



Fort DuPont Redevelopment and Preservation Corporation
Board of Directors Meeting

September 13, 2023 6:00 p.m.

Delaware City Community Center
250 5th Street
Delaware City DE 19706

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes - Fort DuPont Redevelopment and Preservation Corporation Meeting of August 9, 2023
4. Audit Report (George Fournaris)
5. Treasurer's Report
6. Executive Director's Report
7. Committee Reports
 - a. FDRPC Executive Committee Meeting of July 31, 2023
8. Presentation - Strategic Plan (Delaware Alliance for Nonprofit Advancement and Strategic Planning Committee) (This information will be provided in Packet 2)
9. FY 2024 Draft Operating and Capital Budget FY 2024-26 Draft Capital Investment Program (This information will be provided in Packet 3)
10. FY 2024-26 Draft Capital Investment Program (This information will be provided in Packet 3)
11. Delaware City updates
12. Public comment
13. Executive Session (if necessary)
14. Actions to be voted upon from Executive Session (if applicable)
15. Next meeting date: October 11, 2023 – Time to be Determined
16. Adjournment

Please note: Pursuant to 29 Del. C 10004(e)(2), this Agenda may be changed to include additional items including executive sessions or to delete items that arise at the time of the meeting.

Potential executive session pursuant to 29 Del. C. 10004(b)(9) (“Personnel matters in which the names, competency and abilities of individuals employees...are discussed.”)

Potential executive session pursuant to 29 Del. C. 10004(b)(2) (“discussions regarding sales or leases of real property) and 29 Del C. 10004 (b)(6) (discussion of the content of documents, excluded from the definition of “public record,” where such discussion may disclose the contents of such documents).

Potential executive session pursuant to 29 Del. C. 1004 (b)(4) (“Strategy sessions, including those involving legal advice or opinion from an attorney-at-law...”) and 29 Del. C. 10004(b)(6) (discussion of the contents of documents, excluded from the definition of “public record,” where such discussion may disclose the contents of such documents.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
BOARD OF DIRECTORS MEETING

The Fort Dupont Redevelopment and Preservation Corporation Board of Directors meeting was held on August 9, 2023 at the Delaware City Fire Hall, 815 5th Street, Delaware City, with Chair John McMahon presiding. Board members present were Ms. Ruth Ann Miller (Controller General of the State of Delaware), Dr. Courtney Stewart (Office of Management and Budget), Mr. Rony Baltazar-Lopez (Department of State), Mr. Kevin Whittaker (Resident of Delaware City), Ms. Wendy Rogers (Resident of Fort DuPont), Mr. Michael Graci (Resident of Fort DuPont), Mr. David Baylor (Delaware City Manager) (departed at 10:13 a.m.), Mr. David Edgell (Office of State Planning Coordination), Mr. Kurt Foreman (Delaware Prosperity Partnership) (arrived at 8:44 a.m., departed at 10:17 a.m.), and Secretary Shawn Garvin (Department of Natural Resources and Environmental Control (DNREC) (arrived at 8:45 a.m.). Board members absent were Senator Spiros Mantzavinos (Capital Improvements Committee), Representative Sean Matthews (Capital Improvements Committee), and Mr. Douglas Eriksen (Resident of Delaware City).

Staff members present were Mr. Tim Slavin – Executive Director, Ms. Janice Moturi – Deputy Director/Controller, Mr. Bert Scoglietti – Treasurer, and Mr. Richard Forsten and Ms. Pam Scott of Saul Ewing Arnstein and Lehr LLP.

Members of the public present to speak were Ms. Billie Travalini.

CALL TO ORDER

Chair McMahon called the Fort DuPont Redevelopment and Preservation Corporation (FDRPC) Board of Directors meeting to order at 8:30 a.m.

APPROVAL OF MINUTES – FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION (FDRPC) BOARD MEETING OF JUNE 14, 2023

Dr. Stewart moved for approval of the FDRPC Board meeting minutes of June 14, 2023. The motion was seconded by Mr. Baylor and unanimously carried.

TREASURER’S REPORT

Mr. Bert Scoglietti, Treasurer, advised that an operational change had been made and the reports are now being prepared by the FDRPC management team and then reviewed and presented to the Board by him as the Treasurer. He noted that this change provides necessary separation and another level of review.

Mr. Scoglietti noted that the P&L that will be presented is a little different than what they have done in the past and it will basically move some things that have been in the P&L that probably would be better reflected on the balance sheet. He advised that items such as real estate sales, drawing down from loans that they are using to finance improvements will not appear in future P&L statements, but rather will appear on the balance sheet itself. They will periodically present both the P&L and the balance sheet to keep the Board informed. Mr. Scoglietti stated that the changes will better reflect the finances of the FDRPC, as well as institute better accounting practices in terms of what is reported to the Board.

Mr. Scoglietti advised that the report represented changes for two months due to the cancellation of the July 2023 meeting. He reviewed the Budget vs. Actuals: Budget FY23, P&L Draft 1 - FY23 P&L for July 2022 - June 2023 (Exhibit 1) and noted the following:

- **4200 Real Estate Sales – Operations Funding** - \$300,000 was drawn down based on the flexibility given in the mini bond to get through fiscal year on a positive cash basis.
- **6460 Total Environmental Expenses** – this line item is up \$13,000 from \$91,000 to \$104,000.
- **6500 Professional Fees** – this line item is up \$75,000 since April, of which \$53,000, is representative of engineering fees in Marina Village and the roundabout. Approximately \$26,000 is representative of professional fees for Legal and Accounting.
- **6721 Roundabout** - the previous number discussed was \$1.61 million. \$1.66 million is an additional \$50,000, which is the retainage. This project is basically done.
- **7000 Operating Expenses** – this line item is up about \$9,000, but still well under budget.
- **7100 Common Area Maintenance (CAM)** – these charges are up \$60,000, which is expected for the spring and the summer. Approximately \$30,000 was lawn care and \$20,000 was landscaping maintenance.
- **7740 Salaries and Wages** – this line item is up \$80,000 and is still within budget.

Responding to Mr. Forsten, Mr. Scoglietti explained that Net Income shows actual net income of minus \$1.977 million. He noted that it is a fairly large minus number and reminded members that they pulled real estate and the drawdown on the proceeds for improvements out of the report, which is reflected in the numbers.

Mr. Graci moved for acceptance of the Treasurer’s Report, seconded by Mr. Edgell and unanimously carried.

FY 2024 DRAFT OPERATING AND CAPITAL BUDGET AND FY 2024-26 DRAFT CAPITAL INVESTMENT PROGRAM

Mr. Tim Slavin, Executive Director, presented an introductory reading of the draft Fiscal 2024 Operating Capital Budget. He advised that they wanted to use this process not just to solve a math problem but to include the context by which they make decisions. Mr. Slavin noted that the draft budget includes a number of things which help to place it into context, such as a copy of the two audits that were done, a copy of their enabling legislation, and roster of their boards and committees. He added that they want to ensure that this document stands on its own over time and the people looking at what they were proposing and what was approved is presented in numbers as well as context.

Mr. Slavin stated that the numbers really represent a trueing up of the budget because they have moved from a cash-based system to an accrual system. Ms. Janice Moturi, Deputy Director/Controller noted that members would see a mix of them shifting from cash basis to accrual because they are still using the proceeds from the sales last year to balance the budget for this year. She advised that their biggest source of revenue will be appropriations funding, which is currently at 69% of everything that they have. Ms. Moturi stated that they have tried to budget through all of the projects for the year and the major projects are the dip and duplexes.

Mr. Slavin advised members that they would see the projected expenses and revenues in the draft budget and noted that they were tentatively reserving \$1.89 million for capital improvements across the campus.

He cautioned that it does not mean they will have that amount on day one of the fiscal year and would be letting it out in quarterly allotments. Mr. Slavin noted that they have projects that are ready to go now and they would see mobilization as soon as the following week. He advised that they would keep an eye on the costs and stay within their \$1.89 million.

Mr. Slavin noted that the second reading and approval of the budget would take place at the next meeting in September. He advised that they anticipate the carry forward balance will change because they have closed out the books and will have an adjusted carried forward number. Mr. Slavin stated that they also anticipate that in January or February they will be presented with the audited carry forward and that would require a budget adjustment.

Included in the budget was the Capital Investment Plan (CIP), which is a tool that gives a separate identifier to each of their capital projects. It is intended to show where attention to deferred maintenance and campus improvements are needed, how those demands are managed, and to quantify the deferred campus maintenance that was inherited. Mr. Slavin advised that the CIP also allows them to authorize or deauthorize capital projects.

Mr. Scoglietti commended Mr. Slavin on the Capital Investment Plan, noting that it is a great tool for the Board members and the public to see what is on the horizon.

Dr. Stewart moved for acceptance of the FY 2024 Draft Operating and Capital Budget and FY 2024-26 Draft Capital Investment Program. The motion was seconded by Mr. Baylor and unanimously carried.

FINANCIAL AUDIT

Mr. Tim Slavin, Executive Director, advised members that the Fiscal Year 2022 financial audit from Belfink, Lyons, and Shuman had been provided to members and the public for informational purposes. He noted that Mr. George Fournaris would provide a presentation of the audit at the September Board meeting. Mr. Slavin noted that there were comments by the auditor for efficiencies and practices and they have responded to each of those and fixes were already underway and would be in place for FY 2023.

Mr. Graci moved for acceptance of the Financial Audit. The motion was seconded by Mr. Whittaker and unanimously carried.

ACTION ITEM – PURCHASING AND PROCUREMENT THRESHOLDS

Mr. Tim Slavin, Executive Director, reminded members that the Purchasing and Procurement Thresholds was presented at their June 14, 2023 Board meeting for informational purposes and again reviewed the thresholds for members.

Mr. Whittaker moved for approval of the Purchasing and Procurement Thresholds (Exhibit 2). The motion was seconded by Mr. Foreman and unanimously carried.

ACTION ITEM – FINANCIAL RESERVES POLICY

Mr. Tim Slavin, Executive Director, reminded members that the Financial Reserves Policy was presented at their June 14, 2023 Board meeting for informational purposes and he again reviewed the policy for members.

Mr. Foreman moved for approval of the Financial Reserves Policy (Exhibit 3). The motion was seconded by Mr. Edgell and unanimously carried.

EXECUTIVE DIRECTOR'S REPORT

Mr. Slavin reviewed the Executive Director's Monthly Report For the period June 1 to July 31, 2023 and noted the following project updates:

Operations

- **Legislative Year** - The legislative year was successfully closed with two minor changes added to the mini bond bill and epilogue language in the bond bill. FDRPC was level funded in the bond bill at \$2.25 million

Capital Projects

There was a pent-up demand for capital projects after the entranceway and roundabout projects were completed. Projects were put on hold to ensure that they finished the year in a healthy financial position, which they did, and they are now ready to proceed with the following projects:

- **Old Elm Avenue** - In the first quarter of Fiscal Year 2024, the Old Elm Avenue project that includes the connection to the roundabout, or the dip, and the top coat of asphalt all the way down Old Elm Avenue will be completed. An award was made to A-Del Construction and it is anticipated that the project will be complete before the weather hits in later October. Once this project is complete, all of the streets will be fully dedicated to Delaware City.
- **Chapel and Theater** – The additional funding that had been requested in the bond bill was not received and other funding is being sought. Mr. Shane Martin, FDRPC Construction Project Manager, will be the general contractor and will begin the process by testing both of the sites for any remaining hazardous materials and, if necessary, remediating the materials.

The exterior of the theater needs new doors and the chapel has some window work that has to be completed in the front porch area. The intent is to have the interior of both buildings in broom-swept condition and have the exteriors completed in the first quarter of FY24.

Other Activities

- **Strategic Plan Public Engagement** – The Delaware Alliance for Nonprofit Advancement (DANA) strategic planning process is proving to be very beneficial and has informed the Strategic Planning Committee of what the community wants from the FDRPC. They have listened to the staff and the community and have worked through the process of mission, vision, values, and some of the objective strategies. The strategic plan will be presented to the Board for discussion in September and a September 19, 2023 public session to present the plan to the community is planned.

- **Review Committees** – Chair McMahon has appointed a Finance and Audit Committee, which will be chaired by Michael Graci, a Land Use Planning Committee, which will be chaired by David Edgell, and a Maintenance Committee which will be chaired by Kevin Whittaker. The Finance and Audit Committee will oversee, guide and ensure compliance and make recommendations to the Board.

The Land Use Planning Committee will be used to re-vet and challenge the assumptions on their conceptual plan. A year ago, the conceptual plan was frozen and accepted. They are now beginning the process of looking at some of the assumptions that got them to some of the decisions that may be eligible for rethinking in that plan.

The Maintenance Committee is required by the Declaration of Covenants and it is the committee that looks at the Common Area Maintenance (CAM) fees and makes recommendations to the Board if, and only if, an assessment is necessary to property owners on the site.

The appointment of all five of the standing committees total 30 appointments. One of the criticisms and suggestions heard from the community was more opportunity for involvement from the local community. As a result, 18 of the 30 appointments across the 5 committees will be residents of Delaware City and Fort DuPont.

- **Cultivation Activities**

Campus Tours – Between 10 and 15 separate tours of the campus were given to legislators, private investors, developers, public agencies, and private support groups.

State of the County Event – The response from a five-minute overview of what they are doing at Fort DuPont has been tremendous and has resulted in a number of leads and follow up.

Community Meeting – A community meeting is being planned for the first week of September.

Fort DuPont Resident's Fall Event - October 13, 2023 has been selected as the date for a Fort DuPont resident's fall event.

- **Future FDRPC Meetings** - One of the things they have heard from the community is that a weekday meeting at 8:30 a.m. shuts people out from participating in the meeting. Members of the community have requested consideration of late afternoon or early evening meetings so that they may participate. Afternoon meetings will conflict with the legislative calendar for six months and would hinder their ability to get a quorum and participation of the Board. Mr. Slavin suggested moving the meeting times at different months or holding less frequent meetings, but one of the drivers is the need for the public to participate. He noted that they are required to hold the meetings in Delaware City. Mr. Slavin stated that he would continue to work on this issue.

Mr. Foreman moved for acceptance of the Executive Director's Report, seconded by Mr. Whittaker and unanimously carried.

COMMITTEE REPORTS

Design and Historic Preservation Committee Meeting of June 6, 2023

Mr. Tim Slavin, Executive Director, reviewed the Design and Historic Preservation Committee Report of June 6, 2023.

By unanimous consent, the Design and Historic Preservation Committee Report of June 6, 2023 was accepted.

FDRPC Executive Committee Meeting of June 30, 2023

Dr. Courtney Stewart, (Office of Management and Budget), reviewed the FDRPC Executive Committee Report of June 30, 2023.

Mr. Edgell moved for acceptance of the Executive Committee Report of June 30, 2023. The motion was seconded by Mr. Baylor and unanimously carried.

