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Certified Public Accountants

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February 26, 2021

To the Honorable Mayor, Members of City Council, and
Terence J. Williams, City Auditor
City of Wilmington, Delaware
Louis L. Redding, City County Building
800 French Street
Wilmington, DE 19801

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wilmington, Delaware for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2020. Professional standards also require that we communicate to you the following information related to our audit.

We did not audit the financial statements of the following discretely presented component units: Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation and Riverfront Wilmington Business Improvement District, which represent 96.6%, 97.8%, and 77.6%, respectively, of assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the following blended component units: Wilmington Park Trust Fund Commission and Cityfest, Inc. which are reported as nonmajor special revenue funds, which represent 31.8%, 89.0%, and 3.1%, respectively, of assets, fund balance, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Christina Gateway Corporation, Wilmington Parking Authority, Rock Manor Golf Corporation, Wilmington UDAG Corporation, Riverfront Wilmington Business Improvement District, Wilmington Park Trust Fund Commission, and Cityfest, Inc. is based solely on the reports of the other auditors.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. During the year ended June 30, 2020, the City adopted **GASB Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus (business-type activity or enterprise funds).

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Significant Audit Matters - Continued

Qualitative Aspects of Accounting Practices - Continued

We noted no transactions entered into by the City of Wilmington during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates, made by management, affecting the City's financial statements were:

- Estimates of accounts receivable and the associated allowances for doubtful accounts are based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts.
- Pension and post-retirement costs are based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future; examples include assumptions about future employment, mortality, and investment rate of return.
- Self-insurance funds' liabilities for health care, general liability, and workers' compensation are based on actuarial valuations which involve estimates of the value of the amounts of claims and assumptions about the probability of events in the future.
- Depreciation recorded for capital assets is based on estimates of the useful lives of categories of capital assets.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure relating to pension liabilities in Note 15 to the financial statements, details the City's pension liability, fiduciary net position, and net pension liability by plan as of June 30, 2020. Note 15 also provides details of the assumptions the actuary used to calculate the pension liability.
- The disclosures relating to Other Post-Employment Benefits (OPEB) in Note 16 to the financial statements detail required information on the City's total OPEB liability, plan fiduciary net position, and net OPEB liability as of June 30, 2020, as well as disclosures on the City's funding policy, contribution requirements, and actual assumptions.

Significant Audit Matters - Continued

Qualitative Aspects of Accounting Practices - Continued

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Appendix A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Appendix B summarizes material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 26, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Wilmington's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Matters or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the City of Wilmington's auditors. However, these

Significant Audit Matters - Continued

Other Audit Matters or Issues - Continued - discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Several new accounting standards will be effective in the upcoming years that will affect the City's financial statements. The following is an overview of new accounting standards updates that will affect the City's financial statements.

- **GASB Statement No. 87, *Leases***, is effective for the City's financial statements in fiscal year 2022, implementation of the new standard may be difficult and involve a number of complex judgements and changes to systems processes and related internal control over financial reporting. We recommend that the City begin a process of analyzing all of its leasing activities that may be impacted.
- **GASB Statement No. 91, *Conduit Debt Obligations*** is effective for the City's financial statements in fiscal year 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice.

Other Matters

We applied certain limited procedures to the following Required Supplementary Information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

- Management's Discussion and Analysis
- Schedule of Contributions
- Schedule of Changes in the Employer's Net Pensions Liability and Related Ratios
- Schedule of Investment Returns
- Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
- Schedule of Actuarially Determined Contributions - Post Retirement Healthcare Benefit Fund
- Schedule of OPEB Investment Returns - Post Retirement Health Care Benefit Fund

We were engaged to report on the Combining and Individual Fund Financial Statements, the General Fund Schedule of Departmental Expenditures - Budget and Actual, and the Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Honorable Mayor, Members of City Council, and
Terence J. Williams, City Auditor
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Other Matters - Continued

We were not engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Mayor, Members of City Council, and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Belfint, Lyons & Shuman, P.A.

