

TOWN OF SOUTH BETHANY, DELAWARE

Audited Financial Statements
And Supplemental Information
For Fiscal Year Ended April 30, 2017
(With Comparative Year Analyses 2016, 2015, 2014)

TOWN OF SOUTH BETHANY, DELAWARE
FISCAL YEAR ENDED APRIL 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11 - 12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17 - 33
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	34-37
Schedule of the District's Proportionate Share of the Net Pension Liability-County & Municipal Police and Firefighters Pension Plan-A Cost Sharing Defined Benefit Pension Plan (Last 3 Years)	38
Schedule of the District's Proportionate Share of the Net Pension Liability-County & Municipal Other Employees Pension Plan-A Cost Sharing Defined Benefit Pension Plan (Last 3 Years)	39

TOWN OF SOUTH BETHANY, DELAWARE
FISCAL YEAR ENDED APRIL 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Contributions-County & Municipal Firefighters & Police Pension Plan-A Cost Sharing Defined Benefit Pension Plan (Last 3 Years)	40
Schedule of Contributions-County & Municipal Other Employees Pension Plan-A Cost Sharing Defined Benefit Pension Plan (Last 3 Years)	41
Combining and Individual Fund Statements:	
Combining Balance Sheet - General Fund	42-43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	44-47
Combining Balance Sheet - Special Revenue Funds	48-49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	50-51
Combining Balance Sheet - Fiduciary Funds	52-53

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor And Town Council Members
Town of South Bethany
South Bethany, Delaware 19930

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Bethany, Delaware as of and for the year ended April 30, 2017, with comparative totals as of April 30, 2016, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Bethany, Delaware, as of April 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3-9 and 35-42 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of South Bethany, Delaware's basic financial statements. The supplementary information, listed in the index, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sombar & Company, CPAs, P.A.
Certified Public Accountants

October 6, 2017
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

As management of the Town of South Bethany, Delaware, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended April 30, 2017. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

- The assets of the Town of South Bethany exceeded its liabilities at the close of the most recent fiscal year by \$ 3,768,650 (net position). Of this amount, \$ 1,202,372 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.
- As of the close of the current fiscal year, the Town of South Bethany's governmental funds reported combined ending fund balances of \$ 2,512,879. Of this amount, \$ 1,359,711 (unassigned fund balance) is available for use within the Town's designation and policies while the remaining \$ 1,153,168 is reserved for certain specified future operational and capital expenditures.
- At the end of the current fiscal year, fund balance for the general fund was \$ 1,391,757 or 58 % of the total general fund expenditures for the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

The government-wide financial statements show functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities).

The government-wide financial statements can be found on pages 10 - 12 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, using fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be put into one category called governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Realty Transfer Tax Fund, both of which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

Fiduciary Funds – Lifeguard donations are being held by the Town for lifeguard competitions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 34 of this report.

Supplemental Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on page 35 – 42 of this report. Non-required supplementary information is presented following the required supplementary information. These statements and schedules can be found on pages 39-54 of this report.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Town of South Bethany, assets exceeded liabilities by \$ 3,784,650 as of April 30, 2017.

One of the largest portion of the Town's net position (39%) reflects its' investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less accumulated depreciation. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending.

TOWN OF SOUTH BETHANY'S STATEMENT OF NET POSITION

	Governmental Activities <u>April 30, 2017</u>	Governmental Activities <u>April 30, 2016</u>	Amount <u>Change</u>
Current and other assets	\$ 2,560,975	\$ 2,634,715	\$ (73,740)
Capital Assets	<u>1,461,156</u>	<u>1,385,211</u>	<u>75,945</u>
<u>Total Assets</u>	<u>4,022,131</u>	<u>4,019,926</u>	<u>2,205</u>
Deferred Outflows of Resources	<u>156,094</u>	<u>65,464</u>	<u>90,630</u>
Long term liabilities	254,693	134,779	119,914
Other liabilities	<u>48,097</u>	<u>116,009</u>	<u>(67,912)</u>
<u>Total Liabilities</u>	<u>302,790</u>	<u>250,788</u>	<u>52,002</u>
Deferred Inflows of Resources	<u>90,785</u>	<u>65,680</u>	<u>25,105</u>
Net Position:			
Invested in Capital Assets	1,461,156	1,385,211	75,945
Restricted	1,121,122	1,126,156	(5,034)
Unrestricted	<u>1,202,372</u>	<u>1,257,555</u>	<u>(55,183)</u>
<u>Total Net Position</u>	<u>\$ 3,784,650</u>	<u>\$ 3,768,922</u>	<u>\$ 15,728</u>

As of April 30, 2017, governmental unrestricted net position was \$ 1,202,372 which may be used to meet the government's ongoing obligation to citizens and creditors. The remaining net position of \$ 1,121,122 is reserved for future expenditures with a specific purpose.

As of April 30, 2017, the Town is able to report positive balances in categories of net position, the governmental funds and governmental activities.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

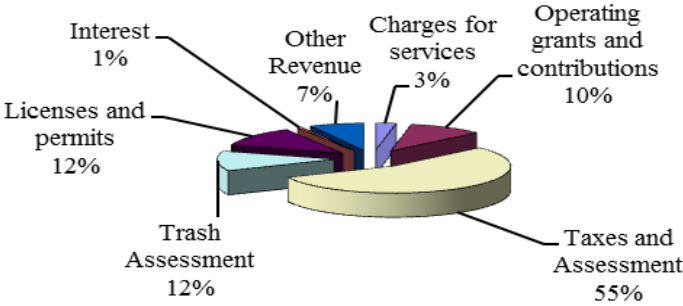
Analysis of the Town's Operations – The following table provides a summary of the Town's operations for the year ended April 30, 2017. Governmental activities increased the Town of South Bethany's net position by \$ 15,728.

TOWN OF SOUTH BETHANY'S CHANGES OF NET POSITION

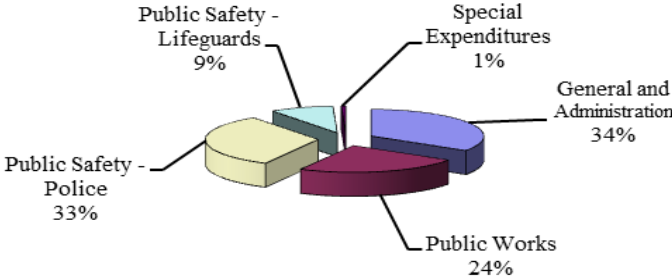
	Governmental Activities <u>April 30, 2017</u>	Governmental Activities <u>April 30, 2016</u>	Amount Change
Revenues:			
Program Revenues:			
Charges for services	\$ 72,947	\$ 68,190	\$ 4,757
Operating grants and contributions	269,007	200,250	68,757
General Revenues:			
Taxes and Assessment	1,432,315	1,510,764	(78,449)
Licenses and permits	314,726	323,399	(8,673)
Trash Assessment	308,877	372,363	(63,486)
Interest	14,730	17,345	(2,615)
Other Revenue	195,531	231,333	(35,802)
<u>Total Revenues</u>	<u>2,608,133</u>	<u>2,723,644</u>	<u>(115,511)</u>
Expenses:			
General and Administration	885,471	741,470	144,001
Public Works	610,893	600,561	10,332
Public Safety - Police	844,348	838,834	5,514
Public Safety - Lifeguards	235,503	214,484	21,019
Special Expenditures	16,190	119,673	(103,483)
<u>Total Expenses</u>	<u>2,592,405</u>	<u>2,515,022</u>	<u>77,383</u>
<u>Increase/(Decrease) in net position</u>	15,728	208,622	(192,894)
<u>Net position - Beginning, May 1</u>	3,768,922	3,560,875	208,047
<u>Prior Period Adjustment</u>	-	(575)	575
<u>Net position - Ending, April 30</u>	<u>\$ 3,784,650</u>	<u>\$ 3,768,922</u>	<u>\$ 15,728</u>

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

Governmental Activities 2017 Revenues



Governmental Activities 2017 Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

At the end of the current fiscal year, the Town of South Bethany’s governmental funds reported combined ending fund balances of \$ 2,512,879.