RESOLUTION RECOGNIZING THE SERVICE OF DAVID BAYLOR TO FDRPC

Mr. Tim Slavin, Executive Director, read the Resolution into the record, as follows:

WHEREAS, David Baylor has served the Fort DuPont and Redevelopment Corporation since August 13, 2019, and has served with distinction until August 9, 2023; and

WHEREAS, during his years of service to the Fort DuPont Redevelopment and Preservation Corporation he has served in the position of Vice-Chair and Acting Chair of the Board of Directors; and

WHEREAS, throughout his tenure, David Baylor has displayed a professional approach to his duties and a quality of leadership that fostered civility and respect for his colleagues and for members of the public; and

WHEREAS, throughout his tenure served a model public servant, always allowing for public dialogue and representing the needs of Delaware City; and

WHEREAS, the Fort DuPont Redevelopment and Preservation Corporation has benefitted from David Baylor's insight and knowledge and character; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Fort DuPont Redevelopment and Preservation Corporation express their gratitude to David Baylor for the many hours of public service he gave and express their sincere appreciation to him.

ADOPTED: AUGUST 9, 2023

Chair McMahon noted that he has known Mr. Baylor for quite a few years and recalled the various committees they served on together. He stated that he was extremely grateful for the opportunity to work with him.

Secretary Shawn Garvin, DNREC, stated that he has known Mr. Baylor for a very long time with both of them in different positions over time. He thanked Mr. Baylor for his leadership and advocacy on behalf of Delaware City and agreed that there has been an evolution and a growing partnership with Delaware City that puts them in a very good position. Secretary Garvin advised that it is still going to take a lot of conscious work on everyone's behalf to bring it to fruition. He congratulated Mr. Baylor on his new position.

Mr. Baylor thanked members for the recognition and stated that he thought Delaware City and Fort DuPont were starting to come together as one community. Noting that one of the things with leadership and community service is to try to leave a place better than you found it, Mr. Baylor stated that the FDRPC Board is in better shape than when he first stepped onto it. That's not condemning the people that were here in the past, it's just praising the current leadership that has taken them in a good direction.

DELAWARE CITY UPDATES

Mr. David Baylor, Delaware City Manager, reported that a National Night Out was held on August 1, 2023 and there was a good turnout from both the Delaware City and Fort DuPont communities. He noted that DNREC Parks provided tours and it was a nice community event. Mr. Baylor also advised that Ms. Wendy Rogers has been helping them get Delaware City Day up and running.

Secretary Shawn Garvin, DNREC, reported that work with the Army Corp of Engineers on the Branch Canal issue continues. He noted Mr. Will Kassab, the DNREC attorney assigned to that discussion, just left to join the EPA and they are figuring out who will be assigned to those conversations. Secretary Garvin stated that it feeds into the larger conversation of what is going to happen at that part of the Fort DuPont site.

Mr. Baylor introduced Ms. Michelle Graham, the Finance Manager for Delaware City, and noted that she is now the acting City Manager. He advised that Ms. Graham had been a part of his team at Town Hall since he became the Acting City Manager and she is well versed on all the issues they have dealt with over time. Mr. Baylor stated that she and he would continue to remain in communication. Ms. Graham stated that she was looking forward to working with the Board.

PUBLIC COMMENT

Ms. Billie Travalini advised that she was an advocate for the mentally ill and children. She stated that she was placed into foster care and Governor Bacon Health Center and noted that many of the children there had emotional problems because they were beaten or abused. Ms. Travalini implored the Fort DuPont Redevelopment and Preservation Corporation and the State of Delaware to acknowledge the 1000s of children who were placed at Governor Bacon and remember them in a meaningful way. She suggested a cultural arts center with programs for children.

RECESS INTO EXECUTIVE SESSION – LEGAL AND PERSONNEL MATTERS

Mr. Baylor moved to recess into executive session, seconded by Mr. Foreman and unanimously carried.

Meeting recessed at 9:19 a.m.

Meeting reconvened at 10:20 a.m.

ACTIONS TO BE VOTED UPON FROM EXECUTIVE SESSION

Secretary Garvin moved for acceptance of the recommendation of the Executive Committee on the Executive Director's compensation. The motion was seconded by Dr. Stewart and unanimously carried.

Dr. Stewart moved to refinance with Applied Bank, as discussed in the executive session. The motion was seconded by Secretary Garvin and unanimously carried.

ADJOURNMENT

Mr. Edgell moved for adjournment, seconded by Dr. Stewart and unanimously carried.

Meeting Adjourned at 10:21 a.m.

Exhibits

Exhibit 1 – Budget vs. Actuals: Budget FY23, P&L Draft 1 - FY23 P&L for July 2022 - June 2023

Exhibit 2 – Purchasing and Procurement Thresholds

Exhibit 3 – Financial Reserves Policy

APPROVED: * September 13, 2023

Fort DuPont Redevelopment and Preservation Corporation
Budget vs. Actuals: Budget_FY23_P&L Draft 1 - FY23 P&L
July 2022 - June 2023

	Total			
	Actual	Budget	over Budget	% of Budget
Income				
4010 State Appropriation	2,575,000.00	2,250,000.00	\$ 325,000.00	14%
4100 RENTAL INCOME	84,335.04	0.00	84,335.04	
4100-15 Building 15	5,760.00	17,280.00	(11,520.00)	-67%
4100-25 Building 25	14,800.00	42,000.00	(27,200.00)	-65%
4100-43 Building 43	11,600.00	34,800.00	(23,200.00)	-67%
4100-45 Building 45	9,650.00	46,800.00	(37,150.00)	-79%
4100-OM OMB	9,315.00	9,315.00	-	0%
4110 SPECIAL EVENT REVENUE	1,100.00	0.00	1,100.00	
4111 Misc Events	5,250.00	6,700.00	(1,450.00)	-22%
Total 4110 SPECIAL EVENT REVENUE	\$ 6,350.00	\$ 6,700.00	\$ (350.00)	-5%
4130 CAM REVENUE	0.00	0.00	-	
4131 Lawncare - CAM (State Tenants)	3,200.00	16,040.00	(12,840.00)	-80%
4132 Snow/Ice - CAM (State Tenants)	12,514.00	25,112.00	(12,598.00)	-50%
Total 4130 CAM REVENUE	\$ 15,714.00	\$ 41,152.00	\$ (25,438.00)	-62%
4150 TENANT REIMBURSEMENTS	0.00	0.00	-	
4151 Utility Reimbursements	104,182.72	100,000.00	4,182.72	4%
Total 4150 TENANT REIMBURSEMENTS	\$ 104,182.72	\$ 100,000.00	\$ 4,182.72	4%
Total 4100 RENTAL INCOME	\$ 261,706.76	\$ 378,907.00	\$ (117,200.24)	-31%
4200 REAL ESTATE SALES	-3,546.39	0.00	(3,546.39)	
Operations Funding	300,000.00			
Total Income	\$ 3,133,160.37	\$ 3,807,333.00	\$ (674,172.63)	-18%
Gross Profit	\$ 3,133,160.37	\$ 3,807,333.00	\$ (674,172.63)	-18%
Expenses				
			0.00	-
6030 Bank Charges	381.07	0.00	381.07	
6400 Building Improvements{77}	2,900.00	0.00	2,900.00	
6409c 09c Painting-Interior	-99.71	0.00	(99.71)	
6417 Supplies & Materials	2,426.97	0.00	2,426.97	
Total 6400 Building Improvements{77}	\$ 5,227.26	\$ 0.00	\$ 5,227.26	
6460 ENVIRONMENTAL	93,573.12	0.00	93,573.12	
6464 Soil Analysis	11,282.50	50,000.00	(38,717.50)	-77%
Total 6460 ENVIRONMENTAL	\$ 104,855.62	\$ 50,000.00	\$ 54,855.62	110%
6480 SPECIAL EVENT EXPENSES	500.00	0.00	500.00	

	Total			
	Actual	Budget	over Budget	% of Budget
6500 PROFESSIONAL FEES	4,246.70	0.00	4,246.70	
6505 Prof Fees - Engineering	10,287.25	0.00	10,287.25	
6505-01 Marina	1,500.00	200,000.00	(198,500.00)	-99%
6505-02 Master Planning	26,243.75	50,000.00	(23,756.25)	-48%
6505-03 Canal District	1,571.08	0.00	1,571.08	
6505-04 Roads/Utilities	940.50	100,000.00	(99,059.50)	-99%
6505-05 Bike Path	98,021.25	0.00	27,222.50	
6505-08 Geotechnical	17,055.90	0.00	17,055.90	
6505-09 Round-a-bout	52,186.25	25,000.00	27,186.25	109%
6505-12 OBL Duplexes	685.00	15,000.00	(14,315.00)	-95%
6505-14 Marina Village	68,396.25	0.00	68,396.25	
6505-15 Park & Recreation	1,850.00	50,000.00	(48,150.00)	-96%
6505-20 Branch Canal	12,894.75	0.00	12,894.75	
Total 6505 Prof Fees - Engineering	\$ 291,631.98	\$ 475,000.00	\$ (183,368.02)	-39%
6515 Prof Fees - Architectural	240.00	10,000.00	(9,760.00)	-98%
6520R Prof Fees - Legal	260,126.47	250,000.00	10,126.47	4%
6525R Prof Fees - Accounting	43,904.00	50,000.00	(6,096.00)	-12%
6545 Roadways/Utilities	7,986.00	0.00	7,986.00	
Total 6500 PROFESSIONAL FEES	\$ 608,135.15	\$ 793,500.00	\$ (185,364.85)	-23%
6535 PERMITTING	8,387.34	0.00	8,387.34	
6600R FEES - OTHER	5,499.50	0.00	5,499.50	
6606 Permit Fees	5,487.04	5,000.00	487.04	10%
6610 Bank Fees	131.72	4,000.00	(3,868.28)	-97%
6625 Bank Charges	16.95	0.00	16.95	
6627 Applied Bank Fees	8,905.53	0.00	8,905.53	
Total 6625 Bank Charges	\$ 8,922.48	\$ 0.00	\$ 8,922.48	
6631 Del City Rental Tax	3,988.68	0.00	3,988.68	
Total 6600R FEES - OTHER	\$ 24,029.42	\$ 18,500.00	\$ 5,529.42	30%
6700 IMPROVEMENTS	19,295.67	0.00	19,295.67	
6704 Building 45-1308 Officers Row	19,567.00	0.00	19,567.00	
6706 Building 15-Post Headquarters	0.00	0.00	-	
6712 Building 24-Theater	826.00	0.00	826.00	
6716 Canal District	24,354.00	0.00	24,354.00	
6716.30 Roads/Utilities	139,000.00	0.00	139,000.00	
Total 6716 Canal District	\$ 163,354.00	\$ 0.00	\$ 163,354.00	
6717 Site Utilities	2,330.56	0.00	2,330.56	
6721 Roundabout	1,660,204.20	0.00	1,660,204.20	
6724 Marina	23,517.50	0.00	23,517.50	
6734 Building 23-Band Barracks	5,090.00	0.00	5,090.00	
6735 Landscaping	120.00	0.00	120.00	
6738 Duplexes on OBL	0.00	623,426.00	(623,426.00)	-100%
6738-01 Building 26	278,612.90	0.00	278,612.90	
6738-02 Building 27	258,467.37	0.00	258,467.37	
Total 6738 Duplexes on OBL	\$ 537,080.27	\$ 623,426.00	\$ (86,345.73)	-14%

	Total			
	Actual	Budget	over Budget	% of Budget
6741 Building 30-Stable	370,818.27	0.00	370,818.27	
6744 Maintenance Shop	1,825.00	0.00	1,825.00	
6748 Building 52-Tilton	21,692.22	0.00	21,692.22	
6759 Community Garden	700.92	0.00	700.92	
6766 Old Battery Lane	2,586.75	0.00	2,586.75	
6767 Building 82-POW Building	575.00	0.00	575.00	
6770 DNREC Maintenance Bldg	13,785.08	500,000.00	(486,214.92)	-97%
6772 Park & Recreation Amenities	21,996.00	0.00	21,996.00	
Total 6700 IMPROVEMENTS	\$ 2,865,364.44	\$ 1,223,426.00	\$ 1,641,938.44	134%
6700X Site Evaluation (deleted)	0.00	0.00	-	
6735x Site Design (deleted)	365.00	0.00	365.00	
Total 6700X Site Evaluation (deleted)	\$ 365.00	\$ 0.00	\$ 365.00	
6769 DNREC Relocation	0.00	0.00	-	
6769-05 Repository	22,271.23	0.00	22,271.23	
Total 6769 DNREC Relocation	\$ 22,271.23	\$ 0.00	22,271.23	
6800 SITE UTILITIES	210.15	0.00	210.15	
6810 Electric	183,865.86	85,000.00	98,865.86	116%
6815 Gas	3,935.54	50,000.00	(46,064.46)	-92%
6820 Water	12,524.92	5,000.00	7,524.92	150%
6825 Sewer	11,293.97	5,000.00	6,293.97	126%
6835 Trash	3,681.23	5,000.00	(1,318.77)	-26%
Total 6800 SITE UTILITIES	\$ 215,511.67	\$ 150,000.00	\$ 65,511.67	44%
7000 OPERATING EXPENSES	0.00	0.00	-	
7009 Computer Support	1,153.17	2,500.00	(1,346.83)	-54%
7010 Office Supplies	12,048.68	15,000.00	(2,951.32)	-20%
7025 Meals and Entertainment	75.81	2,000.00	(1,924.19)	-96%
7030 Utilities - Office	8,894.97	5,000.00	3,894.97	78%
7035 Phone/Internet - Office	5,940.90	7,500.00	(1,559.10)	-21%
7040 Repairs & Maintenance	2,551.00	5,000.00	(2,449.00)	-49%
7051 Uniforms	2,801.01	5,000.00	(2,198.99)	-44%
Total 7000 OPERATING EXPENSES	\$ 33,465.54	\$ 72,000.00	\$ (38,534.46)	-54%
7100 COMMON AREA MAINTENANCE	22,253.17	0.00	22,253.17	
7105 Lawn Care	119,958.20	125,000.00	(5,041.80)	-4%
7110 Storm Water Management	3,065.00	30,000.00	(26,935.00)	-90%
7115 Pest Control	1,660.00	5,000.00	(3,340.00)	-67%
7120 Fire & Security Monitoring	4,561.23	20,000.00	(15,438.77)	-77%
7140 Landscaping Maintenance	70,965.41	75,000.00	(4,034.59)	-5%
7141 Auto	2,584.57	15,000.00	(12,415.43)	-83%
7145 Equipment Expense	31,094.11	40,000.00	(8,905.89)	-22%
7146 Supplies	17.99	15,000.00	(14,982.01)	-100%
7830 Utilities	19,047.39	7,500.00	11,547.39	154%
Total 7100 COMMON AREA MAINTENANCE	\$ 275,207.07	\$ 382,500.00	\$ (107,292.93)	-28%
7200 DEBT EXPENSE	0.00	0.00	-	
7205 P & I - Applied Bank PH1	67,945.03			
7206 P & I - Applied OBL Duplexes	55,750.80			
Total 7200 DEBT EXPENSE	\$ 123,695.83	\$ 145,211.00	\$ (21,515.17)	-15%