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances
June 30, 2020

Entry Number	Fund	Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Current Year Waived Adjustments								
PAJE # 2	514	Risk Management Fund	BANK - WSFS - CERTS OF DEPOSIT	To adjust interest and CD investment. Per review of	\$ 68,740	\$ -	\$ -	\$ -
	515	Workers' Compensation	BANK - WSFS - CERTS OF DEPOSIT	TD Bank Confirmation received, interest earned in	64,905	-	-	-
	514	Risk Management Fund	INVESTMENT INCOME	FY2020 on bonds that matured June 30, 2020 that	-	-	(68,740)	-
	515	Workers' Compensation	INVESTMENT INCOME	was not recorded.	-	-	(64,905)	-
					<u>\$ 133,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PAJE # 3	226	Delaware Criminal Justice Planning	DEFERRED REVENUE-PROP TAX	To waive an adjustment to correct deferred revenue at	\$ -	\$ 11,414	\$ -	\$ -
	226	Delaware Criminal Justice Planning	FED-MISC-FEDERAL	June 30, 2020.	-	-	(11,414)	-
					<u>\$ -</u>	<u>\$ 11,414</u>	<u>\$ -</u>	<u>\$ -</u>
PAJE # 5	398	Capital Projects - DELDOT	DEFERRED REVENUE-PROP TAX	To waive an adjustment to correct deferred revenue at	\$ -	\$ 14,136	\$ -	\$ -
	398	Capital Projects - DELDOT	DEFERRED REVENUE-PROP TAX	June 30, 2020.	-	36,174	-	-
	398	Capital Projects - DELDOT	FUND BALANCE-UNRESERVED		-	-	(14,136)	-
	398	Capital Projects - DELDOT	STATE CONTRIBUTIONS		-	-	(36,174)	-
					<u>\$ -</u>	<u>\$ 50,310</u>	<u>\$ -</u>	<u>\$ -</u>
					DUE FROM			
PAJE # 6	681	Plan I - Nonuniformed	DUE FROM 680 PENSION INVESTMENT	To waive adjustment of Clarion partnership	\$ 2,977	\$ -	\$ -	\$ -
	682	Plan II - Nonuniformed	DUE FROM 680 PENSION INVESTMENT	investment to June 30, 2020 value per partnership	8,079	-	-	-
	683	Plan III- Nonuniformed	DUE FROM 680 PENSION INVESTMENT	internal June 30, 2020 NAV calculation	48,759	-	-	-
	684	Fire Pension	DUE FROM 680 PENSION INVESTMENT		28,490	-	-	-
	685	Police Pension	DUE FROM 680 PENSION INVESTMENT		53,437	-	-	-
	681	Plan I - Nonuniformed	INVESTMENT INCOME		-	-	(2,977)	-
	682	Plan II - Nonuniformed	INVESTMENT INCOME		-	-	(8,079)	-
	683	Plan III- Nonuniformed	INVESTMENT INCOME		-	-	(48,759)	-
	684	Fire Pension	INVESTMENT INCOME		-	-	(28,490)	-
	685	Police Pension	INVESTMENT INCOME		-	-	(53,437)	-
					<u>\$ 141,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PAJE # 7	101	General Fund	PREPAID ITEMS	To waive adjustment to recorded prepaid subscription	\$ 44,437	\$ -	\$ -	\$ -
	101	General Fund	REP TO MECH OFFICE EQUIPMENT	lease/maintenance plan for the period July 2020	-	-	-	(44,437)
				through March 2021.	<u>\$ 44,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,437)</u>
PAJE # 10	232	Municipal Street Aid	ACCRUED WAGES AND FRINGES	To waive a variance in accrued payroll between the	\$ -	\$ 8,918	\$ -	\$ -
	232	Municipal Street Aid	REGULAR SALARIES	client schedule and the trial balance.	-	-	-	(8,918)
					<u>\$ -</u>	<u>\$ 8,918</u>	<u>\$ -</u>	<u>\$ (8,918)</u>

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances - Continued
June 30, 2020

Entry Number	Fund	Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Current Year Waived Adjustments - Continued								
PAJE # 17	101	General Fund	VOUCHERS PAYABLE	To waive an entry to tie the detailed Accounts	\$ (142,760)	\$ -	\$ -	\$ -
	101	General Fund	MISC SUPPLIES OR PARTS	Payable report by fund to the trial balance	-	-	-	142,760
	226	Delaware Criminal Justice Planning	VOUCHERS PAYABLE	as of June 30, 2020.	(5,755)	-	-	-
	226	Delaware Criminal Justice Planning	MISCELLANEOUS CHARGES-N.O.C		-	-	-	5,755
	231	Municipal Street Aid	VOUCHERS PAYABLE		(1,854)	-	-	-
	231	Municipal Street Aid	ELECTRICITY		-	-	-	1,854
	233	Cable Television Fund	VOUCHERS PAYABLE		1,414	-	-	-
	233	Cable Television Fund	MISC SUPPLIES OR PARTS		-	-	-	(1,414)
	238	National Endowment for the Arts	VOUCHERS PAYABLE		(2,764)	-	-	-
	238	National Endowment for the Arts	PRINTING		-	-	-	2,764
	245	Park Recreation Assistance	VOUCHERS PAYABLE		1,906	-	-	-
	245	Park Recreation Assistance	MISC SUPPLIES OR PARTS		-	-	-	(1,906)
	252	HUD-Community Development	VOUCHERS PAYABLE		159	-	-	-
	252	HUD-Community Development	MISCELLANEOUS CHARGES-N.O.C		-	-	-	(159)
	256	HUD - Emergency Shelter Grant	VOUCHERS PAYABLE		(9,255)	-	-	-
	256	HUD - Emergency Shelter Grant	MISCELLANEOUS PROJECTS		-	-	-	9,255
	399	General Capital Projects Fund	VOUCHERS PAYABLE		20,627	-	-	-
	399	General Capital Projects Fund	UNIFORMS & RELATED EQUIPMENT		-	-	-	(20,627)
	421	Water/Sewer Fund	VOUCHERS PAYABLE		(198,563)	-	-	-
	421	Water/Sewer Fund	MISC SUPPLIES OR PARTS		-	-	-	198,563
					<u>\$ (336,845)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,845</u>
PAJE # 27	801	Government Wide Adjustment Fund	PRINTING	To post projected misstatement in the compensated	\$ -	\$ -	\$ -	\$ 56,212
	801	Government Wide Adjustment Fund	COMPENSATED ABSENCES	absence police balance as of June 30, 2020.	-	(56,212)	-	-
					<u>\$ -</u>	<u>\$ (56,212)</u>	<u>\$ -</u>	<u>\$ 56,212</u>
PAJE # 28	101	General Fund	DEFERRED REVENUE-WAGE TAXES	To waive an entry to adjust wage tax deferred	\$ -	\$ 77,778	\$ -	\$ -
	101	General Fund	WAGE TAX - EMPLOYEE	revenue.	-	-	(77,778)	-
					<u>\$ -</u>	<u>\$ 77,778</u>	<u>\$ -</u>	<u>\$ (77,778)</u>
PAJE # 57	398	Capital Projects - DELDOT	STATE CONTRIBUTIONS	To waive an entry to correct grant revenue and related	\$ -	\$ -	\$ 26,428	\$ -
	398	Capital Projects - DELDOT	DEFERRED REVENUE-PROP TAX	deferred inflows.	-	(26,428)	-	-
	226	Delaware Criminal Justice Planning	STATE CONTRIBUTIONS		-	-	3,572	-
	226	Delaware Criminal Justice Planning	DEFERRED REVENUE-PROP TAX		-	(3,572)	-	-
	252	HUD-Community Development	FED-HUD-CDBG		-	-	7,029	-
	252	HUD-Community Development	DEFERRED REVENUE-PROP TAX		-	(7,029)	-	-
					<u>\$ -</u>	<u>\$ (37,029)</u>	<u>\$ 37,029</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances - Continued
June 30, 2020