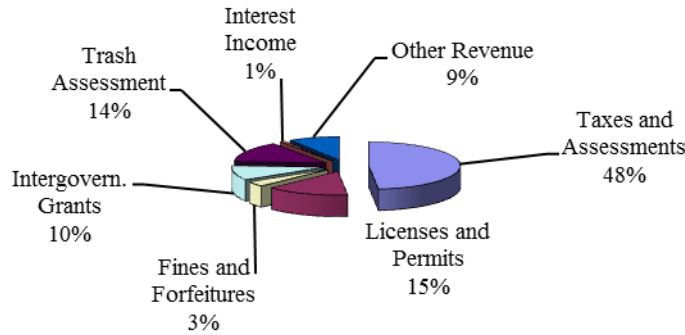
General Fund Budgetary Highlights – In the General Fund, actual revenues exceeded budgeted revenues by \$ 256,059. The majority of this favorable variance is due to higher than expected rental tax and grants. The Town’s actual expenses were below budgeted expenditures by \$ 258,581. These favorable variances were mainly due to the administrative departments.

The following schedule presents a summary of General Fund revenues for the fiscal year ended April 30, 2017, and the amount and percentage of increase and decreases in relation to prior year revenues:

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

<u>Revenues</u>	<u>April 30, 2017</u>	<u>Percentage</u>	<u>April 30, 2016</u>	<u>Percentage</u>
	<u>Totals</u>	<u>of Total</u>	<u>Totals</u>	<u>of Total</u>
Taxes and Assessments	\$ 1,047,366	48%	\$ 1,014,972	46%
Licenses and Permits	314,726	15%	243,952	15%
Fines and Forfeitures	72,947	3%	50,397	3%
Intergovernmental Grants	213,839	10%	82,803	7%
Trash Assessment	308,877	14%	357,908	17%
Interest Income	14,702	1%	16,503	1%
Other Revenue	195,532	9%	203,962	11%
	<u>\$ 2,167,989</u>	<u>100%</u>	<u>\$ 1,970,497</u>	<u>100%</u>

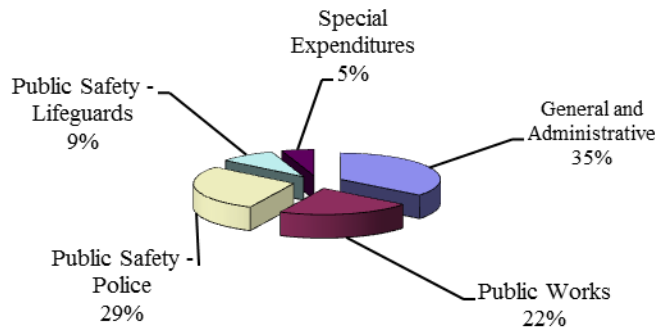
General Fund Revenues 2017



The following schedule represents a summary of General Fund expenditures for the fiscal year ended April 30, 2017, and the percentage of total in relation to prior year amounts:

<u>Expenditures</u>	<u>April 30, 2017</u>	<u>Percentage</u>	<u>April 30, 2016</u>	<u>Percentage</u>
	<u>Totals</u>	<u>of Total</u>	<u>Totals</u>	<u>of Total</u>
General and Administrative	\$ 857,648	35%	\$ 727,138	33%
Public Works	522,654	22%	554,706	25%
Public Safety - Police	693,187	29%	610,438	28%
Public Safety - Lifeguards	218,946	9%	215,047	10%
Special Expenditures	124,915	5%	89,651	4%
	<u>\$ 2,417,350</u>	<u>100%</u>	<u>\$ 2,196,980</u>	<u>100%</u>

General Fund Expenditures 2017



TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2017

Future Economic Factors – During future years, the Town may continue to experience modest growth due to lower collections of the realty transfer tax. The Town will continue to keep future capital expenditures at a minimum, in an effort to be prepared for future outlays.

CAPITAL ASSETS

The Town of South Bethany’s investment in capital assets for its governmental activities as of April 30, 2017, amounts to \$ 1,461,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities <u>April 30, 2017</u>	Governmental Activities <u>April 30, 2016</u>	Amount Change
Town Hall Building	\$ 756,599	\$ 756,599	\$ -
Police Building	321,885	303,135	18,750
Land and Buildings	264,856	264,856	-
Equipment	1,294,081	1,233,618	60,463
Infrastructure	1,056,703	909,095	147,608
Less: Accumulated Depreciation	<u>(2,232,968)</u>	<u>(2,082,092)</u>	<u>(150,876)</u>
<u>Total</u>	<u>\$ 1,461,156</u>	<u>\$ 1,385,211</u>	<u>\$ 75,945</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of South Bethany has no outstanding debt obligations.

PENSION LIABILITIES

The Town is responsible for paying the Employer’s portion of Federal Insurance Contributions Act (FICA) tax for the Non-qualified Deferred Compensation Plan. This liability is not recorded in the Town’s financial statements since the management could not reasonably estimate the amount. Additional information about the Town’s pension plan is available in note #10 on page 33 of this report.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens with general overview of the Town’s finances. If you have questions about this report or need any additional information, contact the Town, Attn: Town Manager, at 402 Evergreen Road, South Bethany, Delaware 19930, or call 302/539-3653.

BASIC FINANCIAL STATEMENTS

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF NET POSITION
APRIL 30, 2017

(With Comparative Totals for April 30, 2016)

	<u>Primary Government</u> Governmental Activities April 30, 2017	<u>Primary Government</u> Governmental Activities April 30, 2016
ASSETS		
Cash and cash equivalents	\$ 2,557,181	\$ 2,544,890
Receivables	3,794	68,664
Net Pension Asset	-	21,161
Capital assets:		
Town Hall Building	756,599	756,599
Police Building	321,885	303,135
Land & Buildings	264,856	264,856
Equipment	1,294,081	1,223,266
Infrastructure	1,056,703	919,447
Accumulated depreciation	<u>(2,232,968)</u>	<u>(2,082,092)</u>
<u>Total Assets</u>	<u>4,022,131</u>	<u>4,019,926</u>
Deferred Outflows of Resources:		
Deferred financing Outflows-Retirement	<u>156,094</u>	<u>65,464</u>
<u>Total Adjusted Net Position</u>	<u>\$ 4,178,225</u>	<u>\$ 4,085,390</u>
LIABILITIES		
Accounts payable	7,115	92,851
Accrued liabilities	130,177	149,817
Net Pension Liability	152,222	0
Deferred revenue	<u>13,276</u>	<u>8,120</u>
<u>Total Liabilities</u>	<u>302,790</u>	<u>250,788</u>
Deferred Inflows of Resources:		
Deferred financing Inflows-Retirement	<u>90,785</u>	<u>65,680</u>
NET POSITION		
Invested in capital assets (net of accumulated depreciation)	1,461,156	1,385,211
Restricted	1,121,122	1,126,156
Unrestricted	<u>1,202,372</u>	<u>1,257,555</u>
<u>Total Net Position</u>	<u>3,784,650</u>	<u>3,768,922</u>
<u>Total Adjusted Net Position</u>	<u>\$ 4,178,225</u>	<u>\$ 4,085,390</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Totals for April 30, 2016)

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General and Administrative	\$ 885,471	\$ -	\$ 32,490	\$ -
Public Works	610,893	791	49,443	-
Public Safety - Police	844,348	72,156	62,322	-
Public Safety - Lifeguards	235,503	-	-	-
Special Expenses	16,190	-	124,752	-
<u>Total Governmental Activities</u>	\$ 2,592,405	\$ 72,947	\$ 269,007	\$ -