	Total			
	Actual	Budget	over Budget	% of Budget
7500 MARKETING EXPENSES	400.00	0.00	400.00	
7510 Advertising & Promotion	128.37	24,000.00	(23,871.63)	-99%
7550 Website & Social Media	14,320.67	25,000.00	(10,679.33)	-43%
7555 Marketing - Other	456.00			
Total 7500 MARKETING EXPENSES	\$ 15,305.04	\$ 61,500.00	\$ (46,194.96)	-75%
7700 PAYROLL EXPENDITURES	0.00	0.00	-	
7710 401k	9,102.94	10,000.00	(897.06)	-9%
7720 Employee Benefits - Health	78,571.20	84,000.00	(5,428.80)	-6%
7721 Employee Benefits - Dental	91.02	0.00	91.02	
7730 Payroll Tax Expense	43,489.86	44,327.00	(837.14)	-2%
7740 Salaries & Wages	509,441.25	554,084.00	(533,891.70)	-96%
Total 7740 Salaries & Wages	\$ 509,441.25	\$ 554,084.00	\$ (44,642.75)	-8%
7750 Payroll Service Fees	2,227.44	3,000.00	(772.56)	-26%
Total 7700 PAYROLL EXPENDITURES	\$ 642,923.71	\$ 695,411.00	\$ (52,487.29)	-8%
7850 INSURANCE	3,700.31	0.00	3,700.31	
7851 General Liability	13,445.62	13,446.00	(0.38)	0%
7852 Flood Insurance	7,587.00	0.00	7,587.00	
7853 Property	20,508.11	45,000.00	(24,491.89)	-54%
7855 Workers Comp Insurance	10,226.00	14,000.00	(3,774.00)	-27%
7856 Auto	18,680.95	13,000.00	5,680.95	44%
7857 D & O/ E&O Insurance	11,967.52	2,515.00	9,452.52	376%
7858 Business Owners	3,747.14	1,410.00	2,337.14	166%
Total 7850 INSURANCE	\$ 89,862.65	\$ 93,131.00	\$ (3,268.35)	-4%
Administrative Expenses	1,250.00	0.00	1,250.00	
Legal Fees - Operating	14,113.00	0.00	14,113.00	
Property Management	0.00	0.00	-	
7880 Repair & Maintenance	4,750.00	0.00	4,750.00	
7890 Payroll	0.00	0.00	-	
7900 Security	986.00	0.00	986.00	
7910 Supplies	2,338.54			
Total Property Management	\$ 8,074.54	\$ 0.00	\$ 8,074.54	
Total Expenses	\$ 5,058,925.58	\$ 3,685,179.00	1,373,746.58	37%
Net Operating Income	-\$ 1,925,765.21	\$ 122,154.00	\$ (2,047,919.21)	-1677%
Other Income		0.00	-	
Reimbursed Expenses	1,789.79	0.00	1,789.79	
Total Other Income	\$ 1,789.79	\$ 0.00	\$ 1,789.79	
Other Expenses		0.00	-	
ASK MY ACCOUNTANT	53,394.57	0.00	53,394.57	
Miscellaneous	-65.59			
Total Other Expenses	\$ 53,328.98	\$ 0.00	\$ 53,328.98	
Net Other Income	-\$ 51,539.19	\$ 0.00	\$ (51,539.19)	
Net Income	-\$ 1,977,304.40	\$ 122,154.00	\$ (2,099,458.40)	-1719%

Tuesday, Aug 08, 2023 11:10:52 AM GMT-7 - Accrual Basis



Purchasing and Procurement Thresholds

Materiel and Non-Professional Services

- Less than \$50,000 – Open Market Purchase
- \$50,000 - \$99,999.99 – 3 Written Quotes
- \$100,000 and over – Formal Bid

The threshold for materiel and non-professional services is a yearly cumulative amount for a fiscal year (July 1-June 30).

Public Works

- Less than \$250,000– Open Market Purchase
- \$250,000 to \$399,999.99-- 3 Letter Bids
- \$400,000 and over – Formal Bid

The threshold for Public Works is on a contract-by-contract basis. Contracts may not be fragmented to avoid reaching the dollar amount. Annual thresholds do not apply.

Professional Services

- Less than \$200,000 Open Market
- \$200,000 and over – Formal RFP Process

The threshold for Professional Services is on a contract-by-contract basis. Contracts may not be fragmented to avoid reaching the dollar amount. Annual thresholds do not apply.

Effective Date: _____



Financial Reserves Policy

FDRPC will strive to maintain a minimum **Budget Reserve**, of at least 5% of the current year's operating revenues for the Operating and Capital Project Fund, excluding the carry forward balance. The purpose of the Budget Reserve is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Reserve exceeds the amount as approved in the budget, such funds shall be used as designated by and with the approval of the FDRPC Board of Directors.

Once achieved, at no time should FDRPC's Budget Reserve fall below their specified percentages. If a shortfall occurs in the Budget Reserve and immediately restoring the balances to the specified percentage would cause an extreme burden on FDRPC, the Budget Reserve may, with the approval of the Board of Directors, be restored to the specified percentage within one (1) year, but in any case, no longer than three (3) years.

FDRPC will establish a **Contingency Reserve**. FDRPC may only use monies in the Contingency Reserve to cover emergencies of a non-recurring nature that are over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget. On or before December 31, 2025, the Contingency Reserve shall maintain a balance of at least 1% of the current year's operating revenues for the Operating and Capital Project Fund, excluding the carry forward balance.

FDRPC will create a **Capital Asset Replacement Fund**. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. This fund will be initiated in FY 24 and an annual contribution of \$50,000 shall be budgeted per year until the minimum of \$250,000 is achieved.

Effective date: _____



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July 20, 2023

Fort DuPont Redevelopment and Preservation Corporation
P.O. Box 521
260 Old Elm Avenue
Delaware City, Delaware 19706

We have audited the financial statements of the business-type activities of Fort DuPont Redevelopment and Preservation Corporation (the Organization) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under *Generally Accepted Auditing Standards* and *Government Auditing Standards*, 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 5, 2022 and addenda dated December 20, 2022 and May 17, 2023. Professional standards also require that we communicate to you the following information related to our audit.

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 Organization are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the periods audited. We noted no transactions entered into by the Organization 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 estimate affecting the Organization's financial statements was:

- The estimate of the allocated costs that are capitalized is based on historical experience and on other factors. We evaluated the key factors and assumptions used to develop the allocations and determined that they were reasonable in relation to the financial statements taken as a whole.

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Significant Audit Matters - Continued

Qualitative Aspects of Accounting Practices - Continued

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 of Capital Assets (Note 4) to the financial statements is sensitive due to the significance of the balances disclosed and because of the departure from GAAP in the valuation of the capital assets originally donated to the Organization from the State of Delaware (State).

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

Difficulties Encountered in Performing the Audit

We encountered difficulties in obtaining timely and complete information for performing and completing our audit. However, we encountered no lack of cooperation or significant difficulties in dealing with management.

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. Management has corrected all such misstatements (see Appendix A).

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 July 19, 2023.

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 Organization'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.

Significant Audit Matters - Continued

Other Audit Findings or Issues; Modified Opinion

As described more fully in Note 1 to the financial statements, the Organization has recorded the buildings and improvements, originally donated by the State at insured value, and the land, originally donated by the State, at values assessed for property tax purposes. In our opinion, accounting principles generally accepted in the United States of America require that donated capital assets be recorded at acquisition value, which would change the assets, net position, and expenses of the Organization. The amount by which this departure would affect the assets, net position, and expenses of the Organization has not been determined.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary statements, which accompany the financial statements. 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 over the course of the accounting 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.

Restriction on Use

This information is intended solely for the information and use of management of the Organization, 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.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries
June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
1005	YE Clearing Account		\$ 148,091	\$ -	\$ -	\$ -	\$ -
6700	IMPROVEMENTS		-	-	-	-	14,031
6505-04	PROFESSIONAL FEES: Engineering:Roads/Utilities		-	-	-	-	(8,309)
6505-11	PROFESSIONAL FEES:6505 → Prof Fees - Engineering: 6505-11 → Subdivisions		-	-	-	-	(7,315)
6505-13	PROFESSIONAL FEES:6505 → Prof Fees - Engineering: 6505-13 → Section 6F/106		-	-	-	-	(2,155)
6515	PROFESSIONAL FEES:6515 → Prof Fees - Architectural		-	-	-	-	(1,320)
6520R	PROFESSIONAL FEES:6520R → Prof Fees - Legal		-	-	-	-	(65,976)
6706	IMPROVEMENTS:6706 → Building 15-Post Headquarters		-	-	-	-	(8,340)
6716	IMPROVEMENTS: Canal District	To reverse duplicate of YE clearing	-	-	-	-	(33,827)
6721	IMPROVEMENTS:6721 → Roundabout	a/c entries that pertain to FY 21 and	-	-	-	-	(16,879)
6738	IMPROVEMENTS:6738 → Duplexes on OBL	to reverse YE clearing a/c entry for	-	-	-	-	(2,004)
6741	IMPROVEMENTS:6741 → Building 30-Stable	expense.	-	-	-	-	(1,002)
6810	SITE UTILITIES:6810 → Electric		-	-	-	-	(8,267)
6820	SITE UTILITIES:6820 → Water		-	-	-	-	(242)
6825	SITE UTILITIES:6825 → Sewer		-	-	-	-	(1,916)
7010	OPERATING EXPENSES:7010 → Office Supplies		-	-	-	-	(38)
7120	COMMON AREA MAINTENANCE:7120 → Fire & Security Monitoring		-	-	-	-	(465)
7140	COMMON AREA MAINTENANCE:7140 → Landscaping Maintenance		-	-	-	-	(3,685)
7145	COMMON AREA MAINTENANCE:7145 → Equipment Expense		-	-	-	-	(265)
7146	COMMON AREA MAINTENANCE:7146 → Supplies		-	-	-	-	(92)
7830	COMMON AREA MAINTENANCE:7830 → Utilities		-	-	-	-	(25)
			<u>\$ 148,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (148,091)</u>
1300 CP-2B	Construction in Process:CP-2B Paynter Building	To reclassify \$22,406 capitalized	\$ 22,406	\$ -	\$ -	\$ -	\$ -
4500-53	HTC CREDITS: HTC - Building 53	expense that was recorded in error to	-	-	-	(22,406)	-
		revenue as a debit per LMood.	<u>\$ 22,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,406)</u>	<u>\$ -</u>
1250	Accounts Receivable (A/R)	Post Close Entry to adjust A/R and	\$ 49,998	\$ -	\$ -	\$ -	\$ -
4400	Sales	Sales for Rockwell property sale	-	-	-	(49,998)	-
		transaction added to G/L by client	<u>\$ 49,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,998)</u>	<u>\$ -</u>
		after TB received. Pertains to Lot 41					
		in Canal District.					
1616	Tri Supply Equipment Detail		\$ -	\$ 15,120	\$ -	\$ -	\$ -
2375	WSFS Auto Loan		-	15,299	-	-	-
2400	Applied Bank Construction Loan		-	14,132	-	-	-
2401	Applied Bank Loan#0800		-	250,080	-	-	-
4800	BANK LOANS - BUDGETED PROCEEDS:4811 → OBL Duplexes		-	-	-	324,423	-
7206	DEBT EXPENSE:7206 → P & I - Applied OBL Duplexes		-	-	-	-	54,336
7207	DEBT EXPENSE:7207 → P & I - PH1D		-	-	-	-	80
7208	DEBT EXPENSE:7208 → P & I - OBL Duplexes	To adjust debt balances and lease	-	-	-	-	1,993
7225	DEBT EXPENSE: WSFS Loan	balances for FYE 6/30/2022.	-	-	-	-	2,472
2400	Applied Bank Construction Loan		-	(77,056)	-	-	-
2401	Applied Bank Loan#0800		-	(80)	-	-	-
2402	Applied Bank Loan 0810		-	(324,423)	-	-	-
6627	FEES - OTHER: Bank Charges: Applied Bank Fees		-	-	-	-	(1,993)
7145	COMMON AREA MAINTENANCE:7145 → Equipment Expense		-	-	-	-	(32,891)
7205	DEBT EXPENSE:7205 → P & I - Applied Bank PH1		-	-	-	-	(41,593)
7207	DEBT EXPENSE:7207 → P & I - PH1D		-	-	-	-	(199,900)
			<u>\$ -</u>	<u>\$ (106,927)</u>	<u>\$ -</u>	<u>\$ 324,423</u>	<u>\$ (217,496)</u>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries - Continued

