, age sixty with fifteen years of service or thirty years of service.

Disability benefits paid to a participant are the same as service benefits.

If an active employee who is receiving a pension dies, the survivor receives 50% of the

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

pension. If an employee who has years of service dies, the eligible survivor receives 50% of the pension that the employee would have received at age sixty-two.

The total pension asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the total pension liability to June 30, 2022. These actuarial valuations used the following actuarial assumptions, applied to all periods:

Significant actuarial assumptions are as follows:

Actuarial Cost Method - Entry Age Normal
Amortization Method - Level Percent Open
Remaining Amortization Period - 7 Years
Asset Valuation Method - 5 Year Smoothed Market
Actuarial Assumptions:
Investment Rate of Return - 7.0%
Projected Salary Increases - 2.5% + Merit
Inflation - 2.50%
Cost-Of-Living Adjustments - 0.0%

The total pension liabilities (assets) are measured based on the assumptions pertaining to the interest rates, inflation rates, and employee demographics behavior in future years. It is likely that future experiences 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 rates were based on the Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants and disabled retirees and an adjusted version on MP-2020 mortality improvement scale on a fully generational basis.

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 consideration relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

Assets of the plan are managed by many investment firms approved by the State Pension Board. Details are available from the Office of Pensions, Dover, Delaware.

Pension Liability (Asset) and Expense, and Deferred Outflows and Inflows of Resources

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

At June 30, 2023, the Town reported a pension asset of \$3,128 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by rolling forward the plan's total pension liability as of June 30, 2021 to June 30, 2022. The Town's proportion of the net pension asset was calculated utilizing the employer's one-year actual reported contributions. At June 30, 2022, the Town's proportion was 0.4610%, which was a decrease of 0.0595% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized net negative pension expense of \$6,453. At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual investment earnings	\$14,076	
Difference between actual and expected experience	12,043	\$ 5,048
Changes in proportions	2,399	4,890
Changes of assumptions	3,251	2,494
Contributions subsequent to the measurement date	<u>13,887</u>	
	<u>\$45,656</u>	<u>\$12,432</u>

An amount of \$13,887 is reported as deferred outflows of resources resulting from the Town's contribution subsequent to the measurement date (June 30, 2022) and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts will be reported as deferred outflows and inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 146
2025	(964)
2026	(1,218)
2027	19,126
2028	330
Thereafter	<u>1,917</u>
	<u>\$19,337</u>

The differences between expected and actual experience and the change in employer proportionate share are amortized over the average of the expected remaining service life of active and inactive members which is 8 years for the 2022 amounts.

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.0% is amortized over a closed period of 5 years.

The long-term expected rate of return on pension plan investments was determined using the 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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system'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 cash equivalents	0.0%	8.1%

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

The following presents the collective net pension liability (asset), calculated using the discount rate of 7.0%, as well as what the net pension liability (asset) 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:

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's proportionate share of the net pension liability (asset)	\$59,109	(\$ 3,128)	(\$ 53,988)

Pension Plan Fiduciary Net Position

Detailed information about Delaware Public Employees' Retirement Systems' fiduciary net position is available in Delaware Public Employees' Retirement System Comprehensive Annual Financial Report, which is available from the pension office in Dover, Delaware.

Note 8 - Compensated Absences

Full-time permanent administrative employees of the Town accrue vacation and sick leave based on their tenure as specified in the employee handbook. Vacation is accrued differently for the police department and is specified in the department's personnel agreement. Police officers accrue based on tenure, contracts and holiday transfers. Upon termination or retirement, administrative employees in good standing are entitled to their vacation accrual maximum of 30 days and one-half of sick accrual up to a maximum of 30 days. Upon termination or retirement of a police officer, vacation accrual is based on tenure and contracts, and one-half of sick time accrual up to a maximum of 60 days.

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report a liability for compensated absences only if they have matured. Historically, the general fund has been responsible for liquidation of the compensated absences associated with governmental activities.

Total accrued compensated absences recorded in the financial statements as of June 30, 2023 are as follows:

	<u>Sick Leave</u>	<u>Vacation Leave</u>
General Government	\$ 11,184	\$ 14,783
Public Works	443	362
Public Safety	<u>132,604</u>	<u>110,072</u>
<u>Total</u>	<u>\$144,231</u>	<u>\$125,217</u>

TOWN OF CAMDEN, DELAWARE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 9 - Risk and Uncertainties

The Town is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various nature for which it purchases insurance.