General revenues:

- Taxes and assessments
- Licenses and permits
- Trash assessment
- Interest
- Other revenue

Total General revenues and transfers

Change in net position

Net position - Beginning, May 1, 2016

Net position - Ending, April 30, 2017

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

Net (Expenses) Revenues and Changes in Net Position	
Governmental Activities	
Totals	
2017	2016
\$ (852,981)	\$ (708,980)
(560,659)	(550,077)
(709,870)	(702,786)
(235,503)	(214,484)
108,562	(70,255)
<u>\$ (2,250,451)</u>	<u>\$ (2,246,582)</u>
1,432,315	1,510,764
314,726	323,399
308,877	372,363
14,730	17,345
195,531	231,333
<u>2,266,179</u>	<u>2,455,204</u>
15,728	208,622
<u>3,768,922</u>	<u>3,560,300</u>
<u>\$ 3,784,650</u>	<u>\$ 3,768,922</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2017

	<u>General</u>	<u>Realty Transfer Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,422,783	\$ 837,633	\$ 296,765	\$ 2,557,181
Receivables	3,294	-	-	3,294
Deferred Comp Plan	500	-	-	500
	<u>1,426,577</u>	<u>837,633</u>	<u>296,765</u>	<u>2,560,975</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable	7,115	-	-	7,115
Unearned Revenue	-	-	-	-
Accrued liabilities	27,705	-	-	27,705
Deferred revenue	-	-	13,276	13,276
Due to other funds	-	-	-	-
	<u>34,820</u>	<u>-</u>	<u>13,276</u>	<u>48,096</u>
<u>Fund Balances:</u>				
Non spendable	-	-	-	-
Restricted by other governments	-	837,633	283,489	1,121,122
Committed by council	32,046	-	-	32,046
Assigned	-	-	-	-
Unassigned	1,359,711	-	-	1,359,711
	<u>1,391,757</u>	<u>837,633</u>	<u>283,489</u>	<u>2,512,879</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,426,577</u>	<u>\$ 837,633</u>	<u>\$ 296,765</u>	<u>\$ 2,560,975</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO
GOVERNMENTAL ACTIVITIES IN NET POSITION
FOR THE YEAR ENDED APRIL 30, 2017

The Total Net Position reported for governmental activities in the Statement of Net Position is different because:

Total Fund Balances for Government Funds \$ 2,512,879

Amounts reported for governmental activities in the statement of activities are different because:

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

Total Capital Assets	3,694,124	
Accumulated Depreciation	<u>(2,232,968)</u>	1,461,156

Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly, are not reported as fund liabilities.

Compensated absences	(102,472)
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Net Pension Liability	(152,222)
Deferred Financing Inflows	(90,785)
Deferred Financing Outflows	<u>156,094</u>

Total Net Position of Governmental Activities \$ 3,784,650

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	<u>General</u>	<u>Realty Transfer Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Taxes and Assessments	\$ 1,047,366	\$ 384,949	\$ -	\$ 1,432,315
Licenses and Permits	314,726	-	-	314,726
Fines and Forfeitures	72,947	-	-	72,947
Intergovernmental Grants	213,839	-	55,167	269,006
Trash Assessment	308,877	-	-	308,877
Interest Income	14,702	-	28	14,730
Other Revenue	195,532	-	-	195,532
<u>Total Revenues</u>	<u>2,167,989</u>	<u>384,949</u>	<u>55,195</u>	<u>2,608,133</u>
 <u>Expenditures:</u>				
General and Administrative	857,648	3,368	24	861,040
Public Works	522,654	-	39,806	562,460
Public Safety - Police	693,187	98,856	5,724	797,767
Public Safety - Lifeguards	218,946	16,557	-	235,503
Special Expenditures	124,915	11,114	-	136,029
<u>Total Expenditures</u>	<u>2,417,350</u>	<u>129,895</u>	<u>45,554</u>	<u>2,592,799</u>
 <u>Excess Of Revenues Over</u>				
<u>(Under) Expenditures</u>	(249,361)	255,054	9,641	15,334
 <u>Other Financing Sources (Uses)</u>				
Transfer (to) / from	<u>250,000</u>	<u>(300,000)</u>	<u>50,000</u>	<u>-</u>
 <u>Excess Of Revenues And Other Financing</u>				
<u>Sources (Uses) Over (Under)</u>				
<u>Expenditures</u>	639	(44,946)	59,641	15,334
<u>Fund balance - May 1, 2015</u>	<u>1,391,118</u>	<u>882,579</u>	<u>223,848</u>	<u>2,497,545</u>
<u>Fund balance - April 30, 2016</u>	<u>\$ 1,391,757</u>	<u>\$ 837,633</u>	<u>\$ 283,489</u>	<u>\$ 2,512,879</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES TO FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	15,334
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Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The net change in long term Compensated Absences	32,307
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Pension Plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities	(107,858)
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Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$ (279,827) exceeded depreciation expense \$ 203,882 in the current period.

<u>75,945</u>

Change in net position of governmental activities	\$	<u><u>15,728</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies

A. Description of the Town of South Bethany, Delaware

The Town of South Bethany, Delaware (the “Town”) operates under a Council - Manager form of government and provides the following services as authorized by its charter: public safety (police and beach patrol), public works services (sanitation), street maintenance and general administrative services.

B. General Statement

The basic financial statements of the Town have been prepared in conformity with accounting Principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The town has elected not to follow subsequent private-sector guidance. The most significant of the Town’s accounting policies are described below.

C. Financial Reporting Entity

The accompanying financial statements include the various departments and offices that are legally controlled by or dependent on the Town Council (primary government). The Town’s major operations include general government, public safety, and public works. The Town’s financial reporting entity is required to consist of all organizations for which the Town is financially accountable or for which there is a significant relationship. The Town has no component units in its reporting entity.

D. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation (Continued)

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

Fund Financial Statements:

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

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is the current financial resources. The Town has presented the following major governmental funds:

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

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town's special revenue funds are: Municipal Street Aid, State Aid to Local Law Enforcement, Emergency Illegal Drug Enforcement, Combat Violent Crime and Realty Transfer Tax.

The Town segregated 1% and .5% Realty Transfer Tax until fiscal year 2013. The 1% was included in General Fund and the .5% was the part of Special Revenue Funds. During 2014, the Town decided to combine these two funds and accounted for them in Special Revenue Fund.

E. Measurement Focus / Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

E. Measurement Focus / Basis of Accounting (Continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

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

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

The Town reports the following major governmental funds:

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, and other intergovernmental revenues. This fund accounts for the general administrative services of the Town not recorded elsewhere, including the activities of the various departments, public safety, public works, general administrative, and mayor and council.

The Realty Transfer Tax Fund is used to account for financial transactions pertaining to specific resources. Revenues are derived from collections of the Town assessed realty transfer tax fee of 1.5%. Expenditures of these monies are allowable for capital and operating costs of public safety services, economic development programs, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

F. Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – Amounts that cannot be spent due to liquidity, such as prepaid amounts and fixed assets.

Restricted – Amounts where an external government defines how the monies must be spent. Examples include federal, state and county grants.

Committed – Amounts that the Town Council has formally passed by a majority vote. A majority vote by council is also required to formally release these funds.

Assigned – Amounts that may be designated for a specific purpose without a formal vote by the Town Council.

Unassigned – Amounts that are at the Town’s discretion for day to day operations.

G. Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. In addition, all certificates of deposits are considered highly liquid investments, regardless of maturity date.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure consists of streets and drainage projects. The Town has elected to not capitalize infrastructure acquired prior to May 1, 2004.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	5-20 years
Vehicles	5 years
Infrastructure	30 years

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town's pension contributions subsequent to the measurement date of the net pension liability are reported as deferred outflow of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reported increases in its net pension asset that were not included in its pensions expenses as deferred inflows of resources.