June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
		To adjust opening retained earnings balance for PY expenses and state revenue by reversing transactions in the internal loan accounts. To remove internal loan that is liability in client QB but was a contra expense to the loan expense in PY.	\$ -	\$ -	\$ -	\$ -	\$ -
2900	FDRPC RLF		-	-	-	-	200,000
4010	State Appropriation		-	-	-	200,000	-
7000	OPERATING EXPENSES		-	-	-	-	53,101
32000	Retained Earnings		-	-	(253,101)	-	-
7220	DEBT EXPENSE:7220 -+ FDRPC RLF Repayment		-	-	-	-	(200,000)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ (253,101)</u>	<u>\$ 200,000</u>	<u>\$ 53,101</u>
1300 CP-10	Construction in Process:CP-10 OBL Duplexes		\$ 56,329	\$ -	\$ -	\$ -	\$ -
1300 CP-3	Construction in Process:CP-3 Canal District	To capitalize bank loan interest on construction loans.	5,185	-	-	-	-
7205	DEBT EXPENSE:7205 -+ P & I - Applied Bank PH1		-	-	-	-	(5,185)
7206	DEBT EXPENSE:7206 -+ P & I - Applied OBL Duplexes		-	-	-	-	(54,336)
7208	DEBT EXPENSE:7208 -+ P & I - OBL Duplexes		-	-	-	-	(1,993)
			<u>\$ 61,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,514)</u>
1300 CP-001	Construction in Process: CP-XX Bike Path		\$ 65,085	\$ -	\$ -	\$ -	\$ -
1300 CP-002	Construction in Process: CP-XX POW Bldg 82		37,130	-	-	-	-
1300 CP-003	Construction in Process: DNREC Maintenance Shop		88,763	-	-	-	-
1300 CP-006	Construction in Process: Round-a-bout		27,021	-	-	-	-
1300 CP-007	Construction in Process: CP-XX Park Amenities		18,325	-	-	-	-
1300 CP-10	Construction in Process:CP-10 OBL Duplexes	To capitalize expenses recorded in improvement, cam and professional fee accounts.	92,093	-	-	-	-
1300 CP-18	Construction in Process:CP-18 Campground		3,669	-	-	-	-
1300 CP-21	Construction in Process:CP-21 Pump House		41,215	-	-	-	-
1300 CP-3	Construction in Process:CP-3 Canal District		573,883	-	-	-	-
1300 CP-4	Construction in Process:CP-4 Marina		10,981	-	-	-	-
1318	Building Improvements		47,713	-	-	-	-
1500	Equipment		97,020	-	-	-	-
6020	Assets Transferred to BS		-	-	-	-	(1,072,668)
7141	COMMON AREA MAINTENANCE:7141 -+ Auto		-	-	-	-	(30,230)
			<u>\$ 1,102,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,102,898)</u>
1310	Land	To reclassify land costs for demolished buildings 12 and 13 in FY 22 and to reclassify land costs for building 56.	\$ 982,555	\$ -	\$ -	\$ -	\$ -
1300 CP-12	Construction in Process:CP-12 Building 56		(103,218)	-	-	-	-
1510	Other Building Assets		(773,917)	-	-	-	-
6020	Assets Transferred to BS		-	-	-	-	(105,420)
			<u>\$ 105,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (105,420)</u>
1315	Buildings		\$ 1,107,311	\$ -	\$ -	\$ -	\$ -
1315	Buildings		-	-	-	-	-
1318	Building Improvements		103,629	-	-	-	-
1318	Building Improvements		-	-	-	-	-
1300 CP-2.15	Construction in Process:CP-2 Restoration:Building 15		(663,340)	-	-	-	-
1300 CP-2.23	Construction in Process:CP-2 Restoration:Bldg 23 Bank Barracks		(439,803)	-	-	-	-
1300 CP-2.42	Construction in Process:CP-2 Restoration:Building 42		(26,470)	-	-	-	-
1300 CP-2.43	Construction in Process:CP-2 Restoration:Building 43		(62,389)	-	-	-	-
1300 CP-2A	Construction in Process:CP-2A Admin Office Reno	To reclassify CIP to in service.	(18,938)	-	-	-	-
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
Appendix A - Adjusting Journal Entries - Continued
June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
8000	Value of Real Estate Sold		\$ -	\$ -	\$ -	\$ -	\$ 2,608,831
1300 CP-1	Construction in Process:CP-1 Site Development	To remove assets and transfer costs	(248,243)	-	-	-	-
1300 CP-18	Construction in Process:CP-18 Campground	to costs of real estate sold for canal	(154,492)	-	-	-	-
1300 CP-3	Construction in Process:CP-3 Canal District	district, officer row, and grassdale	(1,926,166)	-	-	-	-
1300 CP-6	Construction in Process:CP-6 Officers Row	property sold.	(124,937)	-	-	-	-
1310	Land		(154,993)	-	-	-	-
			<u>\$ (2,608,831)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,608,831</u>
1400	Note Receivable	To adjust the entry for the grassdale	2,100,000	-	-	-	-
8000	Value of Real Estate Sold	sale revenue and to record expenses,	-	-	-	-	93,072
4209	REAL ESTATE SALES: Grass Dale	expense reimbursements and the	-	-	-	(2,193,072)	-
8000	Value of Real Estate Sold	note receivable for the sale.	-	-	-	-	-
			<u>\$ 2,100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,193,072)</u>	<u>\$ 93,072</u>
4211	REAL ESTATE SALES:4211 -> Marina Village Infrastructure	To remove revenue for a deposit	-	-	-	-	-
2201	Security Deposit - Marina Village	made by Lennar on the Marina	-	(50,000)	-	50,000	-
		Village that is refundable per the	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>
		agreement.					
7300	Depreciation Expense	To post difference in accum dep per	-	-	-	-	29,962
1317	Accumulated Depreciation	BLS calc.	(29,962)	-	-	-	-
			<u>\$ (29,962)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,962</u>
6703	IMPROVEMENTS:6703 -> Building 43-NCO Duplex		-	-	-	-	45,498
6705	IMPROVEMENTS:6705 -> Building 42-NCO Duplex		-	-	-	-	26,470
6706	IMPROVEMENTS:6706 -> Building 15-Post Headquarters		-	-	-	-	14,771
6707	IMPROVEMENTS: Building 53-Barracks(Paynter)		-	-	-	-	22,406
6710	IMPROVEMENTS:6710 -> Batteries		-	-	-	-	173,472
6712	IMPROVEMENTS:6712 -> Building 24-Theater		-	-	-	-	26,216
6713	IMPROVEMENTS:6713 -> Building 55-Chapel		-	-	-	-	210,989
6720	IMPROVEMENTS:6720 -> Old Elm	To post entry to transfer fixed asset	-	-	-	-	12,600
6721	IMPROVEMENTS:6721 -> Roundabout	additions per clients 6/30/22 entry	-	-	-	-	161,627
6722	IMPROVEMENTS: Living Shoreline	through the 6020 account for FS	-	-	-	-	108,006
6724	IMPROVEMENTS:6724 -> Marina	presentation purposes.	-	-	-	-	41,320
6726	IMPROVEMENTS:6726 -> Marina Village Infrastructure		-	-	-	-	750
6734	IMPROVEMENTS:6727 -> Building 23-Band Barracks		-	-	-	-	439,803
6738	IMPROVEMENTS:6738 -> Duplexes on OBL		-	-	-	-	20,119
6738.1	IMPROVEMENTS:6738 -> Duplexes on OBL:6738-01 Building 26		-	-	-	-	463,386
6738.2	IMPROVEMENTS:6738 -> Duplexes on OBL:6738-02 Building 27		-	-	-	-	402,803
6741	IMPROVEMENTS:6741 -> Building 30-Stable		-	-	-	-	122,419
6748	IMPROVEMENTS:6748 -> Building 52-Tilton		-	-	-	-	100,321
6020	Assets Transferred to BS		-	-	-	-	(2,392,975)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION

Appendix A - Adjusting Journal Entries - Continued

June 30, 2022

Account Number	Account Name	Description	Asset	Liability	Net Position	Revenue and Other Support	Expenses
1260	Accrued Interest Receivable		\$ 8,966	\$ -	\$ -	\$ -	\$ -
1270	Lease Receivable		152,639	-	-	-	-
1270	Lease Receivable		(19,815)	-	-	-	-
2260	Deferred Inflow - Leases		-	(152,639)	-	-	-
2260	Deferred Inflow - Leases		-	13,290	-	-	-
32000	Retained Earnings		-	-	19,815	-	-
32000	Retained Earnings	To implement GASB 87 for leases.	-	-	(8,966)	-	-
32000	Retained Earnings		-	-	(13,290)	-	-
4100-DN	RENTAL INCOME:4100-DN -+ DNREC		-	-	-	10,500	-
4100-OM	RENTAL INCOME:4100-OM -+ OMB		-	-	-	9,315	-
1260	Accrued Interest Receivable		(732)	-	-	-	-
1270	Lease Receivable		(10,849)	-	-	-	-
2260	Deferred Inflow - Leases		-	13,290	-	-	-
4950	Lease Interest Revenue		-	-	-	(8,233)	-
4960	Lease Revenue		-	-	-	(13,290)	-
			<u>\$ 130,208</u>	<u>\$ (126,060)</u>	<u>\$ (2,440)</u>	<u>\$ (1,708)</u>	<u>\$ -</u>
	Total Adjustments		<u>\$ 1,081,742</u>	<u>\$ (282,987)</u>	<u>\$ (255,541)</u>	<u>\$ (1,692,761)</u>	<u>\$ 1,149,547</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2022 AND 2021

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
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JUNE 30, 2022

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Independent Auditors' Report

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation
Delaware City, Delaware

Qualified Opinion

We have audited the accompanying financial statements of Fort DuPont Redevelopment and Preservation Corporation (a Component Unit of the State of Delaware) (the Organization) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements referred to above, present fairly, in all material respects, the financial position of Fort DuPont Redevelopment and Preservation Corporation, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fort Dupont Redevelopment and Preservation Corporation, 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 qualified opinion.

Matter Giving Rise to the Qualified Opinion

As described more fully in Note 1 to the financial statements, the Organization has recorded the buildings and improvements, originally donated by the State of Delaware at insured value, and the land, originally donated by the State of Delaware, at values assessed for property tax purposes. In our opinion, accounting principles generally accepted in the United States of America require that donated capital assets be recorded at acquisition value, which

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

would change the assets, net position, and expenses of the Organization. The amount by which this departure affects the assets, net position, and expenses of the Organization has not been determined.

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 Fort Dupont Redevelopment Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may substantial doubt thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fort Dupont Redevelopment Corporation's internal control. Accordingly, no such opinion is expressed.

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Dupont Redevelopment Corporation'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages five through nine, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Fort DuPont Redevelopment and Preservation Corporation. The schedules of operating expenses and capital expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The statements of operating expenses and the statements of capital expenses are the responsibility of management and were derived from and relate 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

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

our opinion, except for the effects on the supplementary information of the qualified opinion on the financial statements, as explained in the *Basis for Qualified Opinion* section of our report, the statements of operating expenses and the statements of capital expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2023, on our consideration of the Fort DuPont Redevelopment and Preservation Corporation'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 Fort DuPont Redevelopment and Preservation Corporation'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 Fort DuPont Redevelopment and Preservation Corporation's internal control over financial reporting and compliance.

Belfint, Lyons & Shurman, P.A.

July 19, 2023
Wilmington, Delaware

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

As management of Fort DuPont Preservation and Redevelopment Corporation (the Organization), we offer readers of the Organization's basic financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information detailed in the audited financial statements. Management's discussion and analysis includes the June 30, 2022, 2021, and 2020 results.

Financial Highlights

- The assets of the Organization exceeded its liabilities as of June 30, 2022, by \$58,574,902 (net position), as compared to \$55,502,388 as of June 30, 2021, and \$54,764,876 as of June 30, 2020. Included in this amount as of June 30, 2022, are net investment in capital assets of \$55,043,731 and unrestricted net position of \$3,592,685.
- The Organization's total net position increased by \$3,072,514 during fiscal year 2022.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the Organization's basic financial statements. The Organization's basic financial statements are comprised of four components: Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements.

The Statements of Net Position present information on all of the Organization's assets, including deferred outflow of resources (as applicable) and liabilities including deferred inflows of resources (as applicable), with the difference reported as Net Position. Over time, increases or decreases in Net Position, when read in conjunction with other data, may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statements of Revenues, Expenses, and Change in Net Position present information showing how the Organization's operations generated revenues and required expenses, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., outstanding invoices.)

The Statements of Cash Flows present information showing the Organization's cash receipts and payments during the fiscal period classified by principal sources and uses segregated into key elements.

Notes to the Financial Statements provide additional information that are essential to a full understanding of the data provided in the financial statements.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2022

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in conformity with U.S. Generally Accepted Accounting Principles (GAAP) applicable to governmental entities as prescribed by the GASB. The Organization is a component unit the State of Delaware. The Organization's activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

Financial Analysis

As noted earlier, Net Position, when read in conjunction with other data, may serve over time as a useful indicator of the financial position of the Organization. The Organization's assets exceeded liabilities by \$58,636,416 at the close of fiscal year 2022 and \$55,502,388 at the close of fiscal year 2021.

Statements of Net Position

	<u>2022</u>	<u>2021 (Restated)</u>	<u>2020</u>
Current Assets	\$ 2,221,028	\$ 510,790	\$ 223,234
Non-Current Assets	2,210,393	121,975	-
Capital Assets	<u>56,265,076</u>	<u>56,427,093</u>	<u>56,221,201</u>
 Total Assets	 <u>\$ 60,696,497</u>	 <u>\$ 57,059,858</u>	 <u>\$ 56,444,435</u>
 Current Liabilities	 \$ 812,661	 \$ 229,630	 \$ 719,048
Non-Current Liabilities	<u>1,182,874</u>	<u>1,188,491</u>	<u>960,511</u>
 Total Liabilities	 <u>\$ 1,995,535</u>	 <u>\$ 1,418,121</u>	 <u>\$ 1,679,559</u>
 Deferred Inflows	 <u>\$ 126,060</u>	 <u>\$ 139,349</u>	 <u>\$ -</u>
 NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 54,982,217	\$ 55,159,388	\$ 54,889,335
Unrestricted	<u>3,592,685</u>	<u>343,000</u>	<u>(124,459)</u>
 TOTAL NET POSITION	 <u>\$ 58,574,902</u>	 <u>\$ 55,502,388</u>	 <u>\$ 54,764,876</u>

Net investment in capital assets constitutes 93.87% and 99.38% of the Organization's net position as of June 30, 2022 and 2021, respectively. The balance of net position \$3,592,685 and \$343,000 as of June 30, 2022 and 2021, respectively, represents unrestricted net position available for any Organization-related business use.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2022

Organization Activities

Organization activities increased the net position by \$3,072,514 during fiscal year 2022 and by \$737,512 during fiscal year 2021. Key elements of this change are as follows:

Changes in Net Position

	<u>2022</u>	<u>2021 (Restated)</u>	<u>2020</u>
State Appropriations	\$ 3,625,000	\$ 2,250,000	\$ 2,250,000
Historic Preservation Tax Credits	127,461	-	502,710
Rental and Reimbursements Income	401,566	661,381	619,251
Lease Revenue	13,290	13,290	-
Interest Revenue from Lease	8,233	8,966	-
Special Events Income	5,700	1,100	55,216
PPP Loan Forgiveness	-	93,500	-
Sales of Properties	<u>4,891,398</u>	<u>1,865,141</u>	<u>1,505,000</u>
 Total Revenue	 <u>9,072,648</u>	 <u>4,893,378</u>	 <u>4,932,177</u>
 Personnel Services	 697,829	 523,774	 480,212
Materials, Supplies, and Contractual Services	1,381,857	1,062,654	514,530
Cost of Sales of Properties	2,701,904	1,342,568	1,208,387
Depreciation	<u>1,154,478</u>	<u>1,144,143</u>	<u>1,091,973</u>
 Total Operating Expenses	 <u>5,936,068</u>	 <u>4,073,139</u>	 <u>3,295,102</u>
 Total Operating Income	 <u>3,136,580</u>	 <u>820,239</u>	 <u>1,637,075</u>
 Total Interest Expense	 <u>64,066</u>	 <u>82,727</u>	 <u>-</u>
 Change in Net Position	 <u>\$ 3,072,514</u>	 <u>\$ 737,512</u>	 <u>\$ 1,637,075</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2022

Revenue

During fiscal year 2022, the Organization earned \$9,072,648 in total revenue. This is an increase of \$4,179,270 or 85.41% from the operating revenue of \$4,893,378 earned in fiscal year 2021. This is due primarily to increased sales of properties and increased State Appropriations. During fiscal year 2021, total revenue decreased by \$38,799 or 0.79% over the total revenue earned in fiscal year 2020. This is due primarily to a decrease in Historic Preservation Tax Credits received which more than offset an increase in sales of properties.

Operating Expenses

The Organization's operating expenses increased to \$5,936,068 in fiscal year 2022 from \$4,073,139 in fiscal year 2021. Fiscal year 2022's operating expenses increased due to the increase in the cost of real estate sold as compared to fiscal year 2021. Materials, Supplies, and Contractual services increased to \$1,381,857 in fiscal year 2022 from \$1,062,654 in fiscal year 2021 due to an increase in expenses related to building improvements and marketing. Fiscal year 2021's operating expenses increased due to the increase in the cost of real estate sold as compared to fiscal year 2020. Materials, Supplies, and Contractual services increased to \$1,062,654 in fiscal year 2021 from \$514,530 in fiscal year 2020 due to an increase in expenses related to building improvements.

Capital Asset and Debt

Capital Assets - The Organization's total capital assets (net of accumulated depreciation) decreased from \$56,427,093 as of June 30, 2021, to \$56,265,076 as of June 30, 2022. This \$162,017 decrease, or 0.29%, relates to an increase in accumulated depreciation which offset an increase in Capital Assets, and to the sale of improved capital assets for development.

The Organization's total capital assets (net of accumulated depreciation) increased from \$56,221,201 as of June 30, 2020, to \$56,427,093 as of June 30, 2021. This \$205,892 increase, or 0.37%, relates to an increase in construction in progress. Capital assets include land and improvements, buildings, construction in progress, properties held for development, and equipment. Additional information on the capital assets can be found in Note 4 of the Notes to Financial Statements.