Entry Number	Fund	Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Current Year Waived Adjustments - Continued								
PAJE # 58	245	Park Recreation Assistance	FED-MISC-FEDERAL	To waive an entry to correct grant revenue and grant	\$ -	\$ -	\$ -	\$ 9,425
	245	Park Recreation Assistance	DUE FROM STATE GOVERNMENT	receivables.	(9,425)	-	-	-
					<u>\$ (9,425)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,425</u>
PAJE # 60	801	Government Wide Adjustment Fund	CONSTRUCTION IN PROGRESS	To waive an entry to correctly expense grants to WHP	\$ (118,695)	\$ -	\$ -	\$ -
	801	Government Wide Adjustment Fund	IMPROV TO STS OR WATER SYSTEMS	included in June 30, 2020 Construction in Progress	-	-	-	118,695
	398	Capital Projects - DELDOT	VOUCHERS PAYABLE	(government wide) and to adjust for a FY 2021	-	36,300	-	-
	398	Capital Projects - DELDOT	OTHER IMPROVEMENTS	recorded in FY 2020 in the Capital Projects Fund.	-	-	-	(36,300)
					<u>\$ (118,695)</u>	<u>\$ 36,300</u>	<u>\$ -</u>	<u>\$ 82,395</u>
Total Current Year Waived Adjustments					<u>\$ (145,141)</u>	<u>\$ 91,479</u>	<u>\$ -</u>	<u>\$ (368,435)</u>
Reversal of Prior Year Waived Adjustments								
PAJE # 4	801	Government Wide Adjustment Fund	WAGE TAX - EMPLOYEE	To waive an entry to record an adjustment to increase	\$ -	\$ -	\$ -	\$ 131,235
	801	Government Wide Adjustment Fund	DEFERRED REVENUE-WAGE TAXES	deferred wage tax revenue and decrease the	-	-	(131,235)	-
				corresponding revenue.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (131,235)</u>	<u>\$ 131,235</u>
	226	Delaware Criminal Justice Planning	FED-MISC-FEDERAL	To waive an entry to record an adjustment to decrease	\$ -	\$ -	\$ (11,414)	\$ -
	226	Delaware Criminal Justice Planning	DEFERRED REVENUE-PROP TAX	deferred grant revenue and increase the related	-	-	-	11,414
				revenue.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,414)</u>	<u>\$ 11,414</u>
PAJE # 13	245	Park Recreation Assistance	DEFERRED REVENUE-PROP TAX	To waive an entry to record an adjustment to decrease	\$ -	\$ -	\$ -	\$ 14,136
	245	Park Recreation Assistance	FED-MISC-FEDERAL	deferred grant revenue and increase the related	-	-	(14,136)	-
				revenue.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,136)</u>	<u>\$ 14,136</u>
PAJE # 21	801	Government Wide Adjustment Fund	ACCUM DEPR - MACH & EQUIP	To waive an entry to correct the recording of	\$ 132,694	\$ -	\$ -	\$ -
	801	Government Wide Adjustment Fund	FUND BALANCE-UNRESERVED	depreciation expense on IT assets.	-	-	(132,694)	-
					<u>\$ 132,694</u>	<u>\$ -</u>	<u>\$ (132,694)</u>	<u>\$ -</u>
PAJE # 22	515	Workers' Compensation	FUND BALANCE-UNRESERVED	To waive an entry to correct the recording of medical	\$ -	\$ -	\$ (74,191)	\$ -
	514	Risk Management Fund	FUND BALANCE-UNRESERVED	claims for the year ended June 30, 2019. (SI	-	-	74,191	-
	514	Risk Management Fund	INSURANCE CLAIMS	Purposes)	-	-	-	(74,191)
	515	Workers' Compensation	MEDICAL COSTS		-	-	-	24,187
	515	Workers' Compensation	W/C - INDEMNITY		-	-	-	49,659
	515	Workers' Compensation	W/C - OTHER COSTS		-	-	-	345
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances - Continued
June 30, 2020