J. Property Tax

Taxes are levied on May 1st of each year and are due by June 30th. The Town bills and collects its own property taxes.

K. Compensated Absences

Full-time permanent employees of the Town accrue vacation leave based on their tenure, to a maximum of thirty (30) days, as specified in the employee handbook. Sick leave accrues to a maximum of 20 days. Holiday time is accrued for all employees. Police officers can accrue a maximum of 240 hours of Comp time. Upon termination or retirement, employees in good standing are entitled to their leave accruals to the maximums specified in the employee handbook.

L. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide financial statements.

M. Budgetary Activity

The Town charter established the fiscal year as the twelve-month period beginning May 1st. The Town Council adopts a budget annually. The budget can be revised as deemed necessary by the Council. A single fixed budget covers the general fund and is employed during the year as a management control device. The budgetary amounts are comprised of the normal operating budget and supplemental budget allocations, if applicable.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

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

(2) Cash and Cash Equivalents

Custodial Credit Risk-Custodial credit risk is the risk that, in the event of failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

All deposits are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At April 30, 2017, the carrying amount of the Town's deposits was \$2,557,181 and the bank balance was \$2,659,517.

As of April 30, 2017, none of the Town's bank balances of \$ 2,577,181 was exposed to custodial risk.

(3) Property Taxes

The tax rate for the year ended April 30, 2017 was \$1.30 per \$100 of assessed valuation with a total assessed valuation of approximately \$ 38,719,925.

(4) Interfund Receivables, Payables, and Transfers

Interfund transfers for the year ended April 30, 2017 consisted of the following:

<u>Transfers In</u>		<u>Transfers Out</u>	
General Fund	\$ 300,000	Realty Transfer Tax Fund	\$ 300,000
MSA Fund	\$50,000	General Fund	\$ 50,000

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(5) Changes in Fixed Assets

Capital Asset Activity for the year ended April 30, 2017, was as follows:

	Balance May 1st	Additions	Disposal	Balance April 30th
Town Hall Building	\$ 756,599	\$ -	\$ -	\$ 756,599
Police Building	303,135	18,750	-	321,885
Land and Buildings-other	264,856	-	-	264,856
Equipment	1,233,618	113,469	(53,006)	1,294,081
Infrastructure	909,095	147,608	-	1,056,703
	<u>3,467,303</u>	<u>279,827</u>	<u>(53,006)</u>	<u>3,694,124</u>
<u>Less: Accumulated depreciation</u>	<u>(2,082,092)</u>	<u>(203,882)</u>	<u>53,006</u>	<u>(2,232,968)</u>
Capital Assets (Net of Accumulated Depreciation)	\$ <u>1,385,211</u>	\$ <u>75,945</u>	\$ <u>-</u>	\$ <u>1,461,156</u>

(6) Retirement and Pension Plans

Delaware County and Municipal Police/Firefighters' Pension Plan

Plan Description

The County & Municipal Police & Firefighter's' Pension Plan (the plan) is a cost sharing multiple-employer defined –benefit pension plan established in the Delaware Code.

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

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

The following are brief descriptions of the Plan in effect as of June 30, 2016. For a more complete description, please refer to the DPERS CAFR.

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
 860 Silver Lake Blvd
 Dover, De 19904

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters' Pension Plan (Cont.)

Plan Benefits

Eligibility

The Plan covers police officers and firefighters employed by a county or municipality of the state that have joined the Plan.

Service Benefits

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting

Five years of credited services.

Retirement

Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits

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

Duty-Partial Disability-Calculated the same as Service Benefits, subjects to minimum 50% of final average compensation.

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

Survivor Benefits

If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If the member is killed in the line duty, the eligible survivor receives 75% of the members' compensation.

Employer

Determined by Board of Pension Trustees. Employer contributions were 13.9% and 14.2% of earnings for the fiscal year 2016 and 2015, respectively.

Member

7% of compensation.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters' Pension Plan (Cont.)

Pensions Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

At April 30, 2016 the Town reported a liability (asset) of \$80,226 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The Town's proportion of the net pension liability (asset) was based on the percentage of actual employee contributions. At June 30, 2016, the Town's Proportion for the Police Plan was .5047%.

For the year ended April 30, 2017, the Town recognized pension expense of \$106,175; At June 30, 2016 the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Inflows of Resources	-	\$80,521
Deferred Outflows of Resources	\$99,095	-
Total	<u>\$99,095</u>	<u>\$80,521</u>

The Town's contribution subsequent to the measurement date of \$99,095, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended April 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over five years and recognized as pension expense as follows:

Year Ending April 30

2017	\$	(10,205)
2018	\$	(10,205)
2019	\$	(31,241)
2020	\$	(21,965)
2020	\$	(2,342)
Thereafter	\$	(9,357)

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The collective total pension liability for the June 30, 2016

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters' Pension Plan (Cont.)

measurement date was determined by an actuarial valuation as of June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.2%
Projected Salary Increases	2.5% + Merit
Inflation	2.5%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact of future financial statements.

Mortality rates were based on the Sex distinct RP-2014 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighing the expected future real rate of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class include in the System's current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and equivalents	-

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rate determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters’ Pension Plan (Cont.)

return on pension plan investment was applied to all periods of projected payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
314,110	80,222	(114,496)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan’s fiduciary net positions is available in the separately issued DPERS financial report.

Funding Policy

The Delaware County and Municipal Police/Firefighter’s’ Pension Plan requires active members to contribute 7% of compensation. The Town is required to contribute at an actuarially determined rate, which was 14.9% at July 1, 2014, 15.5% at July 1, 2015, and 13.9% at July 1, 2016. The contribution information for the Town is as follows:

	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
6/30/14	\$ 57,861	100%
6/30/15	\$ 41,417	100%
6/30/16	\$ 50,926	100%

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees’ Pension Plan

Plan Description

The County & Municipal and Other Employees’ Pension Plan (the plan) is a cost sharing multiple-employer defined –benefit pension plan established in the Delaware Code.

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

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

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

The following are brief descriptions of the Plan in effect as of June 30, 2017. For a more complete description, please refer to the DPERS CAFR.

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
860 Silver Lake Blvd
Dover, De 19904

Plan Benefits

Eligibility

The Plan covers police employees of counties or municipalities that have joined the plan.

Service Benefits

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

Vesting

Five years of credited services.

Retirement

Age 62 with 5 years of service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits

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

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

Survivor Benefits

If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Employer

Determined by Board of Pension Trustees. Employer contributions were 6.2% and 6.5% of earnings for the fiscal year 2016 and 2015, respectively.

Member

Employees of the Town are required to contribute 3% of their gross earnings in excess of \$6,000 per year to the pension plan.

Pensions Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

At April 30, 2016 the Town reported a liability (asset) of \$71,966 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The Town's proportion of the net pension liability (asset) was based on the percentage of actual employee contributions. At June 30, 2016, the Town's Proportion for the Police Plan was 1.1620%.

For the year ended April 30, 2017, the Town recognized pension expense of \$76,754; at June 30, 2016 the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows of Resources	\$56,999	
Deferred Inflows of Resources	-	\$10,264
Total	<u>\$56,999</u>	<u>\$10,264</u>

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

The Town's contribution subsequent to the measurement date of \$56,999, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over five years and recognized as pension expense as follows:

<u>Year Ending April 30</u>	
2017	\$ 9,688
2018	\$ 9,688
2019	\$ 18,792
2020	\$ 14,677
2021	\$ 3,823
Thereafter	\$ 14,305

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, and update procedures were used to roll forward the total pension liability to June 30, 2016. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.2%
Projected Salary Increases	2.5% + Merit
Inflation	0%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact of future financial statements.