Long-Term Debt - At the end of the current fiscal year, the Organization had long-term debt outstanding of \$1,282,859. This is an increase of \$15,154, or 1.20%, due to the new loan entered with Applied Bank, while a prior loan with Applied Bank was paid off with the proceeds of the sale of remaining Canal District lots to Rockwell Construction.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2022

Capital Asset and Debt - Continued

Long-Term Debt - Continued

At the end of fiscal year 2021, the Organization had long-term debt outstanding of \$1,267,705. This is a decrease of \$64,141, or 4.82%, due to the payoff of the Parke Bank loan. The Organization also entered into new loan agreements with WSFS Bank and Applied Bank. Additional information is available in Note 5 of the Notes to Financial Statements.

The Organization accounts for its leases in accordance with GASB Statement No. 87 - *Leases*, which the Organization adopted in fiscal year 2022, retroactive to July 1, 2020. Accordingly, lease revenues and receivables previously reported for fiscal year 2021 were restated to comply with GASB Statement No. 87 - *Leases*.

Requests for Information - This financial report is designed to provide a general overview of the Fort DuPont Redevelopment and Preservation Corporation's finances to its stakeholders and other users of such information. Requests for copies of this report, questions concerning any of the information in this report should be addressed to Jeffery D. Randol, Executive Director, 260 Old Elm Avenue, PO Box 521, Delaware City, Delaware 19706.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
STATEMENTS OF NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,984,424	\$ 472,643
Accounts Receivable	216,789	18,332
Leases Receivable - Current Portion	11,582	10,849
Accrued Interest Receivable	8,233	8,966
TOTAL CURRENT ASSETS	2,221,028	510,790
NON-CURRENT ASSETS		
Leases Receivable	110,393	121,975
Note Receivable	2,100,000	-
	2,210,393	121,975
CAPITAL ASSETS		
Land	3,277,611	2,450,049
Construction in Progress	7,731,504	8,148,361
Property Held for Development	7,558,139	8,332,056
Buildings	42,936,626	41,829,316
Land Improvements	585,520	585,520
Building Improvements	402,211	250,868
Equipment	291,289	194,269
Less: Accumulated Depreciation	(6,517,824)	(5,363,346)
NET CAPITAL ASSETS	56,265,076	56,427,093
TOTAL NON-CURRENT ASSETS	58,475,469	56,549,068
TOTAL ASSETS	\$ 60,696,497	\$ 57,059,858
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 645,162	\$ 141,115
Accrued Liabilities	7,889	4,551
Earnest Deposit	50,000	-
Security Deposits	9,625	4,750
Current Portion of Long-Term Debt	99,985	79,214
TOTAL CURRENT LIABILITIES	812,661	229,630
LONG-TERM LIABILITY		
Long-Term Debt, Net of Current Portion	1,182,874	1,188,491
TOTAL LIABILITIES	1,995,535	1,418,121
DEFERRED INFLOWS	126,060	139,349
NET POSITION		
Invested in Capital Assets, Net of Related Debt	54,982,217	55,159,388
Unrestricted Net Position	3,592,685	343,000
TOTAL NET POSITION	58,574,902	55,502,388
TOTAL LIABILITIES AND NET POSITION	\$ 60,696,497	\$ 57,059,858

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
REVENUE		
State Appropriations	\$ 3,625,000	\$ 2,250,000
Historic Preservation Tax Credits	127,461	-
Rental and Reimbursements Income	401,566	661,381
Lease Revenue	13,290	13,290
Interest Revenue from Lease	8,233	8,966
Special Events Income	5,700	1,100
Paycheck Protection Program Loan Forgiveness	-	93,500
Sales of Properties	4,891,398	1,865,141
	9,072,648	4,893,378
OPERATING EXPENSES		
Personnel Services	697,829	523,774
Materials, Supplies, and Contractual Services	1,381,857	1,062,654
Cost of Sales of Properties	2,701,904	1,342,568
Depreciation	1,154,478	1,144,143
	5,936,068	4,073,139
OPERATING INCOME	3,136,580	820,239
TOTAL INTEREST EXPENSE	64,066	82,727
CHANGE IN NET POSITION	3,072,514	737,512
NET POSITION - Beginning of Year	55,502,388	54,764,876
NET POSITION - End of Year	\$ 58,574,902	\$ 55,502,388

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Appropriations and Tax Credits Received	\$ 3,752,461	\$ 2,250,000
Rent and Reimbursements Received	244,225	669,214
Cash Received from Special Events	5,700	1,100
Proceeds from the Sale of Properties	2,791,398	1,865,141
Earnest Deposits Received	50,000	-
Additions to Property and Equipment	(3,694,365)	(2,692,603)
Cash Paid to Suppliers	(890,897)	(1,254,748)
Cash Paid to Employees	(697,829)	(523,774)
	1,560,693	314,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	324,423	580,000
Repayments of Long-Term Debt	(309,269)	(550,661)
Interest Paid	(64,066)	(82,727)
	(48,912)	(53,388)
NET CHANGE IN CASH	1,511,781	260,942
CASH - Beginning of Year	472,643	211,701
CASH - End of Year	\$ 1,984,424	\$ 472,643
NON-CASH NON-CAPITAL FINANCING ACTIVITIES		
PPP Loan Forgiveness	\$ -	\$ 93,500
NON-CASH OPERATING ACTIVITIES		
Note Received from Sale of Properties	\$ 2,100,000	\$ -

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021 (Restated)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 3,136,580	\$ 820,239
ADJUSTMENTS TO RECONCILE CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,154,478	1,144,143
PPP Loan Forgiveness	-	(93,500)
Cost of Sales of Property	2,701,904	1,342,568
(Increase) Decrease in Assets		
Accounts Receivable	(198,457)	(6,799)
Lease Receivable	10,849	(132,824)
Interest Receivable	732	(8,966)
Capital Assets	(3,694,365)	(2,692,603)
Note Receivable	(2,100,000)	-
Increase (Decrease) in Liabilities		
Accounts Payable	487,623	(196,645)
Accrued Liabilities	3,338	4,551
Earnest Deposit	50,000	-
Security Deposits	4,875	(5,183)
Unearned Revenue	16,425	-
Deferred Inflow - Lease Receivable	(13,290)	139,349
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,560,693	\$ 314,330

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

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Fort DuPont Redevelopment and Preservation Corporation (the Organization) was created on July 23, 2014, when former State of Delaware Governor, Jack Markell, signed House Bill 310 into law. As a result, the Organization is an instrumentality of the State of Delaware, and the respective legislation defines the powers of the Organization. The State of Delaware's Department of Natural Resources and Environmental Control is the Organization's sole corporate member. The Organization is a component unit of the State of Delaware.

General - Fort DuPont is a property of great historic value to the State of Delaware. Named after Rear Adm. Samuel Francis DuPont, the former military post is situated on the Reedy Point tract, land originally granted to Henry Ward in 1675. A "proposed fort" was planned in 1819, which only appeared on Delaware River charts. Fort DuPont originated during the Civil War as a heavily armed earthwork fortification. In 1864, Sgt. Bishop Crumrine wrote, "these guns command the channel and could blow to atoms any vessel rash enough to attempt to pass." In the decades to follow, "the battery at Delaware City" was gradually modernized into a formidable military post remaining active through World War II. Declared surplus, the site reopened in 1948 as the Governor Bacon Health Center. By 1996, over three-hundred acres were reestablished as Fort DuPont State Park. Fort DuPont is registered as a historic district on the National Register.

In 2013, the Department of Natural Resources and Environmental Control, in collaboration with Delaware City, conducted a planning process to revitalize the Historic Fort DuPont Complex into a vibrant mixed-use community, fully integrated with adjacent Delaware City. The General Assembly recognized that the Fort DuPont Complex along the Delaware River adjacent to Delaware City has enormous potential. It could be a sustainable, mixed-use community producing revenue, jobs, housing choices and recreational and other amenities while preserving its historic character and the surrounding environment. The Organization will act in a planning and development capacity. It can hold, own, preserve, develop, improve, construct, rent, lease, sell, or otherwise acquire or dispose of any real property, including without limitation, any real property comprising the Fort Delaware Complex or portion thereof transferred to the Organization.

Friends of Fort DuPont - On July 10, 2019, the Friends of Fort DuPont, Inc. was formed as a nonprofit corporation organized to raise funds and conduct programs dedicated to the cultural, historical, and aesthetic enhancement of the entire Fort DuPont complex. The Friends of Fort DuPont is reported as a component unit of the Organization, as required by GASBS No. 39, *Determining Whether Certain Organizations Are Component Units*. As of June 30, 2022, the Friends of Fort DuPont was inactive.

Measurement Focus and Basis of Accounting - The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities as prescribed by the Government Accounting Standards Board (GASB),

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting - Continued - except for the following matter. The Organization recorded its initial land, land improvements, and buildings received from the State of Delaware in a prior year. Such land has been recorded at assessment value. Related land improvements and buildings have been recorded at insured value. GAAP requires that capital assets donated to a government be recorded at Acquisition Value. Acquisition Value is defined as “The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date is referred to as acquisition value.” At the time the State of Delaware donated the initial land, land improvements, and buildings to the Organization, acquisition values were not available; therefore, the use of assessed and insured values represents a departure from GAAP.

Under the economic resources measurement focus and the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Operating revenues and expenses generally result from State Appropriations, sale of tax credits, sales of property, and leasing. Operating expenses include the cost of sales, the cost of services and administrative expenses. Any revenues and expenses not meeting this definition are recorded as nonoperating income and expenses. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the Organization’s policy to first apply the expense towards restricted resources and then towards unrestricted resources.

Income Tax Status - The Organization is exempt from income taxes under the provisions of Section 115 of the Internal Revenue Service Code.

Component Unit - The Organization is a Component Unit of the State of Delaware as defined by the Governmental Accounting Standards Board.

Depreciation - Newly acquired property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2022 and 2021, was \$1,154,478 and \$1,144,143, respectively. The Organization generally uses the following useful lives:

Buildings and Improvements	40 Years
Land Improvements	15 Years
Vehicles and Equipment	5 Years

Maintenance and repairs costs are expensed as incurred. Gains or losses on sales or retirements are reflected in income.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advertising and Marketing - Advertising and marketing costs total \$127,824 and \$30,625 for the years ended June 30, 2022 and 2021, respectively.

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

NOTE 2: CASH AND CASH EQUIVALENTS

For purposes of the statement of net position and the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, exceed federally insured limits.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to the Organization. The Organization does not have a deposit policy for custodial credit risk. As of June 30, 2022 and 2021, the Organization's deposits with financial institutions had carrying amounts of \$1,984,424 and \$472,643 and bank balances of \$2,100,955 and \$523,197, respectively. As of June 30, 2022 and 2021, \$1,598,248 and \$19,889, respectively, of the Organization's bank balances were exposed to custodial credit risk as the amounts are uninsured and uncollateralized.

NOTE 3: OPERATIONS AND CONCENTRATION OF RISK

The Organization receives a substantial amount of its revenue from State of Delaware appropriations. If a significant reduction in the level of this revenue were to occur, it would have an effect on the Organization's operations.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>
Property and Equipment Not Being Depreciated				
Land	\$ 2,450,049	\$ 982,555	\$ 154,993	\$ 3,277,611
Construction in Progress	8,148,361	3,412,654	3,767,997	7,793,018
Buildings Held for Development	8,332,056	-	773,917	7,558,139
Total Capital Assets Not Being Depreciated	<u>18,930,466</u>	<u>4,395,209</u>	<u>4,696,907</u>	<u>18,628,768</u>
Property and Equipment Being Depreciated				
Buildings	41,829,316	1,107,310	-	42,936,626
Land Improvements	585,520	-	-	585,520
Building Improvements	250,868	151,343	-	402,211
Vehicles and Equipment	194,269	97,020	-	291,289
Total Capital Assets Being Depreciated	<u>42,859,973</u>	<u>1,355,673</u>	<u>-</u>	<u>44,215,646</u>
Less: Accumulated Depreciation for				
Land Improvements	84,149	39,035	-	123,184
Buildings and Improvements	5,226,040	1,074,713	-	6,300,753
Vehicles and Equipment	53,157	40,730	-	93,887
Total Accumulated Depreciation	<u>5,363,346</u>	<u>1,154,478</u>	<u>-</u>	<u>6,517,824</u>
Total Capital Assets Being Depreciated, Net	<u>37,496,627</u>	<u>201,195</u>	<u>-</u>	<u>37,697,822</u>
Total Capital Assets, Net	<u>\$ 56,427,093</u>	<u>\$ 4,596,404</u>	<u>\$ 4,696,907</u>	<u>\$ 56,326,590</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

The following is a summary of changes in property and equipment for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Property and Equipment Not Being Depreciated				
Land	\$ 2,476,022	\$ -	\$ 25,973	\$ 2,450,049
Construction in Progress	6,871,487	2,593,469	1,316,595	8,148,361
Buildings Held for Development	8,332,056	-	-	8,332,056
Total Capital Assets Not Being Depreciated	<u>17,679,565</u>	<u>2,593,469</u>	<u>1,342,568</u>	<u>18,930,466</u>
Property and Equipment Being Depreciated				
Buildings	41,829,316	-	-	41,829,316
Land Improvements	585,520	-	-	585,520
Building Improvements	250,868	-	-	250,868
Vehicles and Equipment	95,135	99,134	-	194,269
Total Capital Assets Being Depreciated	<u>42,760,839</u>	<u>99,134</u>	<u>-</u>	<u>42,859,973</u>
Less: Accumulated Depreciation for				
Land Improvements	45,114	39,035	-	84,149
Buildings and Improvements	4,159,712	1,066,328	-	5,226,040
Vehicles and Equipment	14,377	38,780	-	53,157
Total Accumulated Depreciation	<u>4,219,203</u>	<u>1,144,143</u>	<u>-</u>	<u>5,363,346</u>
Total Capital Assets Being Depreciated, Net	<u>38,541,636</u>	<u>(1,045,009)</u>	<u>-</u>	<u>37,496,627</u>
Total Capital Assets, Net	<u>\$ 56,221,201</u>	<u>\$ 1,548,460</u>	<u>\$ 1,342,568</u>	<u>\$ 56,427,093</u>

Land includes the assessed value of lots available for sale.

Construction in progress includes costs accumulated through June 30, 2022, for various rehabilitation and construction projects currently underway.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 4: PROPERTY AND EQUIPMENT - CONTINUED

Buildings not placed in service represents the insured value of various real estate properties the Organization received from the State of Delaware in a prior year, plus certain rehabilitation and development costs paid and less certain buildings that are now in service.