Note 10 - Fund Balance

The details of the fund balances are included in the balance of Governmental Funds. As described in Note 1, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by Council or the assignment has been changed by the Mayor. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

Note 11 - Unearned Revenues

On March 11, 2021, the Federal government enacted the American Rescue Plan Act of 2021 (ARPA), which included the Loan Fiscal Reserve Fund for local governments. The Town has received their proportionate share from ARPA funding in the amount of \$1,768,068. These restricted federal funds are earned when spent on qualifying expenditures. These federal funds are to be obligated by the Town by December 31, 2024 and expended by December 31, 2026. Qualifying expenditures totaled \$1,747,778 through June 30, 2023.

Note 12 - Leases - Lessor

The Town leases office space to tenants that result in rent revenue reported in the general fund. The Town received \$59,191 in rent revenue and \$959 of interest income during the year ended June 30, 2023.

As of June 30, 2023, the principal and interest requirements to maturity for the lease receivable are as follows:

TOWN OF CAMDEN, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$23,506	\$ 494	\$24,000
2025	<u>11,930</u>	<u>70</u>	<u>12,000</u>
	<u>\$35,436</u>	<u>\$ 564</u>	<u>\$36,000</u>

Note 13 - Related Party Transactions

The Town purchases goods and services from various businesses that are owned by or affiliated with certain members of Council of the Town. These purchases include petroleum supplies and various maintenance services and supplies and are conducted in the normal course of business.

Note 14 - Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact the implementation may have on the financial statements of the Town.

Note 15 - Subsequent Events

The Town has evaluated all subsequent events through March 19, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CAMDEN, DELAWARE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	<u>Original and Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes and assessments	\$ 1,864,070	\$ 1,979,055	\$ 114,985
Licenses and permits	305,836	1,104,340	798,504
Fines, forfeits and costs	47,500	55,488	7,988
Intergovernmental grants	155,912	1,667,435	1,511,523
Charges for services	10,000	16,109	6,109
Rental income	59,160	59,191	31
Interest income	16,350	128,374	112,024
Other revenues	<u>1,600</u>	<u>24,293</u>	<u>22,693</u>
<u>Total Revenues</u>	<u>2,460,428</u>	<u>5,034,285</u>	<u>2,573,857</u>
<u>Expenditures</u>			
General government	838,398	1,050,027	(211,629)
Public safety	1,348,196	1,217,820	130,376
Public works	241,320	1,530,480	(1,289,160)
Debt service	<u>126,333</u>	<u>126,333</u>	<u> </u>
<u>Total Expenditures</u>	<u>2,554,247</u>	<u>3,924,660</u>	<u>(1,370,413)</u>
<u>Excess (Deficiency) of Revenues Over</u> <u>Expenditures Before Other Financing Sources</u>	(93,819)	1,109,625	1,203,444
<u>Other Financing Sources</u>			
Transfers in	<u> </u>	<u>280</u>	<u>280</u>
<u>Excess (Deficiency) of Revenues and Other</u> <u>Financing Sources Over Expenditures</u>	<u>(\$ 93,819)</u>	1,109,905	<u>\$ 1,203,724</u>
<u>Fund Balance - Beginning of year</u>		<u>3,810,925</u>	
<u>Fund Balance - End of year</u>		<u>\$ 4,920,830</u>	

Note 1 - Excess of Expenditures over Appropriations

The general fund incurred expenditures in excess of appropriations in the amount of \$1,500,789 for the year ended June 30, 2023. The expenditures were funded through the use of intergovernmental grants.

TOWN OF CAMDEN, DELAWARE

PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) - DELAWARE MUNICIPAL
POLICE/FIREFIGHTER PENSION PLAN

YEAR ENDED JUNE 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Measurement Date</u>		<u>2017</u>	<u>2016</u>	<u>2015</u>
				<u>2019</u>	<u>2018</u>			
Town's proportionate share of the net pension liability (asset)	0.6141%	0.5441%	0.5146%	0.5116%	0.5630%	0.5521%	0.5717%	0.5455%
Town's proportionate share of the net pension liability (asset)	(\$ 64,565)	(\$ 748,672)	\$ 79,079	\$ 146,958	\$ 129,652	\$ 129,652	\$ 90,882	(\$ 28,750)
Town's covered employee payroll	\$ 639,188	\$ 527,618	\$ 469,163	\$ 452,290	\$ 471,804	\$ 489,125	\$ 499,897	\$ 436,510
Town's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-10.10%	-141.90%	16.86%	32.49%	27.48%	26.51%	18.18%	-6.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.95%	128.19%	96.67%	93.25%	94.10%	97.00%	94.70%	101.97%