Mortality rates were based on the Sex distinct RP-2014 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighing the expected future real rate of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(6) Retirement and Pension Plans (Cont.)

Delaware County and Other Municipal Employees' Pension Plan (Cont.)

each major asset class include in the System's current and expected asset allocations are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and equivalents	-

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rate determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
213,678	100,375	7,079

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net positions is available in the separately issued DPERS financial report.

Funding Policy

The Delaware County and Other Municipal Employees' Pension Plan requires active members to contribute 3% of earnings in excess of \$6,000. The Town is required to contribute at an actuarially determined rate, which was 6.6% at July 1, 2014, 6.5% at July 1, 2015, and 6.2% at July 1, 2013. The contribution information for the Town is as follows:

	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
6/30/14	\$ 23,255	100%
6/30/15	\$ 23,466	100%
6/30/16	\$ 24,140	100%

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(7) Operating Leases

In October, 1997, the Town entered into a lease with Artesian Water Company, Inc. for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents for a period of thirty-three years. The rent will be adjusted to fair market rental at the twelfth and twenty-fourth anniversaries. The lease may be extended for two additional thirty-three year terms. The lease was amended July, 2010 to adopt the new appraisal value. The benchmark rent was changed to \$ 14,900; this amount is adjusted based on the percentage increase in the CPI.

In February, 2004, the Town entered into a lease with Sharp Energy, Inc. for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents of \$ 2,500 for lease years one through five. In years six through ten, the annual rent will increase by the percentage increase of the Consumer Price Index for Urban Workers ("CPI") each year. During year eleven, the annual rent will be based upon the fair market rental value, not to be less than year ten nor shall it exceed the annual rent of the tenth year by 20%. The rent during the twelfth through fifteenth lease years shall increase by the percentage increase of the CPI.

In June, 2009, the Town entered into a lease with Verizon Wireless for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents of \$ 12,000 to be paid monthly for a period of 5 years. The lease will be automatically extend for an additional four (4) terms of five (5) years each, unless Verizon Wireless provides a written notice of termination at least six (6) months before the end of the current term. Each year is subject to an increase equal to the greater of 3% or the Consumer Price Index (CPI).

(8) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance.

The Town is fully insured for workers' compensation through commercial insurance, and employees are bonded to limit the loss to the Town in the event of employees committing acts of embezzlement or theft. There has been no significant reduction in insurance coverage from the prior year by major categories of risk, and amounts of settlements have not exceeded insurance coverage for each of the past three fiscal years.

(9) Commitments and Contingencies

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The Town does not anticipate losses as a result of these transactions.

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

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2017

(9) Commitments and Contingencies (Cont.)

At the present time, there are no potential claims against the Town with reasonable possibilities of unfavorable outcomes. The amount of any liability would be an amount equal to of the insurance deductible.

(10) Deferred Compensation Fund

Prior to 2006, the Town offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. At April 30, 2017, a balance of \$ 0 was still being held for Town employees by the independent plan administrator, Edward Jones. Since the Town has title to these assets, the Deferred Compensation Fund is included in the financial statements as an agency fund, and its assets are presented at fair market value as of April 30, 2017.

(11) Irene Dernoskiw FEMA Fund

In 2014, the Town of South Bethany entered into an agreement with a resident and the Federal Emergency Management Agency (FEMA). Per the agreement, the Town was appointed as an escrow agent. The Town holds the sums received in a non-interest bearing account. At April 30, 2017 the account had a balance of \$0.

(12) Subsequent Events

The town has evaluated subsequent events up to October 6, 2017.

(13) Future Accounting Pronouncements

GASB has issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The Town has not determined the effect of implementing this Statement.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy	\$ 509,774	\$ 509,774	\$ 503,359	\$ (6,415)
Gross rental tax	510,000	510,000	544,007	34,007
<u>Total Taxes And Assessments</u>	<u>1,019,774</u>	<u>1,019,774</u>	<u>1,047,366</u>	<u>27,592</u>
<u>Licenses And Permits:</u>				
Building permits	155,000	155,000	221,235	66,235
Parking permits	26,000	26,000	25,751	(249)
Mercantile licenses	35,000	35,000	38,790	3,790
Rental license	35,000	35,000	28,950	(6,050)
<u>Total Licenses And Permits</u>	<u>251,000</u>	<u>251,000</u>	<u>314,726</u>	<u>63,726</u>
<u>Fines And Forfeits:</u>				
Police fines	55,000	55,000	58,361	3,361
Parking tickets	10,000	10,000	13,795	3,795
Grass cutting violations	500	500	-	(500)
Penalties	1,000	1,000	791	(209)
<u>Total Fines And Forfeits</u>	<u>66,500</u>	<u>66,500</u>	<u>72,947</u>	<u>6,447</u>
<u>Intergovernmental Grants:</u>				
Police pension	24,824	24,824	31,202	6,378
Other grants	29,535	29,535	157,637	128,102
Sussex County Grant - Police	25,000	25,000	25,000	-
<u>Total Intergovernmental Grants</u>	<u>79,359</u>	<u>79,359</u>	<u>213,839</u>	<u>134,480</u>
<u>Trash & Recycling Assessment</u>	<u>308,606</u>	<u>308,606</u>	<u>308,877</u>	<u>271</u>
<u>Interest Income</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 14,702</u>	<u>\$ 5,702</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues: (Continued)</u>				
<u>Other Revenue:</u>				
BBVF ambulance fee	\$ 74,147	\$ 74,147	\$ 74,624	\$ 477
CATV gross receipts percentage	38,000	38,000	42,907	4,907
Phone lease	14,748	14,748	14,651	(97)
Water lease	16,000	16,000	16,031	31
Gas lease	2,800	2,800	2,500	(300)
Donations	4,096	4,096	560	(3,536)
Beach vendor	18,000	18,000	18,000	-
Sale of Assets	3,500	3,500	11,912	8,412
Miscellaneous	6,400	6,400	14,347	7,947
<u>Total Other Revenue</u>	<u>177,691</u>	<u>177,691</u>	<u>195,532</u>	<u>17,841</u>
<u>Total Revenue</u>	<u>1,911,930</u>	<u>1,911,930</u>	<u>2,167,989</u>	<u>256,059</u>
<u>Expenditures:</u>				
<u>General and Administrative:</u>				
Advertising	1,600	1,600	5,039	(3,439)
Printing and postage	12,600	12,600	4,742	7,858
Auditing	9,000	9,000	8,500	500
Bank charges	4,500	4,500	4,420	80
Computer maintenance	19,500	19,500	16,328	3,172
Contributions	12,265	12,265	11,565	700
Insurance	152,480	152,480	136,956	15,524
Office expenses	26,500	26,500	34,233	(7,733)
Legal	28,000	28,000	28,334	(334)
Payroll taxes	32,419	32,419	34,803	(2,384)
Training, seminars, travel	6,500	6,500	5,678	822
Salaries	291,519	291,519	343,265	(51,746)
Telephone	12,920	12,920	12,833	87
Utilities	7,550	7,550	6,895	655
Dues and subscriptions	5,300	5,300	4,623	677
Pension costs	19,328	19,328	17,281	2,047
Website maintenance	5,500	5,500	3,150	2,350
Miscellaneous	13,600	13,600	14,258	(658)
<u>Total General and Administrative</u>	<u>\$ 661,081</u>	<u>\$ 661,081</u>	<u>\$ 692,903</u>	<u>\$ (31,822)</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