NOTE 5: LONG-TERM DEBT

The following is a summary of debt transactions for the Organization for the year ended June 30, 2022:

	<u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 19,166	\$ -	\$ -	\$ 19,166	\$ 19,166
Tri Supply Equipment	26,100	-	15,120	10,980	8,910
WSFS Loan	66,252	-	15,299	50,953	15,946
Applied Bank Loans	<u>1,156,187</u>	<u>324,423</u>	<u>278,850</u>	<u>1,201,760</u>	<u>55,963</u>
Total Debt	<u>\$ 1,267,705</u>	<u>\$ 324,423</u>	<u>\$ 309,269</u>	<u>\$ 1,282,859</u>	<u>\$ 99,985</u>

The following is a summary of debt transactions for the Organization for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Tenant Reimbursement	\$ 21,666	\$ -	\$ 2,500	\$ 19,166	\$ 10,000
Paycheck Protection Program	93,500	-	93,500	-	-
Parke Bank Loan	241,063	-	241,063	-	-
Tri Supply Equipment	42,300	-	16,200	26,100	16,200
WSFS Loan	-	80,000	13,748	66,252	15,299
Applied Bank Loan	<u>933,337</u>	<u>500,000</u>	<u>277,150</u>	<u>1,156,187</u>	<u>37,715</u>
Total Debt	<u>\$ 1,331,866</u>	<u>\$ 580,000</u>	<u>\$ 644,161</u>	<u>\$ 1,267,705</u>	<u>\$ 79,214</u>

The Organization entered into a commercial construction loan agreement with Applied Bank (Applied) on July 27, 2017, for an amount up to \$1,550,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 2.00%, with a floor of 6.00%. The interest rate as of June 30, 2022, is 6.75%. The purpose of the loan is to renovate seven officers' quarters residences in the historic Fort DuPont Complex.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 5: LONG-TERM DEBT - CONTINUED

The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term was two years' interest only during the construction period, followed by a five-year term loan, amortized over 25 years with final payment of any outstanding principal and accrued interest due on August 1, 2024. During the two-year interest only period, the Organization was required to sell certain improved real estate and apply proceeds to reduce the loan balance to \$950,000. Outstanding borrowings totaled \$877,336 and \$906,187 as of June 30, 2022 and 2021, respectively.

The Organization entered into a commercial construction loan agreement with Applied on February 5, 2021, for an amount up to \$500,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 2.00%, with a floor of 4.75%. The purpose of the loan is to renovate residences in the historic Fort DuPont Complex. The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term was two years' interest only during the construction period, followed by a two-year term loan, amortized over 25 years with final payment of any outstanding principal and accrued interest due on January 31, 2023. Outstanding borrowings total \$0 and \$250,000 as of June 30, 2022 and 2021, respectively. Outstanding borrowings were paid off on October 6, 2021.

The Organization entered into a construction loan agreement with Parke Bank (Parke) on January 18, 2019, for \$1,200,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 1.00%, with a floor of 6.25%. The purpose of the loan is to develop 71 lots in the Canal District of the Fort Dupont Complex. The borrowings are secured by a mortgage on these real properties owned by the Organization and the assignment of present and future leases, rents, and profits with respect to these properties to Parke. The loan term was two years' interest only with final payment of any outstanding principal and accrued interest due on December 1, 2020. Outstanding borrowings were paid off on September 25, 2020.

On July 31, 2020, the Organization entered into a loan agreement with WSFS Bank, for \$80,000 for the purchase of two vehicles, secured by the vehicles. The loan has a fixed interest rate of 4.75% with a five-year term. The outstanding balance on the loan was \$50,953 and \$66,252 as of June 30, 2022 and 2021, respectively.

The Organization has an agreement with a previous tenant in connection with their restoration and rehabilitation of a building owned by the Organization. The Organization has agreed to reimburse the previous tenant \$50,000 over five years in monthly installments of \$833 starting August 1, 2017. The outstanding balance due as of June 30, 2022 and 2021, was \$19,166. The Organization is in default and did not make any installment payments during the fiscal year ended June 30, 2022.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 5: LONG-TERM DEBT - CONTINUED

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted into law. In May 2020, the Organization applied for and received a \$93,500 loan under the Paycheck Protection Program section of the CARES Act. The loan had a fixed interest rate of 1% and has a two-year term. Under the program, if the funds were used to pay payroll and other allowable costs and if certain other conditions were met, the loan could be forgiven upon application to, and approval by, the U.S. Small Business Administration. Management had determined that all conditions for forgiveness had been substantially met as of June 30, 2021, and had submitted an application for such forgiveness. As such, the loan balance as of June 30, 2022 and June 30, 2021, was zero and the loan proceeds were presented as revenue in the June 30, 2021 financial statements, under the provisions of GASB 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The Organization entered into loan agreements with an equipment dealer to finance equipment. Under the agreements, the Organization will make monthly payments ranging from \$540 to \$810 with maturity dates ranging from September 2022 to September 2023. Interest is 0%. The outstanding balance due as of June 30, 2022 and 2021, was \$10,980 and \$26,100, respectively.

The Organization entered into a commercial construction loan agreement with Applied Bank on February 5, 2021, for an amount up to \$885,000. Interest is computed based on the highest prime rate published daily in the Wall Street Journal's listing of "Money Rates" plus 1.50%, with a floor of 4.75%. The interest rate as of June 30, 2022 is 6.25%. The purpose of the loan is to develop two lots on Old Battery Lane in the Fort Dupont Complex. The borrowings are secured by a mortgage on these real properties owned by the organization and the assignment of present and future leases, rents, and profits with respect to these properties to Applied. The loan term is eighteen months interest only during the construction period, followed by a five-year loan, amortized over 25 years with final payment of any outstanding principal and interest due on August 31, 2027. Outstanding borrowings total \$324,424 and \$0 as of June 30, 2022 and 2021, respectively.

Maturities of long-term debt are as follows:

2023	\$	99,985
2024		33,936
2025		34,686
2026		20,540
Therafter		<u>1,093,712</u>
Total	\$	<u><u>1,282,859</u></u>

The total interest cost incurred during the years ended June 30, 2022 and 2021, was \$61,515 and \$80,184, respectively.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 6: RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan, covering employees who have completed 90 days of service and who are at least 21 years of age. The Organization matches 100% of the first 4% of the employees' contributions. Employees can contribute up to 100% of their compensation or the statutory limit. The Organization's contribution to the plan was \$15,882 and \$10,816 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7: LEASES - LESSOR AND RESTATEMENT

The Organization leases various residential real estate properties to tenants under operating leases with one-year terms. The Organization received \$401,566 and \$661,381 in rental income during the years ended June 30, 2022 and 2021, respectively.

The Organization has also entered into two lease agreements to lease property to agencies of the State of Delaware, the primary government and a related party. The Office of Management and Budget (OMB) Federal Food Commodities Program and the Department of Natural Resources and Environmental Control, Division of Parks & Recreation and Division of Fish & Wildlife (collectively referred to as DNREC) leases began in 2018 and 2019, respectively, and provide the departments with full use of the leased property.

The Organization is recognizing leases in accordance with GASB Statement No. 87 - *Leases*, which the Organization adopted retroactively, effective July 1, 2020. Accordingly, lease revenues and receivable previously reported for fiscal year 2021 have been restated to comply with GASB Statement No. 87 - *Leases*, as follows:

- Lease Receivables - as restated: \$132,824; originally reported: \$0.
- Lease Receivable Deferred Inflow - as restated: \$139,349; originally reported: \$0.
- Accrued Interest Receivable - as restated: \$8,966; originally reported: \$0.
- Lease Revenue - as restated: \$13,290; originally reported: \$0.
- Interest Revenue - as restated: \$8,966; originally reported: \$0.
- Rental and Reimbursements Income - as restated: \$661,381; originally reported: \$681,196.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 7: LEASES - LESSOR AND RESTATEMENT - CONTINUED

The following is a schedule of minimum future annual base lease income for the lease agreements:

Year Ending June 30,	DNREC			OMB		
	Payments	Principal	Interest	Payments	Principal	Interest
2023	\$ 10,500	\$ 3,537	\$ 6,963	\$ 9,315	\$ 8,045	\$ 1,270
2024	10,500	3,775	6,725	9,315	8,588	727
2025	10,500	4,030	6,470	2,329	2,182	147
2026	10,500	4,302	6,198	-	-	-
2027	10,500	4,593	5,907	-	-	-
2028-2032	52,500	28,054	24,446	-	-	-
2033-2037	52,500	38,890	13,610	-	-	-
Thereafter	17,500	15,979	1,521	-	-	-
	<u>\$ 175,000</u>	<u>\$ 103,160</u>	<u>\$ 71,840</u>	<u>\$ 20,959</u>	<u>\$ 18,815</u>	<u>\$ 2,144</u>

Year Ending June 30,	Total		
	Payments	Principal	Interest
2023	\$ 19,815	\$ 11,582	\$ 8,233
2024	19,815	12,363	7,452
2025	12,829	6,212	6,617
2026	10,500	4,302	6,198
2027	10,500	4,593	5,907
2028-2032	52,500	28,054	24,446
2033-2037	52,500	38,890	13,610
Thereafter	17,500	15,979	1,521
	<u>\$ 195,959</u>	<u>\$ 121,975</u>	<u>\$ 73,984</u>

Lease revenues for the years ended June 30, 2022 and 2021, for the property leased to OMB were \$13,290.

Interest income from the leases revenue for the years ended June 30, 2022 and 2021, were \$8,233 and \$8,966, respectively.

Leased properties have a combined cost of \$20,557,759 and accumulated depreciation of \$2,754,939.

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022**

NOTE 8: HISTORIC PRESERVATION TAX CREDITS

The Organization has completed qualified redevelopment and rehabilitation projects on certain owned real estate and improvements, entitling it to Delaware Historic Preservation Tax Credits. During the years ended June 30, 2022 and 2021, the Organization was awarded such tax credits from the State of Delaware in the amount of \$138,545 and \$0, respectively, and sold them, at a discount, to third parties for \$127,461 and \$0 during the years ended June 30, 2022 and 2021, respectively.

NOTE 9: NOTE RECEIVABLE

On October 29, 2021, the Organization sold two parcels of land (Grassdale Conference Land and Grassdale Surrounding Land Area) as a recreational vehicle resort and campground area with RIG Acquisitions, LLC. At closing Sun Fort DuPont RV LLC, the Assignee, executed a purchase money promissory note for \$2,100,000 with the Organization. The note has an interest rate of 0% and a maturity date of October 29, 2025. The outstanding balance on the note receivable was \$2,100,000 as of June 30, 2022.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The Organization has entered into various real estate sales agreements and construction agreements that are ongoing for the sale and construction of projects within Fort DuPont. The Organization's real estate sales agreements require the Organization to complete the development of certain lots for sale within a mutually agreed upon time frame with the purchaser.

The Organization has entered into several contracts for site work with Corrado Construction Co. for various phases of the development. Contracts are both fixed price and time and materials. Site work is ongoing.

On June 13, 2018, the Organization entered into a contract with Rockwell DuPont I, LLC to purchase and develop lots, for amounts between \$80,000 and \$120,000 per lot. There have been five amendments to the original contract (October 22, 2018, June 6, 2018, August 22, 2019, September 17, 2020, and May 14, 2021). Development of the lots is ongoing.

On September 30, 2020, the Organization entered into a contract with U.S. Home Corporation D/B/A Lennar Corporation to purchase and develop 13.3 acres of land as 130 twin and stacked townhouse condominium units for \$20,000 per homesite. Development of the lots is ongoing.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Administrative Expenses	\$ 99,152	\$ 100,110
Building Improvements	3,909,067	2,583,694
Common Area Maintenance	276,968	277,414
Cost of Sales of Properties	2,701,904	1,342,568
Depreciation Expenses	1,154,478	1,144,143
Marketing Expenses	127,824	30,625
Operating Expenses	109,737	41,534
Payroll Expenses	697,829	523,774
Professional Fees	217,647	456,078
Property Management Expense	200	-
Special Event Expenses	6,112	(850)
Utilities Expense	206,213	181,866
Amounts Capitalized as Property and Equipment	<u>(3,571,063)</u>	<u>(2,607,817)</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 5,936,068</u></u>	<u><u>\$ 4,073,139</u></u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION
SCHEDULES OF CAPITAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Architectural	\$ -	\$ 8,262
Building Improvements	3,149,333	1,157,674
Demolition	105,420	-
Engineering	142,008	139,089
Insurance	-	14,606
Landscaping and Signage	-	52,619
Legal	-	32,320
Permitting	-	-
Roadways and Utilities	174,302	1,203,247
Amounts Capitalized as Property and Equipment	<u>(3,571,063)</u>	<u>(2,607,817)</u>
TOTAL CAPITAL EXPENSE	<u>\$ -</u>	<u>\$ -</u>

**FORT DUPONT REDEVELOPMENT AND
PRESERVATION CORPORATION**
(A Component Unit of the State of Delaware)

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

JUNE 30, 2022

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fort DuPont Redevelopment and Preservation Corporation (the Organization), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fort DuPont Redevelopment and Preservation Corporation's basic financial statements and have issued our report thereon dated July 19, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fort DuPont Redevelopment and Preservation Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fort DuPont Redevelopment and Preservation Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, a misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

To the Board of Directors
Fort DuPont Redevelopment and Preservation Corporation

control, such that there is a reasonable possibility that a material misstatement of the Fort DuPont Redevelopment and Preservation Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2022-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fort DuPont Redevelopment and Preservation Corporation'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*.

Fort DuPont Redevelopment and Preservation Corporation's Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Fort DuPont Redevelopment and Preservation Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations. The Fort DuPont Redevelopment and Preservation Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Fort DuPont Redevelopment and Preservation Corporation'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 Fort DuPont Redevelopment and Preservation Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

July 19, 2023
Wilmington, Delaware

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2022

Reference Number: 2022-001

Type of Finding: Significant Deficiency

Financial Reporting Close Process

Condition: During our audit, we noted misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process, but had not yet been made by the Organization, or were required as a result of our audit procedures. A similar finding was reported in the prior year.

1. An adjusting journal entry totaling \$253,101 to reconcile the opening net position.
2. An entry totaling \$696,190 to properly record debt activity during the year ended June 30, 2022.
3. Entries totaling \$1,292,238 to record capital assets that had been expensed.
4. Entries totaling \$2,088,075 to reclassify construction in progress assets that had been placed in service.
5. Entries totaling \$2,701,904 to properly record the value of real estate sold during the year ended June 30, 2022.
6. An entry totaling \$2,100,000 to record a note received as part of the sales price of a property sold.
7. Entries totaling \$2,293,070 to properly record real estate sales activity during the year ended June 30, 2022.
8. An entry totaling \$2,392,975 to reclassify capitalized expenses for the proper presentation of the Statement of Capital Expenses in the Supplementary Information to the Financial Statements.

Criteria: The Organization should require adequate review and adjustment of the year-end accounting data and financial information used to prepare the Organization's financial statements in accordance with generally accepted accounting principles (GAAP), in a timely manner, prior to the annual audit. The Organization's internal controls over financial reporting should allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Cause: While the Organization's financial closing procedures captured most routine entries, the existing procedures did not capture certain unusual or complex entries needed to present the financial statements in accordance with GAAP. Certain other entries were made, but required correction.

Effect: The misstatements that were discovered during the audit required material adjustments for the fair presentation of the financial statements. We provided management with proposed adjustments, which management accepted for posting to the Organization's general ledger to correct these misstatements.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED JUNE 30, 2022

Reference Number: 2022-001 - Continued

Recommendation: We recommend that management enhance its financial closing procedures in the current year so that it captures the types of activities that were missed in fiscal year 2022. As part of the process, management should evaluate all fiscal year 2022 post-closing and audit adjustments to ensure that procedures and controls are in place to properly identify and record similar entries in the future, on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and appreciates the importance of providing closing journal entries to present accurate financial statements. The Corporation has recently hired a Deputy Director with overall responsibility for ensuring proper accounting of the Corporation's finances. Management expects closing journal entries for Fiscal Year 2023 to be completed no later than July 30, 2023.