TOWN OF CAMDEN, DELAWARE

PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) - DELAWARE COUNTY
AND MUNICIPAL OTHER EMPLOYEES' PENSION PLAN

YEAR ENDED JUNE 30, 2023

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Measurement Date</u>		<u>2017</u>	<u>2016</u>	<u>2015</u>
				<u>2019</u>	<u>2018</u>			
Town's proportionate share of the net pension liability (asset)	0.4610%	0.5205%	0.5928%	0.6519%	0.7020%	0.6900%	1.0100%	0.7760%
Town's proportionate share of the net pension liability (asset)	(\$ 3,128)	(\$ 109,009)	\$ 12,588	\$ 29,863	\$ 22,093	\$ 44,710	\$ 62,575	\$ 331
Town's covered employee payroll	\$ 279,536	\$ 275,813	\$ 290,549	\$ 289,575	\$ 279,803	\$ 256,627	\$ 337,858	\$ 230,046
Town's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-1.12%	-39.52%	4.33%	10.31%	7.90%	17.42%	18.52%	0.14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.79%	127.56%	96.95%	92.74%	94.41%	87.62%	86.38%	99.89%

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF TOWN CONTRIBUTIONS - DELAWARE MUNICIPAL
POLICE/FIREFIGHTER PENSION PLAN

YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Required contribution	\$ 73,649	\$ 102,462	\$ 87,532	\$ 79,007	\$ 75,442	\$ 53,392	\$ 62,468	\$ 57,690
Contribution in relation to the required contribution	<u>73,649</u>	<u>102,462</u>	<u>87,532</u>	<u>79,007</u>	<u>75,442</u>	<u>53,392</u>	<u>62,468</u>	<u>57,690</u>
Contribution deficiency/excess	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Town's covered employee payroll	\$ 649,449	\$ 639,188	\$ 527,618	\$ 469,163	\$ 452,290	\$ 467,531	\$ 453,653	\$ 416,534
Contributions as a percentage of covered employee payroll	11.34%	16.03%	16.59%	16.84%	16.68%	11.42%	13.77%	13.85%

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF TOWN CONTRIBUTIONS - DELAWARE COUNTY AND
MUNICIPAL OTHER EMPLOYEES' PENSION PLAN

YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Required contribution	\$ 13,887	\$ 18,953	\$ 19,679	\$ 21,152	\$ 21,110	\$ 19,838	\$ 17,348	\$ 20,981
Contribution in relation to the required contribution	<u>13,887</u>	<u>18,953</u>	<u>19,679</u>	<u>21,152</u>	<u>21,110</u>	<u>19,838</u>	<u>17,348</u>	<u>20,981</u>
Contribution deficiency/excess	<u>\$ -0-</u>							
Town's covered employee payroll	\$ 250,218	\$ 279,536	\$ 275,813	\$ 290,549	\$ 289,575	\$ 279,803	\$ 256,627	\$ 337,858
Contributions as a percentage of covered employee payroll	5.55%	6.78%	7.13%	7.28%	7.29%	7.09%	6.76%	6.21%

SUPPLEMENTARY INFORMATION

TOWN OF CAMDEN, DELAWARE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

	<u>State Aid to Local Law Enforcement</u>	<u>Special Law Enforcement Assistance Fund</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash and cash equivalents	\$ 50	\$ 50	\$ 1,573	\$ 1,673	\$ 3,136
<u>Total Assets</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 1,573</u>	<u>\$ 1,673</u>	<u>\$ 3,136</u>
<u>FUND BALANCE</u>					
<u>Fund Balances</u>					
Restricted	\$ 50	\$ 50	\$ 1,573	\$ 1,673	\$ 3,136
<u>Total Fund Balance</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 1,573</u>	<u>\$ 1,673</u>	<u>\$ 3,136</u>

TOWN OF CAMDEN, DELAWARE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2023 WITH SUMMARIZED FINANCIAL
INFORMATION AS OF JUNE 30, 2022

	<u>State Aid to Local Law Enforcement</u>	<u>Special Law Enforcement Assistance Fund</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>Total</u>	
				<u>2023</u>	<u>2022</u>
<u>Revenues</u>					
Intergovernmental grants					\$ 6,600
<u>Expenditures</u>					
Public safety	\$ 46		\$ 1,417	\$ 1,463	13,660
<u>Deficiency of Revenues Over Expenditures</u>	(46)		(1,417)	(1,463)	(7,060)
<u>Fund Balance</u> - Beginning of year	96	\$ 50	2,990	3,136	10,196
<u>Fund Balance</u> - End of year	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 1,573</u>	<u>\$ 1,673</u>	<u>\$ 3,136</u>

SINGLE AUDIT SECTION

503 Carr Road, Suite 120
Wilmington, DE 19809
Phone: 302.652.4194
Fax: 302.656.9846

3702 North DuPont Highway
Dover, DE 19901
Phone: 302.730.4560
Fax: 302.730.4562

Toll Free: **888.968.7168**
Website: www.horty.com

**Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required By the Uniform Guidance**

Independent Auditor's Report

To the Honorable Mayor and Members of Council
Town of Camden, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Camden, Delaware's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Camden, Delaware's major federal programs for the year ended June 30, 2023. The Town of Camden, Delaware's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Camden, Delaware complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Compliance section of our report.