<u>Expenditures: (Continued)</u>	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Public Works:</u>				
Street maintenance	\$ 20,000	\$ 20,000	\$ 22,116	\$ (2,116)
Supplies	5,500	5,500	5,352	148
Salaries	88,003	88,003	91,545	(3,542)
Payroll Taxes	6,732	6,732	6,784	(52)
Insurance	29,286	29,286	28,014	1,272
Gas	6,500	6,500	5,339	1,161
Trash disposal	308,606	308,606	312,967	(4,361)
Vehicle and equipment expense	26,136	26,136	4,731	21,405
Uniforms	750	750	557	193
Utilities	19,900	19,900	18,572	1,328
Park/Walkways/Dunes	10,000	10,000	7,090	2,910
Signs	7,000	7,000	9,534	(2,534)
Decorations	7,600	7,600	9,022	(1,422)
Building maintenance	42,940	42,940	17,274	25,666
Beach cleanup	3,000	3,000	1,280	1,720
Landscaping	6,500	6,500	9,491	(2,991)
Pension cost	5,408	5,408	5,614	(206)
Canal maintenance	6,000	6,000	643	5,357
Miscellaneous	1,350	1,350	1,527	(177)
<u>Total Public Works</u>	601,211	601,211	557,452	43,759
<u>Public Safety - Police:</u>				
Supplies	2,000	2,000	5,185	(3,185)
Salaries	456,394	456,394	462,737	(6,343)
Payroll Taxes	33,782	33,782	35,443	(1,661)
Insurance	89,011	89,011	79,096	9,915
Vehicle maintenance	4,000	4,000	40,666	(36,666)
Equipment maintenance	3,500	3,500	2,280	1,220
Uniforms	6,000	6,000	5,716	284
Pension costs	55,511	55,511	54,027	1,484
Training	8,000	8,000	8,158	(158)
Dues and subscriptions	600	600	1,557	(957)
Gas	15,500	15,500	13,336	2,164
Utilities	6,000	6,000	4,105	1,895
Telephone & computer expenses	6,750	6,750	3,748	3,002
Police Grant Expense	45,735	45,735	15,852	29,883
Radio and radar	1,500	1,500	-	1,500
BBVF ambulance fee	74,147	74,147	74,147	-
Ford Police Interceptor	73,319	73,319	-	73,319
Miscellaneous	4,246	4,246	1,673	2,573
<u>Total Public Safety - Police</u>	\$ 885,995	\$ 885,995	\$ 807,726	\$ 78,269

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
<u>Expenditures: (Continued)</u>				
<u>Public Safety - Lifeguards:</u>				
Supplies	\$ 4,750	\$ 4,750	\$ 1,828	\$ 2,922
Salaries	199,465	199,465	203,644	(4,179)
Payroll Taxes	15,068	15,068	15,398	(330)
Uniforms	5,000	5,000	3,057	1,943
Equipment	10,000	10,000	5,569	4,431
Training	3,700	3,700	4,848	(1,148)
	<u>237,983</u>	<u>237,983</u>	<u>234,344</u>	<u>3,969</u>
<u>Special Expenditure:</u>				
Canal expenses	153,200	153,200	0	153,200
Miscellaneous other	27,020	37,020	0	37,020
Grant expenses- other	38,000	99,441	124,925	(25,484)
	<u>218,220</u>	<u>289,661</u>	<u>124,925</u>	<u>164,736</u>
	<u>2,604,490</u>	<u>2,675,931</u>	<u>2,417,350</u>	<u>258,911</u>
<u>Excess Of Revenues Over</u>				
<u>(Under) Expenditures</u>	(692,560)	\$ (764,001)	(249,361)	514,640
<u>Other Financing Sources (Uses)</u>				
Transfer (to) / from Realty transfer tax	-	-	250,000	250,000
<u>Excess Of Revenues And Other Financing</u>				
<u>Sources (Uses) Over (Under)</u>				
<u>Expenditures</u>	\$ (692,560)	(764,001)	\$ 639	\$ 763,362
<u>Fund Balance - May 1, 2015</u>			1,391,118	
<u>Fund Balance - April 30, 2016</u>			\$ 1,391,757	

The accompanying notes are an integral part of these financial statements

TOWN OF SOUTH BETHANY, DELAWARE
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
DPERS COUNTY OTHERS MUNICIPAL EMPLOYEES PENSION PLAN
LAST THREE YEARS FOR THE PERIOD ENDED 4/30/17

<u>County & Municipal Other Employees Pension Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	1.162	1.2216	1.3135	1.4501
Town's proportionate share of the net pension liability (asset)	71,996	521	(4,835)	36,969
Town's Covered-employee payroll	426,745	373,776	357,109	336,829
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	17%	0%	1%	11%
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.3%	99.9%	101.1%	91.6%

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

TOWN OF SOUTH BETHANY, DELAWARE
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
DPERS COUNTY AND MUNICIPAL POLICE AND FIREFIGHTERS PENSION PLAN
LAST THREE YEARS FOR THE PERIOD ENDED 4/30/17

<u>County & Municipal Police and Firefighters' Pension Plan</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.5047	0.4114	0.5627	0.6145
Town's proportionate share of the net pension liability (asset)	80,226	(41,417)	(60,871)	62,098
Town's Covered-employee payroll	410,711	429,961	445,642	429,087
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20%	10%	14%	14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.7%	102.0%	95.3%	104.5%

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

TOWN OF SOUTH BETHANY, DELAWARE
SCHEDULE OF TOWN'S CONTRIBUTIONS
DPERS COUNTY AND MUNICIPAL POLICE AND FIREFIGHTERS PENSION PLAN
LAST THREE YEARS FOR THE PERIOD ENDED 4/30/17

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 50,926	\$ 41,417	\$ 57,861	\$ 53,283
Contributions in relation to the contractually required contribution	<u>\$ 50,926</u>	<u>\$ 41,417</u>	<u>\$ 57,861</u>	<u>\$ 53,283</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	410,711	429,961	445,642	429,087
Contributions as a percentage of covered-employee payroll	12.40%	9.63%	12.98%	12.42%

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

TOWN OF SOUTH BETHANY, DELAWARE
SCHEDULE OF TOWN'S CONTRIBUTIONS
DPERS COUNTY AND OTHER MUNICIPAL EMPLOYEES PENSION PLAN
LAST THREE YEARS FOR THE PERIOD ENDED 4/30/17

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 24,140	\$ 23,466	\$ 23,510	\$ 23,255
Contributions in relation to the contractually required contribution	<u>\$ 24,140</u>	<u>\$ 23,466</u>	<u>\$ 23,510</u>	<u>\$ 23,255</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	426,745	373,776	357,109	336,829
Contributions as a percentage of covered-employee payroll	5.66%	6.28%	6.58%	6.90%

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

SUPPLEMENTAL INFORMATION

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF APRIL 30, 2017

(With Comparative Amounts As Of April 30, 2016, 2015, 2014)

ASSETS

	2017	2016	2015	2014
<u>Cash And Cash Equivalents:</u>				
Cash in bank - checking	\$ 65,276	\$ 66,525	\$ 81,209	\$ 88,005
Cash in bank - money market	38,794	50,336	7,762	177,803
Cash in bank - certificates of deposit	1,318,713	1,316,267	1,038,978	1,022,961
<u>Total Cash And Cash Equivalents</u>	1,422,783	1,433,128	1,127,949	1,288,769
 <u>Receivables:</u>				
Fines	3,294	4,097	4,290	2,665
State of Delaware grants	-	-	10,000	4,200
FEMA Grants	-	49,418	-	-
<u>Total Receivables</u>	3,294	53,515	14,290	6,865
 <u>Deferred Expense</u>	-	-	-	-
 <u>Due From Other Funds</u>	-	2,952	5,495	12,921
 <u>Deferred Compensation Plan</u>	500	500	-	-
<u>TOTAL ASSETS</u>	\$ 1,426,577	\$ 1,490,095	\$ 1,147,734	\$ 1,308,555

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF APRIL 30, 2017

(With Comparative Amounts As Of April 30, 2016, 2015, 2014)