Responsible Positions: Management

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED JUNE 30, 2022

Reference Number: 2022-002

Type of Finding: Significant Deficiency

Allocation of Costs, Cost of Properties Sold

Condition: The Organization does not have a written policy for the capitalization of costs and the allocation of such costs incurred in preconstruction, construction, and overhead for its property development projects. Audit procedures resulted in adjusting journal entries totaling \$1,292,238 to properly capitalize such costs. The Organization also did not perform any allocation of costs to the properties it sold during the fiscal year. Full sales prices were recorded as revenue. This resulted in adjusting entries totaling \$2,701,904 to properly record the cost of real estate sold (see item 2022-001).

A similar finding was reported in the prior year.

Criteria: Written policies and procedures for the capitalization of costs and cost allocations are necessary for the consistent recording of property costs in accordance with accounting principles generally accepted in the United States of America.

Cause: This condition was brought to management's attention, for the first time, during the FY 2020 audit. Since then, the Organization has had turnover in its accounting function. The Organization does not have a formal property development cost capitalization or cost allocation policy.

Effect: The lack of written policies and procedures makes it more difficult to maintain consistent accounting over time and increases the difficulty in conducting the audit.

Recommendation: We recommend that accounting policies and procedures be written to document management's accounting for the costs incurred relating to preconstruction, construction, and overhead for the Organization's various property development projects and the allocation of such costs.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding. Utilizing financial best practices, the Corporation will develop property development cost capitalization policy and procedures that will allocate costs for preconstruction, construction and overhead for property development and preservation projects. The policy will be presented to the Board for review and approval no later than the fall of 2023.

Responsible Positions: Management

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED JUNE 30, 2022

Reference Number: 2022-003

Type of Finding: Significant Deficiency

Cash Disbursement Documentation and Approval

Condition: Cash disbursements lacked proper documentary support approvals and recording to the correct accounts. We found the following:

- Of the 40 cash disbursements selected for testing, supporting documents could not be located for four of the transactions. Of the transactions for which support was provided, 14 had no payment approvals recorded on the documents and three were not recorded to the correct account.
- Of the 20 credit card transactions selected for testing, supporting documents could only be located for two transactions and those two had no payment approvals recorded on the documents.
- Of the 14 capital asset additions selected for testing, supporting documents could not be located for one of the transactions. Of the transactions for which support was provided, 11 had no payment approvals recorded on the documents, two were recorded in the wrong fiscal year, and three were not capital assets and were recorded incorrectly.

Criteria: Strong internal controls over cash disbursements are necessary to safeguard the Organization's assets from misappropriation and to ensure expenses are recorded properly.

Cause: The Organization does not have a formal written policy concerning cash disbursements. The Organization has also had turnover in its accounting function and the former Executive Director separated from the Organization in March 2022. There were two interim Executive Directors during the period from April 2022 through June 2022.

Effect: The lack of controls over cash disbursements increases the Organization's risk for misappropriation of assets and the lack of written policies and procedures makes it more difficult to maintain consistent accounting processes over time and increases the difficulty in conducting the audit

Recommendation: We recommend that management implement written accounting policies over cash disbursements that include the following procedures:

- Management indicates its approval of expenditures by signing and dating the invoice or payment voucher before payments are made.
- As part of the process, the bookkeeper should also indicate the correct account coding of the payment on the invoice or payment voucher and management should review and approve the proper coding as well.

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED JUNE 30, 2022

Reference Number: 2022-003 - Continued

Recommendation - Continued

- For each credit card use, a receipt should be obtained and submitted to an authorizing official for review and approval. These receipts should be retained in the business office and compared with the detail in the credit card's monthly statement. Any discrepancies should be investigated.

We also recommend that the Organization create a better filing system, preferably digital, to store its paid invoices and other documentation.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding. We believe the term "cash disbursement" as used in the finding refers to any payment by the Corporation in exchange for the provision of goods or services. Practically, this would mean payments made by the Corporation via check or through payroll, as the Corporation does not use cash as a means of payment. Current policies pertaining to the approval and coding of expenditures will be reviewed and, where necessary, revised consistent with the recommendation. Procedures for the administration of credit card use have already been implemented, and the formal policy will be revised to reflect such. Finally, the Corporation has already begun to redesign procedures and systems for the storage of financial documents.

Responsible Position: Management

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
(A Component Unit of the State of Delaware)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

Reference Number: 2020-001

Type of Finding: Significant Deficiency

Valuation of Donated Capital Assets

Condition: The Organization has recorded the buildings and improvements, originally donated by the State of Delaware at insured value, and the land, originally donated by the State of Delaware, at values assessed for property tax purposes. Accounting principles generally accepted in the United States of America (GAAP) require that donated capital assets be recorded at Acquisition Value, resulting in misstatements of the assets, net position, and expenses of the Organization. The amount by which this departure would affect the assets, net position, and expenses of the Fort DuPont Redevelopment and Preservation Corporation has not been determined.

Current Status: This condition was unchanged during the year ended June 30, 2022 and is not expected to be addressed due to the cost and effort involved in determining the donated assets' Acquisition Values.

Reference Number: 2021-001

Type of Finding: Significant Deficiency

Allocation of Costs

Condition: The Organization does not have a written policy for the allocation of costs incurred in preconstruction, construction, and related operation for its various property development projects. The allocations we examined during the audit were reasonable, but the lack of a written policy could lead to inconsistencies or errors in the future.

Current Status: A similar condition was noted during the year ended June 30, 2022. See current year finding 2022-002.

Reference Number: 2021-002

Type of Finding: Significant Deficiency

Financial Reporting Close Process

Condition: During our audit, we noted misstatements of the general ledger balances requiring material adjusting journal entries. Many of these adjustments should have been made during the year-end financial close process, but had not yet been made by the Organization, or were required as a result of our audit procedures.

Current Status: A similar condition was noted during the year ended June 30, 2022. See current year finding 2022-001

Fort DuPont Redevelopment and Preservation Corporation

Budget vs. Actuals: Budget_FY24_P&L Draft 1 - FY24 P&L

Jul-23

	Total			% of Budget
	Actual	Budget	over Budget	
Income				
4005 Carryforward	0.00	300,000.00	-300,000.00	0.00%
4010 State Appropriation	775,000.00	2,250,000.00	-1,475,000.00	34.44%
4015 Bike Path Funding	0.00	0.00	0.00	
4020 Roundabout	0.00	0.00	0.00	
4100 RENTAL INCOME	27,622.00	159,623.08	-132,001.08	17.30%
4100-DN DNREC	0.00	9,315.00	-9,315.00	0.00%
4100-OM OMB	0.00	10,315.00	-10,315.00	0.00%
4110 SPECIAL EVENT REVENUE	4,400.00	6,600.00	-2,200.00	66.67%
4130 CAM REVENUE	0.00	0.00	0.00	
4131 Lawncare - CAM (State Tenants)	0.00	8,000.00	-8,000.00	0.00%
4132 Snow/Ice - CAM (State Tenants)	0.00	15,000.00	-15,000.00	0.00%
4133 Community Association	0.00	730.00	-730.00	0.00%
Total 4130 CAM REVENUE	\$ 0.00	\$ 23,730.00	-\$ 23,730.00	0.00%
4150 TENANT REIMBURSEMENTS	0.00	15,500.00	-15,500.00	0.00%
4151 Utility Reimbursements	116.75	126,000.00	-125,883.25	0.09%
Total 4150 TENANT REIMBURSEMENTS	\$ 116.75	\$ 141,500.00	-\$ 141,383.25	0.08%
Total 4100 RENTAL INCOME	\$ 32,138.75	\$ 351,083.08	-\$ 318,944.33	9.15%
4200 REAL ESTATE SALES	226,453.61	1,216,200.00	-989,746.39	18.62%
4251 Late Payment Fee	0.00	0.00	0.00	
4300 GRANTS	0.00	0.00	0.00	
4400 Sales	40,000.00	0.00	40,000.00	
4430 Services	188,524.22	0.00	188,524.22	
4500 HTC CREDITS	0.00	185,000.00	-185,000.00	0.00%
4800 BANK LOANS - BUDGETED PROCEEDS	0.00	0.00	0.00	
Total Income	\$ 1,262,116.58	\$ 4,302,283.08	-\$ 3,040,166.50	29.34%
Gross Profit	\$ 1,262,116.58	\$ 4,302,283.08	-\$ 3,040,166.50	29.34%

	Total			% of Budget
	Actual	Budget	over Budget	
Expenses				
6000 Capital Improvement Expenditure	0.00	0.00	0.00	
6030 Bank Charges	50.00	1,000.00	-950.00	5.00%
6300 Construction Expenditures	0.00	0.00	0.00	
6463 Office Improvements	0.00	0.00	0.00	
Total 6300 Construction Expenditures	\$ 0.00	\$ 0.00	\$ 0.00	
6400 Building Improvements{77}	0.00	0.00	0.00	
6409a 09a Doors	0.00	0.00	0.00	
6409b 09b Painting-Exterior	0.00	0.00	0.00	
6409c 09c Painting-Interior	0.00	0.00	0.00	
6412 12 Light Fixtures	0.00	0.00	0.00	
6417 Supplies & Materials	0.00	0.00	0.00	
6420 20 General Condititons	0.00	0.00	0.00	
6456 Permitting	0.00	0.00	0.00	
Total 6400 Building Improvements{77}	\$ 0.00	\$ 0.00	\$ 0.00	
6460 ENVIRONMENTAL	3,272.25	0.00	3,272.25	
6470 FEASIBILITY STUDIES	0.00	0.00	0.00	
6730 Market Feasibility Study	0.00	0.00	0.00	
Total 6470 FEASIBILITY STUDIES	\$ 0.00	\$ 0.00	\$ 0.00	
6480 SPECIAL EVENT EXPENSES	0.00	6,600.00	-6,600.00	0.00%
6500 PROFESSIONAL FEES	420.00	414.00	6.00	101.45%
6505 Prof Fees - Engineering	0.00	0.00	0.00	
6515 Prof Fees - Architectural	1,687.50	1,456.67	230.83	115.85%
6520R Prof Fees - Legal	14,115.98	240,000.00	-225,884.02	5.88%
6525R Prof Fees - Accounting	430.00	38,196.60	-37,766.60	1.13%
6545 Roadways/Utilities	0.00	0.00	0.00	
Total 6500 PROFESSIONAL FEES	\$ 16,653.48	\$ 280,067.27	-\$ 263,413.79	5.95%
6510 DEMOLITION	0.00	0.00	0.00	
6535 PERMITTING	195.00	2,795.78	-2,600.78	6.97%
6600R FEES - OTHER	0.00	0.00	0.00	
6606 Permit Fees	0.00	1,418.88	-1,418.88	0.00%
6610 Bank Fees	24.37	1,838.65	-1,814.28	1.33%
6620 HTC Fees	0.00	7,668.54	-7,668.54	0.00%
6625 Bank Charges	4.95	4,200.82	-4,195.87	0.12%
6627 Applied Bank Fees	0.00	4,199.17	-4,199.17	0.00%
Total 6625 Bank Charges	\$ 4.95	\$ 8,399.99	-\$ 8,395.04	0.06%
6631 Del City Rental Tax	0.00	1,329.56	-1,329.56	0.00%
Total 6600R FEES - OTHER	\$ 29.32	\$ 20,655.62	-\$ 20,626.30	0.14%

	Total			% of
	Actual	Budget	over Budget	Budget
6700 IMPROVEMENTS	0.00	1,850,000.00	-1,850,000.00	0.00%
6702 Building 39-1303 Officers Row	1,117.00	0.00	1,117.00	
6712 Building 24-Theater	0.00	0.00	0.00	
6713 Building 55-Chapel	0.00	0.00	0.00	
6734 Building 23-Band Barracks	840.00	0.00	840.00	
6740 Building 28-Bakery	0.00	0.00	0.00	
6741 Building 30-Stable	9,725.00	0.00	9,725.00	
6749 Pump House	9,485.00	0.00	9,485.00	
Total 6700 IMPROVEMENTS	\$ 21,167.00	\$ 1,850,000.00	-\$ 1,828,833.00	1.14%
6800 SITE UTILITIES	0.00	0.00	0.00	
6810 Electric	13,409.21	144,000.00	-130,590.79	9.31%
6815 Gas	395.14	4,400.00	-4,004.86	8.98%
6820 Water	929.37	14,000.00	-13,070.63	6.64%
6825 Sewer	1,699.17	20,000.00	-18,300.83	8.50%
6830 Phone/Internet	0.00	10,200.00	-10,200.00	0.00%
6835 Trash	615.00	0.00	615.00	
Total 6800 SITE UTILITIES	\$ 17,047.89	\$ 192,600.00	-\$ 175,552.11	8.85%
7000 OPERATING EXPENSES	0.00	0.00	0.00	
7005 Museum	0.00	0.00	0.00	
7009 Computer Support	797.10	0.00	797.10	
7010 Office Supplies	335.74	12,000.00	-11,664.26	2.80%
7015 Taxes & Licenses	0.00	0.00	0.00	
7020 Travel	0.00	1,000.00	-1,000.00	0.00%
7025 Meals and Entertainment	114.09	1,040.00	-925.91	10.97%
7030 Utilities - Office	1,215.99	6,700.00	-5,484.01	18.15%
7035 Phone/Internet - Office	152.18	10,200.00	-10,047.82	1.49%
7040 Repairs & Maintenance	1,222.00	5,200.00	-3,978.00	23.50%
7045 Discretionary Expenses	0.00	7,970.00	-7,970.00	0.00%
7050 Equipment and Furnishings	0.00	5,100.00	-5,100.00	0.00%
7051 Uniforms	279.20	0.00	279.20	
Total 7000 OPERATING EXPENSES	\$ 4,116.30	\$ 49,210.00	-\$ 45,093.70	8.36%

	Total			
	Actual	Budget	over Budget	% of Budget
7100 COMMON AREA MAINTENANCE	0.00	0.00	0.00	
7105 Lawn Care	33,320.00	113,000.00	-79,680.00	29.49%
7110 Storm Water Management	0.00	2,200.00	-2,200.00	0.00%
7115 Pest Control	0.00	3,200.00	-3,200.00	0.00%
7120 Fire & Security Monitoring	210.00	4,600.00	-4,390.00	4.57%
7125 Snow & Ice Removal	0.00	3,800.00	-3,800.00	0.00%
7130 Building Repairs & Maintenance	0.00	19,000.00	-19,000.00	0.00%
7135 Road Repairs	0.00	3,300.00	-3,300.00	0.00%
7140 Landscaping Maintenance	4,118.76	20,000.00	-15,881.24	20.59%
7141 Auto	0.00	9,600.00	-9,600.00	0.00%
7145 Equipment Expense	791.11	42,000.00	-41,208.89	1.88%
7146 Supplies	0.00	5,900.00	-5,900.00	0.00%
7830 Utilities	0.00	17,000.00	-17,000.00	0.00%
7831 Water & Sewer	0.00	2,200.00	-2,200.00	0.00%
Total 7830 Utilities	\$ 0.00	\$ 19,200.00	-\$ 19,200.00	0.00%
Total 7100 COMMON AREA MAINTENANCE	\$ 38,439.87	\$ 245,800.00	-\$ 207,360.13	15.64%
7200 DEBT EXPENSE	0.00	0.00	0.00	
7205 P & I - Applied Bank PH1	0.00	0.00	0.00	
7206 P & I - Applied OBL Duplexes	7,071.46	51,180.00	-44,108.54	13.82%
7207 P & I - PH1D	0.00	72,696.00	-72,696.00	0.00%
7210 DMHEF Repayment	0.00	0.00	0.00	
7220 FDRPC RLF Repayment	0.00	273,000.00	-273,000.00	0.00%
Total 7200 DEBT EXPENSE	\$ 7,071.46	\$ 396,876.00	-\$ 389,804.54	1.78%
7300 Depreciation Expense	0.00	0.00	0.00	
7500 MARKETING EXPENSES	0.00	0.00	0.00	
7510 Advertising & Promotion	0.00	24,000.00	-24,000.00	0.00%
7525 Marketing Collateral	0.00	0.00	0.00	
7530 Promotional Memberships	0.00	0.00	0.00	
7540 Stationery & Printing	0.00	0.00	0.00	
7550 Website & Social Media	905.25	20,000.00	-19,094.75	4.53%
7551 Video	0.00	0.00	0.00	
7555 Marketing - Other	0.00	0.00	0.00	
Total 7500 MARKETING EXPENSES	\$ 905.25	\$ 44,000.00	-\$ 43,094.75	2.06%