We are required to be independent of the Town of Camden, Delaware and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Camden, Delaware's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Camden, Delaware's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Camden, Delaware's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Camden, Delaware's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Camden, Delaware's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Camden, Delaware's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Camden, Delaware's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questions as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Camden, Delaware's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Camden, Delaware's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Camden, Delaware's response was not subjected

To the Honorable Mayor and Members of Council
Town of Camden, Delaware

to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town of Camden, Delaware as of and for the year ended June 30, 2023, and have issued our report thereon dated March 19, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Dover, Delaware
March 19, 2024

Horty & Horty, P.A.

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass- Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation:</u>		
Passed through Delaware Office of Highway Safety (OHS)		
State and Community Highway Safety	20.600	\$ 2,573
Alcohol Open Container Requirements	20.607	<u>3,562</u>
		6,135
<u>U.S. Department of Treasury:</u>		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>1,427,897</u>
		<u>\$1,434,032</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Town of Camden, Delaware under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Camden, Delaware, it is not intended and does not present the financial position, changes in net assets or cash flows of the Town of Camden, Delaware.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Camden, Delaware has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP - Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? X Yes ___ None Reported

Type of auditor's report issued on compliance for major federal programs - Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes ___ No

Identification of major programs:

<u>Program Name</u>	<u>CFDA</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	___ Yes <u> X </u> No

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

II. Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

III. Findings And Questioned Costs For Federal Awards

Reference Number:	2023-001
Prior year Finding:	No
Federal Agency:	U.S. Department of the Treasury
Federal Program:	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing Number:	21.027
Compliance Requirement:	Procurement, Suspension and Debarment
Type of Finding:	Significant Deficiency in Internal control, Noncompliance

Criteria:

Compliance - Per 2 CFR section 200.318, when procuring property, the non-Federal entity must have and use documented procurement procedures, consistent with States, for the acquisition of property or services required under a Federal award or subaward.

Compliance - Per 2 CFR 200.214, restricts awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person
- (c) Adding a clause or condition to the covered transaction with that person.

Control - Per 2 CFR 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Town was unable to provide documentation to support compliance with the required State procurement processes for acquiring property or services. In addition, the Town did not provide support that the suspension and debarment status of the vendor was checked before the contract was awarded.

Context:

For all contracts selected for testing, no support was provided for how the contract was procured. Further, the suspension and debarment status of the vendor was not documented for that contract.

Questioned Costs:

Undetermined.

Cause:

The Town’s internal controls were not sufficient to ensure that applicable procurement policies and Federal suspension and debarment regulations were followed for purchased made for the program.

Effect:

The Town is not compliant with federal and state procurement and suspension and debarment requirements. Failure to adhere to procurement and suspension and debarment policies and procedures may result in obtaining goods and services under terms that are not in the best interest of the Federal program.

Recommendation:

The Town should review and enhance controls and procedures to ensure that it follows the applicable procurement policy and Federal suspension and debarment regulations for all goods and services charged to the program.

TOWN OF CAMDEN, DELAWARE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Views of responsible officials:

We agree with the auditor's recommendation. The Town of Camden, Delaware will review the State's procurement process to satisfy the compliance requirements for the program. The Town of Camden, Delaware will also put procedures in place to check and review each bidder as part of the Federal suspension and debarment policies.



Mayor and Council
Larry Dougherty Sr, Mayor
Darlene Sturgeon, Vice Mayor
Vicki Rhodes, Councilwoman
Daniel Woodall, Councilman
Daniel Ridgley, Councilman

Reference Number: 2023-001

Prior year Finding: No

Federal Agency: U.S. Department of the Treasury

Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Compliance Requirement: Procurement, Suspension and Debarment

Type of Finding: Significant Deficiency in Internal control, Noncompliance

Recommendation:

The Town should review and enhance controls and procedures to ensure that it follows the applicable procurement policy and Federal suspension and debarment regulations for all goods and services charged to the program.

Explanation:

There is no disagreement with the audit finding.

Action taken in response to finding:

The Town of Camden, Delaware will review the State's procurement process to satisfy the compliance requirements for the program. The Town of Camden, Delaware will also put procedures in place to check and review each bidder as part of the Federal suspension and debarment policies.

Name(s) of the contact person(s) responsible for corrective action:

Harold Scott Jr., Town Manager
Malori Lewis, Account Specialist

Planned completion date for corrective action plan:

Procurement training and monitoring, ongoing
Suspension and debarment training and monitoring, ongoing