LIABILITIES AND FUND EQUITY

	2017	2016	2015	2014
<u>Accounts Payable</u>				
Accounts payable	\$ 7,115	\$ 72,826	\$ 75,056	\$ 66,482
Hurricane trash reimbursement payable				19,977
	<u>7,115</u>	<u>72,826</u>	<u>75,056</u>	<u>86,459</u>
 <u>Accrued Liabilities:</u>				
Accrued compensatory absences -				
current portion	7,115	1,097	242	6,966
Accrued wages	7,917	4,685	-	26,353
Accrued payroll taxes and withholdings	12,673	9,255	11,702	1,982
	<u>27,705</u>	<u>15,037</u>	<u>11,944</u>	<u>35,301</u>
 <u>Unearned Revenue:</u>	-	-	150	3,450
 <u>Due to other funds</u>	-	11,114	12,181	12,285
	<u>34,820</u>	<u>98,977</u>	<u>99,331</u>	<u>137,495</u>
 <u>Fund Equity:</u>				
Non spendable	-	-	-	
Restricted by other governments	-	-	-	
Committed by council	32,046	32,046	32,046	42,306
Assigned	-	-	-	-
Unassigned	1,359,711	1,359,072	1,016,357	1,128,754
	<u>1,391,757</u>	<u>1,391,118</u>	<u>1,048,403</u>	<u>1,171,060</u>
 <u>TOTAL LIABILITIES</u>				
 <u>AND FUND EQUITY</u>	<u>\$ 1,426,577</u>	<u>\$ 1,490,095</u>	<u>\$ 1,147,734</u>	<u>\$ 1,308,555</u>

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

TOWN SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Amounts For The Years Ended April 30, 2016, 2015, 2014)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy (net of discounts)	\$ 503,359	\$ 487,049	\$ 500,674	\$ 488,192
Gross rental tax	544,007	513,634	514,298	510,878
<u>Total Taxes And Assessments</u>	<u>1,047,366</u>	<u>1,000,683</u>	<u>1,014,972</u>	<u>999,070</u>
<u>Licenses And Permits:</u>				
Building permits	221,235	210,184	145,410	170,807
Parking permits	25,751	29,385	27,472	27,450
Mercantile licenses	38,790	36,880	31,470	46,590
Rental licenses	28,950	46,950	39,600	39,300
<u>Total Licenses And Permits</u>	<u>314,726</u>	<u>323,399</u>	<u>243,952</u>	<u>284,147</u>
<u>Fines and Forfeits</u>				
Police fines	58,361	60,495	39,694	48,485
Parking tickets	13,795	6,880	9,635	12,064
Penalties	791	815	1,068	832
<u>Total Fines And Forfeits</u>	<u>72,947</u>	<u>68,190</u>	<u>50,397</u>	<u>61,381</u>
<u>Intergovernmental Grants:</u>				
Police Pension	31,202	22,109	25,413	26,951
FEMA / DEMA	-	49,418	-	7,027
Combat Violent Crime/Sleaf	20,735	22,874	-	-
Highway Safety Grant	12,150	6,200	-	2,600
Sussex County Grant - Police	25,000	10,000	25,000	25,000
Other Grant	124,752	32,490	32,390	22,950
<u>Total Intergovernmental Grants</u>	<u>213,839</u>	<u>143,091</u>	<u>82,803</u>	<u>84,528</u>
<u>Trash & Recycling Assessment</u>	<u>\$ 308,877</u>	<u>\$ 372,363</u>	<u>\$ 357,908</u>	<u>\$ 348,518</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Amounts For The Years Ended April 30, 2016, 2015, 2014)

	2017	2016	2015	2014
<u>Revenue: (Continued)</u>				
<u>Interest Income</u>	\$ 14,702	\$ 17,323	\$ 16,503	\$ 15,979
<u>Other Revenue:</u>				
BBVF ambulance fee	74,624	73,890	74,180	61,298
CATV gross receipts percentage	42,907	42,098	40,851	46,974
Donation	560	55,161	25,040	500
Water lease	16,031	16,031	16,031	15,818
Gas lease	2,500	2,500	3,353	2,500
Phone lease	14,651	14,224	13,810	13,442
Miscellaneous	14,347	9,430	7,467	2,945
Beach vendor	18,000	18,000	18,000	18,000
Sale of asset	11,912	-	5,230	1,050
<u>Total Other Revenue</u>	195,532	231,334	203,962	162,527
<u>Total Revenue</u>	2,167,989	2,156,383	1,970,497	1,956,150
<u>Expenditures:</u>				
<u>General and Administrative:</u>				
Advertising	5,039	1,411	1,660	1,159
Printing and postage	4,742	4,931	4,523	4,215
Auditing	8,500	8,400	10,500	8,200
Bank charges	4,420	3,904	2,485	2,997
Automobile	-	-	18,819	-
Computer maintenance	16,328	15,924	12,125	17,289
Contributions	11,565	1,000	4,000	3,100
Insurance	236,887	249,221	206,554	209,249
Office expenses	34,233	28,760	30,908	30,920
Legal	28,334	56,777	18,854	6,137
Payroll taxes	92,420	79,238	89,156	82,476
Training, seminars, travel	5,678	6,217	4,308	5,669
Salaries	343,265	284,783	273,189	259,909
Telephone	12,833	13,168	11,121	10,401
Utilities	6,895	7,868	7,662	8,808
Dues and subscriptions	4,623	4,116	4,117	4,257
Pension costs	17,281	16,193	17,534	17,193
Website maintenance	3,150	3,783	2,562	2,126
Social Activities	7,197	-	-	-
Miscellaneous	14,258	7,164	7,061	3,819
<u>Total General and Administrative</u>	\$ 857,648	\$ 792,858	\$ 727,138	\$ 677,924

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Amounts For The Years Ended April 30, 2016, 2015, 2014)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenditures: (Continued)				
Public Works:				
Street maintenance	\$ 22,116	\$ 18,337	\$ 19,334	\$ 26,361
Supplies	5,352	4,243	4,907	4,442
Salaries	91,545	89,788	83,920	76,920
Pension costs	5,614	7,772	4,977	4,655
Gas	5,339	4,019	6,359	5,052
Trash disposal & recycling	312,967	375,075	374,710	383,962
Vehicle and equipment expense	2,360	5,480	4,999	4,841
Uniforms	557	705	734	712
Utilities	18,572	15,092	13,735	21,647
Park/Walkways/Dunes	7,090	7,341	7,605	3,697
Signs	9,534	3,700	7,159	2,685
Decorations	9,022	1,855	2,497	9,978
Building maintenance	17,274	20,119	16,832	15,268
Beach clean up	1,280	1,791	1,530	750
Landscaping	9,491	4,506	430	120
Canal maintenance	643	6,116	1,903	4,206
Equipment Purchase	2,371	-	1,446	-
Miscellaneous	1,527	901	1,629	1,798
Total Public Works	522,654	566,840	554,706	567,094
Public Safety - Police:				
Supplies	5,185	4,055	4,924	2,796
Salaries	462,737	429,261	445,642	429,087
Telephone	3,568	3,555	2,945	2,879
Computer expenses	180	1,750	7,593	461
Vehicle maintenance	11,934	4,248	5,080	7,195
Equipment maintenance	2,280	2,150	350	693
Uniforms	5,716	5,979	6,598	3,039
Pension costs	54,027	53,428	43,668	58,390
Training	8,158	9,256	8,620	7,884
Dues and subscriptions	1,557	910	898	380
Gas	13,336	13,304	11,378	16,050
Printing	\$ 1,673	\$ 1,182	\$ 2,303	\$ 529

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Amounts For The Years Ended April 30, 2016, 2015, 2014)