	Total			% of
	Actual	Budget	over Budget	Budget
7700 PAYROLL EXPENDITURES	0.00	0.00	0.00	
7710 401k	2,419.24	0.00	2,419.24	
7720 Employee Benefits - Health	6,383.40	0.00	6,383.40	
7721 Employee Benefits - Dental	159.26	0.00	159.26	
7730 Payroll Tax Expense	2,691.03	0.00	2,691.03	
7740 Salaries & Wages	39,626.21	578,172.58	-538,546.37	6.85%
7750 Payroll Service Fees	163.08	2,500.00	-2,336.92	6.52%
Total 7700 PAYROLL EXPENDITURES	\$ 51,442.22	\$ 580,672.58	-\$ 529,230.36	8.86%
7850 INSURANCE	0.00	0.00	0.00	
7851 General Liability	0.00	9,489.00	-9,489.00	0.00%
7852 Flood Insurance	0.00	0.00	0.00	
7853 Property	94,569.93	85,080.54	9,489.39	111.15%
7854 Builder's Risk	0.00	3,229.00	-3,229.00	0.00%
7855 Workers Comp Insurance	0.00	4,404.00	-4,404.00	0.00%
7856 Auto	15,361.00	15,361.00	0.00	100.00%
7857 D & O/ E&O Insurance	8,855.00	12,757.52	-3,902.52	69.41%
7858 Business Owners	0.00	0.00	0.00	
7859 Pension & Crime	0.00	1,900.00	-1,900.00	0.00%
Total 7850 INSURANCE	\$ 118,785.93	\$ 132,221.06	-\$ 13,435.13	89.84%
8000 VALUE OF REAL ESTATE SOLD	0.00	0.00	0.00	
Administrative Expenses	0.00	417.00	-417.00	0.00%
Legal Fees - Operating	0.00	0.00	0.00	
Property Management	0.00	0.00	0.00	
7880 Repair & Maintenance	0.00	1,717.00	-1,717.00	0.00%
7890 Payroll	0.00	0.00	0.00	
7892 Salaries	0.00	0.00	0.00	
Total 7890 Payroll	\$ 0.00	\$ 0.00	\$ 0.00	
7900 Security	0.00	70.00	-70.00	0.00%
Total Property Management	\$ 0.00	\$ 1,787.00	-\$ 1,787.00	0.00%
Total Expenses	\$ 279,175.97	\$ 3,804,702.31	-\$ 3,525,526.34	7.34%
Net Operating Income	\$ 982,940.61	\$ 497,580.77	\$ 485,359.84	197.54%
Other Income				
Reimbursed Expenses	-50.00	0.00	-50.00	
Total Other Income	-\$ 50.00	\$ 0.00	-\$ 50.00	
Other Expenses				
ASK MY ACCOUNTANT	0.00	0.00	0.00	
Total Other Expenses	\$ 0.00	\$ 0.00	\$ 0.00	
Net Other Income	-\$ 50.00	\$ 0.00	-\$ 50.00	
Net Income	\$ 982,890.61	\$ 497,580.77	\$ 485,309.84	197.53%

Friday, Sep 08, 2023 06:33:37 AM GMT-7 - Accrual Basis



Executive Director Monthly Report

For the period August 1, 2023 to August 31, 2023

Our board meeting will be held on September 13, 2023 at 6:00 p.m. at the **Delaware City Community Center**. Board packets will be distributed via email (as a pdf attachment).

Capital Projects

- **Marina Village**
 - a. Lennar. The Executive Director met with representatives of Lennar to discuss current status of approvals.
 - b. 6f. Verdantas has been working with DNREC/State Parks on issues related to the request to transfer protections on the 6f lands. State Parks has been in touch with the National Park Service and relayed some issues for clarification requested by the National Park Service. The formal application has not been transmitted to the National Park Service as of this writing.
 - c. State Fire Marshal Office. The State Fire Marshal's Office has issued an approval for the Marina Village preliminary plan.

- **Old Elm Ave.** The "dip" and finish coat paving of Old Elm Avenue project is scheduled to begin on Monday, October 9, 2023. The delayed start date was agreed upon to avoid safety concerns related to two major events in Delaware City on October 7th—the Delaware Autism annual walk in the morning and the Delaware City Day celebration and parade in the afternoon and evening. Both events use the Fort DuPont campus and a later starting date will avoid detours on streets.

- **Branch canal bank revetment and promenade.** On August 24th, FDRCP was notified that the Branch Canal revetment and promenade project had been approved for funding

by the Federal Emergency Management Agency (FEMA). However, on August 30, FEMA notified FDRPC that all funding programs had been suspended in order to address current and expected needs from natural disasters. The project remains approved and will eventually be funded by FEMA, but no date has been communicated about when the funds would be released.

- **Building 21** (Old Battery Lane duplex). A new roof was installed on: Building 21 on Old Battery Lane. This is one of five (5) properties we have identified for moth-balling activities.
- **Environmental Testing and Remediation of Chapel, Theater, Bakery.** We have completed the environmental testing of the Chapel, Theater, and Bakery for any potential hazardous materials. Each site had a minor amount of materials in need of remediation, each of which was related to small amounts of asbestos found in old furnaces and/or floor tiles. The remediation for each site will occur by the end of September and each site will then fully cleaned out. A quote to bring new electrical service into the Theater has been approved; that work will continue in October.

Operations

- **Real estate update.**
 - a. Real Estate for sale
 - 1311 Officers Row (lot) currently listed for sale.
 - b. Leasing: All residential properties are leased and being managed by NAI Emory Hill.
- **FOIA Officer.** There were no FOIA requests presented for the month of August 2023.

Other activities:

- **Strategic Plan public presentation.** Representatives of the Delaware Alliance for Nonprofit Advancement (DANA) will present a draft of the strategic plan at the September 13th, 2023 meeting of the board of directors. A public meeting has been scheduled for September 19th, 2023 with representatives of DANA presenting the draft plan.

- **Cultivation tours.** FDRPC Chair John McMahon and Executive Director Tim Slavin conducted a series of cultivation tours of the campus. The tours are meant to introduce the campus to individuals, institutions, public agencies, and private investors. Tours have included:
 - a. Secretary of State Jeff Bullock
 - b. Private developer from Wilmington, Delaware
 - c. Major General Michael Berry, Adjutant General of Delaware
 - d. Existing out-of-state business owner via Delaware Prosperity Partnership
 - e. Existing business owner.
 - f. Jessica Ball, Director of the Delaware Division of the Arts
 - g. Two prospective business owners.

Media

- **How Fort DuPont project is proceeding with RV park plans on pause**

<https://www.delawareonline.com/story/money/business/2023/08/28/fort-dupont-rv-park-developer-quiet-on-when-construction-will-resume/70589776007/>

FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
EXECUTIVE COMMITTEE MEETING

The Fort Dupont Redevelopment and Preservation Corporation (FDRPC) Executive Committee meeting was held July 31, 2023 via Zoom with the anchor location at the FDRPC office at 260 Old Elm Avenue, Delaware City, Delaware with Chair John McMahon presiding. Committee members present were Dr. Courtney Stewart (Office of Management and Budget) (departed at 10:07 a.m.), Mr. Bert Scoglietti (Treasurer), and Ms. Wendy Rogers (Resident of Fort DuPont).

Also present were Mr. Tim Slavin, FDRPC Executive Director, Ms. Janice Moturi, FDRPC Deputy Director/Controller, and Mr. Jeff Flynn of Applied Bank (departed at 10:34 a.m.).

CALL TO ORDER

Chair McMahon called the Fort DuPont Redevelopment and Preservation Corporation (FDRPC) Executive Committee meeting to order at 9:32 a.m.

APPROVAL OF MINUTES – FDRPC EXECUTIVE COMMITTEE MEETING OF JUNE 30, 2023

Mr. Scoglietti moved for approval of the June 30, 2023 FDRPC Executive Committee meeting minutes. The motion was seconded by Dr. Stewart and unanimously carried.

STATUS ON KEY PROJECTS

Mr. Tim Slavin, FDRPC Executive Director, provided status updates on the following key projects:

- **Fiscal Year 2022 Audit**
The FY 2022 audit has been finalized. Because George Fournaris of Belfint, Lyons & Shuman, P.A. will be unavailable to present the audit to the board until September, a copy of the audit will be circulated to the board at the August meeting and then brought forward for discussion and acceptance in September. There were three major findings in the audit having to do with the allocation of costs from properties sold, the cash disbursement documentation and approval process, and evaluation of donated capital assets. Processes are in place to address those findings and a document library has been built to support future audits.
- **Employee Handbook**
The Employee Handbook has been updated through a service that was offered through their employment practices liability carrier from a firm called Excelsior. They have gone through the final draft and it is now being reviewed for style and editing. There are three things that they did in the draft that will be presented to the board in September:
 - Alignment with HR best practices and filling policy gaps.
 - Changes necessary to bring the Handbook into alignment with HB 355. There were specific instructions in the Bill about employees and that is now in Delaware code.
 - Better alignment with state government practices, especially as it pertains to the length of the work week and holidays.

A red line version of the Employee Handbook will be presented to the FDRPC Board in September.

- Fiscal Year 2024 Budget

The FY 2024 Budget will be presented at the August FDRPC Board meeting. The bond bill appropriation remained unchanged from last year. There was a minor change in the epilogue language which allows them up to \$400,000 of the appropriation for administrative and operational costs. It was previously capped at \$300,000. It will be a lean, challenging year; however, they can still get things done.

The budget includes a three-year Capital Investment Plan (CIP) which represents the capital projects they envision the campus needing over time. The CIP will create a better sense of the amount of deferred maintenance that was on the campus when the FDRPC was created and help them address some of the criticism regarding state funding. They are doing their best to capitalize and monetize some of the assets and put that money back into the campus.

- Old Elm Avenue Project

They are waiting for the second of two bids for the Old Elm Avenue project, which includes the dip and the top coat. The base bid is the dip and the alternate is the top coat. Once the bids are received, they will issue a contract and plan to mobilize by the end of August. This is a four-week project that they hope to finish before any fall weather.

- Theater and Chapel

Environmental testing has begun at both the theater and the chapel in advance of the environmental clean out of those spaces, which is to simply get them broom swept, remove the unnecessary items, and, in the case of the theater, establish electrical service. The exterior of the chapel requires some window work and site work at the front near the porch. The exterior of the theater requires addressing doors on the North and South side, as well as the lighting along the ticket window at the front. Neither separate appropriation that had been requested for the chapel and the theater were funded in the bond bill and they are pursuing another line of funding.

- Old Battery Lane

They are in the final days of the 30-day publication period for the plan from DNREC for the two duplexes on Old Battery Lane. Once complete, they will connect the water and sewer lines and finish the work for those two duplexes, which have been all but ready to go. They represent lost annual income to the Corporation of \$120,000 simply because they could not be occupied. Further down on Old Battery Lane is Building 30 which is a similar two-story duplex with a caved in roof. A quote has been accepted to replace the roof and that work will be starting the next week. The single-story duplex cannot be used for residential use because it is in the flood plain. Staff is considering an adaptive reuse of the building.

- Tilton Building

The National Guard has inquired about relocating their band unit and museum function to the Tilton Building. Military and civilian members of their project, legal, and operations staff toured the building and thought that it would be a perfect fit for them.

- Real Estate

The contract on 1311 Officers Row was set to expire after three extensions because the buyer has had difficulty obtaining financing for their building project. The property will be re-listed by Emory Hill.

The FDRPC closed on 1303 Officers Row for \$730,000 and 1305 and 1307 Officers Row at \$125,000 each. All of the rental properties are occupied.

- Strategic Planning

The feedback from the strategic planning is finish what you started, such as the revetment of the canal bank, the promenade, and Marina Village. The second part of the feedback is that more community involvement is necessary. The local people feel the Board does not have broad representation from the community. Mr. Slavin advised that the Marina Village project would be discussed in executive session. He reviewed the proposed roster for committees (**Exhibit #1**) which will include more people from the community.

EXECUTIVE SESSION

Dr. Stewart moved to recess into executive session, seconded by Mr. Scoglietti and unanimously carried.

Meeting recessed at 9:56 a.m.

RECONVENE

Mr. Scoglietti moved to reconvene the FDRPC Executive Committee meeting, seconded by Ms. Rogers and unanimously carried.

Meeting reconvened at 10:46 a.m.

ACTIONS TO BE VOTED UPON FROM THE EXECUTIVE SESSION

Mr. Scoglietti moved that the Executive Committee move forward with its recommendation to the full board at its August 9, 2023 meeting regarding refinancing of existing Fort DuPont debt on the terms discussed in executive session with the representative from Applied Bank. The motion was seconded by Ms. Rogers and unanimously carried.

SCHEDULING OF FUTURE MEETINGS

Mr. Slavin suggested that the Regular meetings of the Executive Committee occur on the last Monday of each month at 9:30 a.m.

Mr. Scoglietti moved to hold future Regular meetings of the Executive Committee on the last Monday of each month at 9:30 a.m. The motion was seconded by Ms. Rogers and unanimously carried.

ADJOURNMENT

Mr. Scoglietti moved for adjournment, seconded by Ms. Rogers and unanimously carried.

Meeting Adjourned at 10:47 a.m.

Exhibits

Exhibit #1 - Proposed Roster

APPROVED: August 28, 2023

	Executive	Finance and Audit	Strategic Planning	Planning	DHPC	Maintenance
Chair	John McMahon	Mike Graci	John McMahon	David Edgell	Doug Eriksen	Kevin Whitaker
	Ruth Ann Jones	Ruth Ann Jones	David Edgell	Michael Lutz	Dave Turley	Ray Gogola
	Courtney Stewart	Courtney Stewart	Courtney Stewart	Cecily Bedwell (tent.)	Roberta DeLeo	David Johnson (tent.)
	Dave Baylor	Bert Scogletti	Michael Graci	Wendy Rogers	Rob McPherson	Art Turner
	Wendy Rogers	Tim Diliplane	Wendy Rogers	Rony Baltazar Lopez (tent.)	Billie Travalini	Rob McPherson
	Bert Scogletti	Bob Lucas (tent.)		Dan Sanders (ex officio) (tent.)	Laura Lee	
DC	1	3	2	4	5	5