Entry Number	Fund		Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Reversal of Prior Year Waived Adjustments - Continued									
PAJE # 23	101	General Fund	ACCRUED WAGES AND FRINGES	To waive an entry to adjust the June 30, 2019 payroll liability to actual.	\$ -	\$ -	\$ 113,041	\$ -	\$ -
	101	General Fund	REGULAR SALARIES		-	-	-	-	(92,694)
	101	General Fund	OVERTIME		-	-	-	-	(20,347)
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,041</u>	<u>\$ -</u>	<u>\$ (113,041)</u>
PAJE # 50	421	Water/Sewer Fund	INTEREST - AMORT PREM/DISCOUNT	To waive an entry to adjust June 30, 2019 bond premium and discount to actual.	\$ -	\$ -	\$ -	\$ -	\$ (576,089)
	506	Motor Vehicle	INTEREST - AMORT PREM/DISCOUNT		-	-	-	-	(43,051)
	801	Government Wide Adjustment Fund	INTEREST - AMORT PREM/DISCOUNT		-	-	-	-	(526,060)
	421	Water/Sewer Fund	FUND BALANCE-UNRESERVED		-	-	576,089	-	-
	506	Motor Vehicle	FUND BALANCE-UNRESERVED		-	-	43,051	-	-
	801	Government Wide Adjustment Fund	FUND BALANCE-UNRESERVED		-	-	526,060	-	-
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,145,200</u>	<u>\$ -</u>	<u>\$ (1,145,200)</u>
PAJE # 51	801	Government Wide Adjustment Fund	FUND BALANCE-UNRESERVED	To waive an entry to correct accrued payroll for Police and Fire Officers on Terminal Leave.	\$ -	\$ -	\$ (184,019)	\$ -	\$ -
	801	Government Wide Adjustment Fund	ACCRUED SICK/VACATION ADJ'MT		-	-	-	-	62,068
	801	Government Wide Adjustment Fund	ACCRUED SICK/VACATION ADJ'MT		-	-	-	-	121,951
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ (184,019)</u>	<u>\$ -</u>	<u>\$ 184,019</u>
PAJE # 52	801	Government Wide Adjustment Fund	FUND BALANCE-UNRESERVED	To waive an entry to correct Police compensated absences	\$ -	\$ -	\$ (263,825)	\$ -	\$ -
	801	Government Wide Adjustment Fund	ACCRUED SICK/VACATION ADJ'MT		-	-	-	-	263,825
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ (263,825)</u>	<u>\$ -</u>	<u>\$ 263,825</u>
PAJE # 54	252	HUD-Community Development	FED-HUD-CDBG	To waive an entry to correct grant receivable	\$ -	\$ -	\$ -	\$ (41,358)	\$ -
	252	HUD-Community Development	DUE FROM FEDERAL GOVERNMENT		-	-	-	-	41,358
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,358)</u>	<u>\$ 41,358</u>
PAJE # 55	101	* Opinion Unit Total - Accounts Payable & Expense		To waive an entry to correct the June 30, 2019 accounts payable balance	\$ -	\$ -	\$ (45,565)	\$ -	\$ 45,565
	200	* Opinion Unit Total - Accounts Payable & Expense			-	-	(6,682)	-	6,682
	300	* Opinion Unit Total - Accounts Payable & Expense			-	-	(53,390)	-	53,390
	400	* Opinion Unit Total - Accounts Payable & Expense			-	-	(101,985)	-	101,985
	500	* Opinion Unit Total - Accounts Payable & Expense			-	-	(43,704)	-	43,704
	600	* Opinion Unit Total - Accounts Payable & Expense			-	-	(677)	-	677
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ (252,003)</u>	<u>\$ -</u>	<u>\$ 252,003</u>
PAJE # 56	252	HUD-Community Development	FUND BALANCE-UNRESERVED	To waive an entry to correct grant revenue receivable.	\$ -	\$ -	\$ 48,783	\$ -	\$ -
	252	HUD-Community Development	FED-HUD-CDBG		-	-	-	(48,783)	-
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,783</u>	<u>\$ (48,783)</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances - Continued
June 30, 2020

Entry Number	Fund	Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Reversal of Prior Year Waived Adjustments - Continued								
PAJE # 76	801	Government Wide Adjustment Fund	ACCRUED SICK/VACATION ADJ'MT	To waive an entry to correct the compensated absense	\$ -	\$ -	\$ -	\$ (423,605)
	801	Government Wide Adjustment Fund	COMPENSATED ABSENCES	balance.	-	-	-	-
					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,605</u>	<u>\$ (423,605)</u>
Total Reversal of Prior Year Waived Adjustments					<u>\$ 132,694</u>	<u>\$ -</u>	<u>\$ 741,303</u>	<u>\$ (940,641)</u>

Analysis of Waived Audit Variances by Opinion Unit

			Assets	Liabilities	Fund Balance	Revenues	Expenses
101	General Fund	Net Income	\$ (98,323)	\$ 77,778	\$ 67,476	\$ (77,778)	\$ 30,847
					(46,931)	(77,778)	30,847
		Opinion Unit Total	<u>\$ (98,323)</u>	<u>\$ 77,778</u>	<u>\$ 20,545</u>		
226	Delaware Criminal Justice Planning		\$ (5,755)	\$ 7,842	\$ (11,414)	\$ 3,572	\$ 5,755
231	Municipal Street Aid		(1,854)	-	-	-	1,854
232	Municipal Street Aid		-	8,918	-	-	(8,918)
233	Cable Television Fund		1,414	-	-	-	(1,414)
238	National Endowment for the Arts		(2,764)	-	-	-	2,764
245	Park Recreation Assistance		(7,519)	-	(14,136)	23,561	(1,906)
252	HUD-Community Development		159	(7,029)	48,783	(83,112)	41,199
256	HUD - Emergency Shelter Grant		(9,255)	-	-	-	9,255
200	Waived Entry at Opinion Unit Total		<u>-</u>	<u>-</u>	<u>(6,682)</u>	<u>-</u>	<u>6,682</u>
		Net Income			(708)	(55,979)	55,271
		Opinion Unit Total	<u>\$ (25,574)</u>	<u>\$ 9,731</u>	<u>\$ 15,843</u>		
398	Capital Projects - DELDOT		\$ -	\$ 60,182	\$ -	\$ (23,882)	\$ (36,300)
399	General Capital Projects Fund		20,627	-	-	-	(20,627)
300	Waived Entry at Opinion Unit Total		<u>-</u>	<u>-</u>	<u>(53,390)</u>	<u>-</u>	<u>53,390</u>
		Net Income			(27,419)	(23,882)	(3,537)
		Opinion Unit Total	<u>\$ 20,627</u>	<u>\$ 60,182</u>	<u>\$ (80,809)</u>		

CITY OF WILMINGTON, DELAWARE
Appendix A: Analysis of Waived Audit Variances - Continued
June 30, 2020

Entry Number	Fund	Account Name	Description	Assets	Liabilities	Fund Balance	Revenues	Expenses
Analysis of Waived Audit Variances by Opinion Unit - Continued								
421	Water/Sewer Fund			\$ (198,563)	\$ -	\$ 576,089	\$ -	\$ (377,526)
400	Waived Entry at Opinion Unit Total			<u>-</u>	<u>-</u>	<u>(101,985)</u>	<u>-</u>	<u>101,985</u>
			Net Income			<u>(275,541)</u>	<u>\$ -</u>	<u>\$ (275,541)</u>
			Opinion Unit Total	<u>\$ (198,563)</u>	<u>\$ -</u>	<u>\$ 198,563</u>		
506	Motor Vehicle			\$ -	\$ -	\$ 43,051	\$ -	\$ (43,051)
514	Risk Management Fund			68,740	-	74,191	(68,740)	(74,191)
515	Workers' Compensation			64,905	-	(74,191)	(64,905)	74,191
517	Health & Welfare			-	-	-	-	-
500	Waived Entry at Opinion Unit Total			<u>-</u>	<u>-</u>	<u>(43,704)</u>	<u>-</u>	<u>43,704</u>
			Net Income			<u>(132,992)</u>	<u>\$ (133,645)</u>	<u>\$ 653</u>
			Opinion Unit Total	<u>\$ 133,645</u>	<u>\$ -</u>	<u>\$ (133,645)</u>		
681	Plan I - Nonuniformed			\$ 2,977	\$ -	\$ -	\$ (2,977)	\$ -
682	Plan II - Nonuniformed			8,079	-	-	(8,079)	-
683	Plan III- Nonuniformed			48,759	-	-	(48,759)	-
684	Fire Pension			28,490	-	-	(28,490)	-
685	Police Pension			53,437	-	-	(53,437)	-
600	Waived Entry at Opinion Unit Total			<u>-</u>	<u>-</u>	<u>(677)</u>	<u>-</u>	<u>677</u>
			Net Income			<u>(141,065)</u>	<u>\$ (141,742)</u>	<u>\$ 677</u>
			Opinion Unit Total	<u>\$ 141,742</u>	<u>\$ -</u>	<u>\$ (141,742)</u>		
801	Government Wide Adjustment Fund			\$ 13,999	\$ (56,212)	\$ 237,892	\$ 131,235	\$ (326,914)
101	General Fund			(98,323)	77,778	67,476	(77,778)	30,847
200	Special Revenue Funds			(25,574)	9,731	16,551	(55,979)	55,271
300	Capital Projects Funds			20,627	60,182	(53,390)	(23,882)	(3,537)
500	Internal Service Funds			<u>133,645</u>	<u>-</u>	<u>(653)</u>	<u>(133,645)</u>	<u>653</u>
			Net Income			<u>(403,729)</u>	<u>\$ (160,049)</u>	<u>\$ (243,680)</u>
			Opinion Unit Total	<u>\$ 44,374</u>	<u>\$ 91,479</u>	<u>\$ (135,853)</u>		

CITY OF WILMINGTON, DELAWARE
Appendix B - Corrected Material Misstatements
June 30, 2020

Entry #	Fund	Account Name	Description	Summary by Fund				
				Asset	Liability	Fund Balance	Revenue	Expense
130634	Motor Vehicle Fund	Miscellaneous Receivable	To correct the beginning balance of fixed assets.	\$ (1,577)	\$ -	\$ -	\$ -	\$ -
	Motor Vehicle Fund	Vehicles		(102,956)	-	-	-	-
	Motor Vehicle Fund	Accumulated Depreciation - Vehciles		102,956	-	-	-	-
	Motor Vehicle Fund	Gain/Loss on Sale of Assets		-	-	-	1,577	-
				<u>\$ (1,577)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,577</u>	<u>\$ -</u>
130633	Motor Vehicle Fund	Vehicles	To correct opening fund balance in the Motor Vehicles Fund	\$ 391,929	\$ -	\$ -	\$ -	\$ -
	Motor Vehicle Fund	Construction in Porgress		155,096	-	-	-	-
	Motor Vehicle Fund	Accumulated Depreciation - Vehciles		69,921	-	-	-	-
	Motor Vehicle Fund	Fund Balance		-	-	(616,946)	-	-
				<u>\$ 616,946</u>	<u>\$ -</u>	<u>\$ (616,946)</u>	<u>\$ -</u>	<u>\$ -</u>
130640	General Fund	Due from Water/Sewer Fund	To adjust opening net asset balances in the General Fund and Water/Sewer Fund	\$ 358,165	\$ -	\$ -	\$ -	\$ -
	General Fund	Fund Balance		-	-	(358,165)	-	-
	Water/Sewer Fund	Due to General Fund		(358,165)	-	-	-	-
	Water/Sewer Fund	Fund Balance		-	-	358,165	-	-
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
130639	General Fund	Due From Workers' Compensation Fund	To adjust opening net assets, due to/due from accounts, and equity in pooled cash.	\$ 1,075,596	\$ -	\$ -	\$ -	\$ -
	General Fund	Fund Balance		-	-	2,674,014	-	-
	General Fund	Due From Workers' Compensation Fund		(2,674,014)	-	-	-	-
	General Fund	Equity in Pooled Cash		(1,075,596)	-	-	-	-
	Workers' Compensation Fund	Equity in Pooled Cash		1,075,596	-	-	-	-
	Workers' Compensation Fund	Due To General Fund		-	2,674,014	-	-	-
	Workers' Compensation Fund	Due from Workers' Compensation Fund		-	(1,075,596)	-	-	-
	Workers' Compensation Fund	Fund Balance		-	-	(2,674,014)	-	-
				<u>\$ (1,598,418)</u>	<u>\$ 1,598,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
130595	Water/Sewer Fund	Water/Sewer Revenue	To adjust June 30, 2020 bad debt allowance to actual.	\$ -	\$ -	\$ -	\$ 1,589,658	\$ -
	Water/Sewer Fund	Utility Billing Receivable		(1,589,658)	-	-	-	-
				<u>\$ (1,589,658)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,658</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE
Appendix B - Corrected Material Misstatements - Continued
June 30, 2020

Entry #	Fund	Account Name	Description	Summary by Fund				
				Asset	Liability	Fund Balance	Revenue	Expense
130643	Water/Sewer Fund	Contruction in Progress	To adjust Depreciation in the Water/Sewer Funds	\$ 1,417,334	\$ -	\$ -	\$ -	\$ -
	Water/Sewer Fund	Accumulated Depreciation - Water Meters		894,983	-	-	-	-
	Water/Sewer Fund	Depreciation Expense		-	-	-	-	7,179
	Water/Sewer Fund	Water - Water Lines - Meters		(894,983)	-	-	-	-
	Water/Sewer Fund	Accumulated Depreciation - Water Meters		(7,179)	-	-	-	-
	Water/Sewer Fund	Due to General Fund			(1,417,334)	-	-	-
	Water/Sewer Projects Fund	Due to General Fund		-	1,417,334	-	-	-
	Water/Sewer Projects Fund	Capitalized Expenses - Operating		-	-	-	-	(1,417,334)
				<u>\$ 1,410,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,410,155)</u>
130648	Water/Sewer Fund	Due to the General Fund	To reverse negative retainage	\$ -	\$ 597,272	\$ -	\$ -	\$ -
	Water/Sewer Projects Fund	Capitalized Expenses - Operating		-	-	-	-	597,272
	Water/Sewer Fund	Construction in Progress		(597,272)	-	-	-	-
	Water/Sewer Projects Fund	Due to the General Fund		-	(597,272)	-	-	-
				<u>\$ (597,272)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,272</u>
130661	Government Wide Adjustment Fund	Construction in Progress	To capitalize assets in the Government Wide Fund	\$ 1,036,786	\$ -	\$ -	\$ -	\$ -
	Government Wide Adjustment Fund	Improvement to Water Systems		-	-	-	-	(1,036,786)
				<u>\$ 1,036,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,036,786)</u>
130673	Water/Sewer Fund	Due To General Fund	To reduce fixed assets for refund received from Delmarva power during the current year.	\$ -	\$ 265,402	\$ -	\$ -	\$ -
	Water/Sewer Projects Fund	Capitalized Expenses - Operating		-	-	-	-	265,402
	Water/Sewer Fund	Wastewater - Pump Station and Plants		(265,402)	-	-	-	-
	Water/Sewer Projects Fund	Due To General Fund		-	(265,402)	-	-	-
				<u>\$ (265,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,402</u>
130679	Park Recreation Assistance	Due From State Government	To record summer food program income	\$ 533,505	\$ -	\$ -	\$ -	\$ -
	Park Recreation Assistance	Federal Contributions		-	-	-	(533,505)	-
				<u>\$ 533,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (533,505)</u>	<u>\$ -</u>
130681	Water/Sewer Projects Fund	Series 2017A State Revolving Loan Fund Bond	To remove debt and recievable for undrawn SRF Funds	\$ -	\$ 57,953	\$ -	\$ -	\$ -
	Water/Sewer Projects Fund	Series 2018A State Revolving Loan Fund Bond		-	38,278	-	-	-
	Water/Sewer Projects Fund	Series 2018B State Revolving Loan Fund Bond		-	2,423,289	-	-	-
	Water/Sewer Projects Fund	Series 2019A State Revolving Loan Fund Bond		-	3,483,577	-	-	-
	Water/Sewer Projects Fund	Series 2019D State Revolving Loan Fund Bond		-	4,000,000	-	-	-
	Water/Sewer Projects Fund	Series 2020A State Revolving Loan Fund Bond		-	4,245,589	-	-	-
	Water/Sewer Projects Fund	Due From Federal Government		(14,248,686)	-	-	-	-
				<u>\$ (14,248,686)</u>	<u>\$ 14,248,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WILMINGTON, DELAWARE
Appendix B - Corrected Material Misstatements - Continued
June 30, 2020

Entry #	Fund	Account Name	Description	Summary by Fund				
				Asset	Liability	Fund Balance	Revenue	Expense
130666	General Capital Projects Fund	Street Improvements	To Accrue DELDOT invoice in	\$ -	\$ -	\$ -	\$ -	\$ 50,000
	General Capital Projects Fund	Accrued Expenses	the Capital Projects Fund	-	(50,000)	-	-	-
				<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>
130665	Delaware Criminal Justice Planning	Federal Contributions	To recorded deferred inflows for	\$ -	\$ -	\$ -	\$ 143,813	\$ -
	Delaware Criminal Justice Planning	State Contributions	revenues not received within the	-	-	-	475,759	-
	Delaware Criminal Justice Planning	Deferred Inflow	60 day window.	-	(619,572)	-	-	-
	Special Projects	Federal Contributions		-	-	-	68,796	-
	Special Projects	State Contributions		-	-	-	1,474	-
	Special Projects	State Contributions		-	-	-	259,375	-
	Special Projects Contribution	Deferred Inflow		-	(329,645)	-	-	-
	National Endowment for The Arts	State Contributions		-	-	-	15,370	-
	National Endowment for The Arts	Deferred Inflow		-	(15,370)	-	-	-
	HUD-Community Development	Federal Contributions		-	-	-	5,678	-
	HUD-Community Development	Deferred Inflow		-	(5,678)	-	-	-
	Home for People with AIDS	Federal Contributions		-	-	-	107,097	-
	Home for People with AIDS	Deferred Inflow		-	(107,097)	-	-	-
	Capital Projects - DELDOT	State Contributions		-	-	-	39,999	-
	Capital Projects - DELDOT	State Contributions		-	-	-	497,981	-
	Capital Projects - DELDOT	Deferred Inflow		-	(537,980)	-	-	-
	General Capital Projects Fund	Grant Revenue		-	-	-	495,819	-
	General Capital Projects Fund	Private Contributions		-	-	-	300,760	-
	General Capital Projects Fund	Deferred Inflow		-	(796,579)	-	-	-
				<u>\$ -</u>	<u>\$ (2,411,921)</u>	<u>\$ -</u>	<u>\$ 2,411,921</u>	<u>\$ -</u>
130678	Water/Sewer Fund	Water/Sewer Revenue	To adjust Water/Sewer allowance	\$ -	\$ -	\$ -	\$ 3,796,978	\$ -
	Water/Sewer Fund	Utility Billing Receivable	to actual.	(3,796,978)	-	-	-	-
				<u>\$ (3,796,978)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,796,978</u>	<u>\$ -</u>
130687	Park Recreation Assistance	Food	To accrue Summer Food	\$ -	\$ -	\$ -	\$ -	\$ 207,594
	Park Recreation Assistance	Accrued Expenses	purchases through	-	(207,594)	-	-	-
			June 30, 2020	<u>\$ -</u>	<u>\$ (207,594)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,594</u>
130708	Special Projects Contribution	Police Extra Duty Receivable	To adjust police extra duty	\$ 335,220	\$ -	\$ -	\$ -	\$ -
	Special Projects Contribution	Deferred Inflow	receivable and deferred inflow	-	(335,220)	-	-	-
			for amounts not collected within	<u>\$ 335,220</u>	<u>\$ (335,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			the 60 day window.					

CITY OF WILMINGTON, DELAWARE
Appendix B - Corrected Material Misstatements - Continued
June 30, 2020

Entry #	Fund	Account Name	Description	Summary by Fund				
				Asset	Liability	Fund Balance	Revenue	Expense
130712	Water/Sewer Fund	Due To General Fund	To correct June 30, 2020 State	\$ -	\$ 48,385	\$ -	\$ -	\$ -
	Water/Sewer Projects Fund	Series 2017A SRF	Revovling Loan Fund Balances.	-	-	-	48,385	-
	Water/Sewer Fund	Series 2017A SRF		-	(48,385)	-	-	-
	Water/Sewer Projects Fund	Due To General Fund		-	(48,385)	-	-	-
				<u>\$ -</u>	<u>\$ (48,385)</u>	<u>\$ -</u>	<u>\$ 48,385</u>	<u>\$ -</u>
Total Adjusting Journal Entries				<u>\$ (18,165,379)</u>	<u>\$ 12,793,984</u>	<u>\$ (616,946)</u>	<u>\$ 7,315,014</u>	<u>\$ (1,326,673)</u>

CITY OF WILMINGTON, DELAWARE
Appendix B - Corrected Material Misstatements - Continued
Summary by Fund
June 30, 2020

Entry #	Fund	Account Name	Description	Summary by Fund				
				Asset	Liability	Fund Balance	Revenue	Expense
	General Fund			\$ (2,315,849)	\$ -	\$ 2,315,849	\$ -	\$ -
	Capital Projects - DELDOT			-	(537,980)	-	537,980	-
	General Capital Projects Fund			-	(846,579)	-	796,579	50,000
	Total Capital Projects Fund			-	(1,384,559)	-	1,334,559	50,000
	Delaware Criminal Justice Planning Fund			-	(619,572)	-	619,572	-
	Park Trust Fund			-	-	-	-	-
	Special Projects Contribution			335,220	(664,865)	-	329,645	-
	Cable Television Fund			-	-	-	-	-
	National Endowment for The Arts			-	(15,370)	-	15,370	-
	Park Recreation Assistance			533,505	(207,594)	-	(533,505)	207,594
	HUD-Community Development			-	(5,678)	-	5,678	-
	Housing Strategic Fund			-	-	-	-	-
	Home for People with AIDS			-	(107,097)	-	107,097	-
	DE Neighborhood Stabilization			-	-	-	-	-
	Economic Development Strategic Fund			-	-	-	-	-
	Total Non-Major Funds			868,725	(1,620,176)	-	543,857	207,594
	Water/Sewer Fund			(5,197,320)	(554,660)	358,165	5,386,636	7,179
	Water/Sewer Fund			(14,248,686)	14,754,961	-	48,385	(554,660)
	Total Water / Sewer Fund			(19,446,006)	14,200,301	358,165	5,435,021	(547,481)
	Motor Vehicle			615,369	-	(616,946)	1,577	-
	Risk Management Fund			-	-	-	-	-
	Workers' Compensation			1,075,596	1,598,418	(2,674,014)	-	-
	Health and Welfare			-	-	-	-	-
	Total Internal Service Funds			1,690,965	1,598,418	(3,290,960)	1,577	-
	Plan I - Nonuniformed			-	-	-	-	-
	Plan II - Nonuniformed			-	-	-	-	-
	Plan III- Nonuniformed			-	-	-	-	-
	Fire Pension			-	-	-	-	-
	Police Pension			-	-	-	-	-
	Pension - Healthcare			-	-	-	-	-
	Total Fiduciary Funds			-	-	-	-	-
	Government Wide Adjustment Fund			2,727,751	1,598,418	(3,290,960)	1,577	(1,036,786)
	Total Adjusting Journal Entries			\$ (16,474,414)	\$ 14,392,402	\$ (3,907,906)	\$ 7,316,591	\$ (1,326,673)