	2017	2016	2015	2014
<u>Expenditures: (Continued)</u>				
<u>Public Safety - Police: (Continued)</u>				
BBVF ambulance fee	\$ 74,147	\$ 74,147	\$ 68,128	\$ 60,117
Vehicle/Capital purchases	28,732	-	-	-
Sussex County Grant Expense	15,852	20,615	6,979	26,838
Utilities	4,105	7,117	5,628	5,504
Equipment rental expense	-	-	320	1,462
<u>Total Public Safety - Police</u>	<u>693,187</u>	<u>630,957</u>	<u>610,438</u>	<u>587,279</u>
<u>Public Safety - Lifeguards:</u>				
Supplies	1,828	3,840	8,099	2,926
Salaries	203,644	183,366	188,731	191,775
Uniforms	3,057	4,445	5,232	1,015
Equipment	5,569	14,043	9,864	5,656
Training	4,848	2,964	3,121	1,660
<u>Total Public Safety - Lifeguards</u>	<u>218,946</u>	<u>208,658</u>	<u>215,047</u>	<u>203,032</u>
<u>Special Expenditures:</u>				
Hurricane expense	-	-	-	-
Dredging expenses	-	22,208	19,557	5,000
Capital expenditures	-	-	22,512	-
Forest service expenses	-	-	5,000	-
ARM Expense	-	-	-	-
Grant Expense - other	124,915	152,146	42,582	40,642
<u>Total Special Expenditures</u>	<u>124,915</u>	<u>174,354</u>	<u>89,651</u>	<u>45,642</u>
<u>Total Expenditures</u>	<u>2,417,350</u>	<u>2,373,668</u>	<u>2,298,154</u>	<u>2,115,846</u>
<u>Transfers From Other Funds</u>	<u>250,000</u>	<u>560,000</u>	<u>205,000</u>	<u>321,096</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>639</u>	<u>342,715</u>	<u>(122,657)</u>	<u>161,400</u>
<u>Fund Balance - May 1st</u>	<u>1,391,118</u>	<u>1,048,403</u>	<u>1,171,060</u>	<u>1,009,660</u>
<u>Fund Balance - April 30th</u>	<u>\$ 1,391,757</u>	<u>\$ 1,391,118</u>	<u>\$ 1,048,403</u>	<u>\$ 1,171,060</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF APRIL 30, 2017

(With Comparative Amounts As Of April 30, 2016, 2015, 2014)

<u>ASSETS</u>	<u>Municipal Street Aid</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>State Aid To Local Law Enforcement</u>
<u>Cash and Cash Equivalents</u>			
Cash in bank - checking	\$ 283,489	\$ 5,922	\$ 7,354
<u>Total Cash and Cash Equivalents</u>	<u>283,489</u>	<u>5,922</u>	<u>7,354</u>
<u>Receivables</u>			
Due from other funds	-	-	-
Transfer Tax Receivable	-	-	-
<u>TOTAL ASSETS</u>	<u>283,489</u>	<u>5,922</u>	<u>7,354</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Deferred revenue	-	5,922	7,354
Due to other funds	-	-	-
Due to other entity	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>5,922</u>	<u>7,354</u>
<u>Fund Equity:</u>			
Non spendable	-	-	-
Restricted by other governments	283,489	-	-
Committed by council	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<u>Total Fund Equity</u>	<u>283,489</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 283,489</u>	<u>\$ 5,922</u>	<u>\$ 7,354</u>

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

Combat Violent Crime	Realty Transfer Tax	Totals (Memorandum Only)			
		2017	2016	2015	2014
\$ -	\$ 837,633	\$ 1,134,398	\$ 1,111,261	\$ 1,128,141	\$ 771,270
-	837,633	1,134,398	1,111,261	1,128,141	771,270
-	-	-	11,114	12,182	12,285
-	-	-	15,150	-	-
-	837,633	1,134,398	1,137,525	1,140,323	783,555
-	-	13,276	8,120	8,692	6,880
-	-	-	2,953	5,495	12,921
-	-	-	20,025	-	-
-	-	13,276	31,098	14,187	19,801
-	-	-	-	-	-
-	837,633	1,121,122	1,106,427	1,126,136	763,754
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	837,633	1,121,122	1,106,427	1,126,136	763,754
\$ -	\$ 837,633	\$ 1,134,398	\$ 1,137,525	\$ 1,140,323	\$ 783,555

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

(With Comparative Amounts For The Years Ended April 30, 2016, 2015, 2014)

	<u>Municipal Street Aid</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>State Aid To Local Law Enforcement</u>
<u>Revenues:</u>			
Interest	\$ 28	\$ -	\$ -
Intergovernmental grants	49,443	2,544	3,180
Taxes	-	-	-
	<u>49,471</u>	<u>2,544</u>	<u>3,180</u>
<u>Total Revenues</u>			
	<u>49,471</u>	<u>2,544</u>	<u>3,180</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Street improvements	39,806	-	-
	<u>39,806</u>	<u>-</u>	<u>-</u>
<u>Public Safety - Police:</u>			
Equipment / salaries	-	2,544	3,180
	<u>-</u>	<u>2,544</u>	<u>3,180</u>
<u>Total Public Safety - Police</u>			
	<u>-</u>	<u>2,544</u>	<u>3,180</u>
<u>General and Administration:</u>			
Bank charges	24	-	-
Capital Expenditures	-	-	-
RTT Expense Reimbursement	-	-	-
	<u>24</u>	<u>-</u>	<u>-</u>
<u>Total General and Administration</u>			
	<u>24</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>			
	<u>39,830</u>	<u>2,544</u>	<u>3,180</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	9,641	-	-
<u>Other Financing Sources (Uses)</u>			
Transfer (to) / from	50,000	-	-
	<u>50,000</u>	<u>-</u>	<u>-</u>
<u>Excess Of Revenues And Other Financing Sources (Uses) Over (Under) Expenditures</u>	59,641	-	-
<u>Fund Balance - May 1st</u>	223,848	-	-
<u>Fund Balance - April 30th</u>	<u>\$ 283,489</u>	<u>\$ -</u>	<u>\$ -</u>

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

Combat Violent Crime	Realty Transfer Tax	Totals (Memorandum Only)			
		2017	2016	2015	2014
\$ -	\$ -	\$ 28	\$ 22	\$ 17	\$ 12
-	-	55,167	57,159	54,871	74,127
-	384,949	384,949	510,081	526,680	256,363
-	384,949	440,144	567,262	581,568	330,502
-	-	39,806	9,087	3,477	8,732
-	-	5,724	7,490	4,740	20,299
-	-	5,724	7,490	4,740	20,299
-	3,368	3,392	6,393	5,969	8,436
-	115,413	115,413	4,000	-	-
-	11,114	11,114	-	-	-
-	129,895	129,919	10,393	5,969	8,436
-	129,895	175,449	26,970	14,186	37,467
-	255,054	264,695	540,292	567,382	293,035
-	(300,000)	(250,000)	(560,000)	(205,000)	(321,395)
-	(44,946)	14,695	(19,708)	362,382	(28,360)
-	882,579	1,106,427	1,126,135	763,754	792,114
\$ -	\$ 837,633	\$ 1,121,122	\$ 1,106,427	\$ 1,126,136	\$ 763,754

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - FIDUCIARY FUND
AS OF APRIL 30, 2017

(With Comparative Amounts As Of April 30, 2016, 2015, 2014)

<u>ASSETS</u>	<u>Deferred Compensation Police Pension</u>	<u>Beach Patrol Donation Fund</u>	<u>Irene Dernowski Fema Fund</u>
<u>Assets:</u>			
Cash	\$ -	\$ 3,598	\$ -
Investments	-	-	-
<u>Total Cash & Investments</u>	<u>-</u>	<u>3,598</u>	<u>-</u>
 <u>TOTAL ASSETS</u>	 <u>-</u>	 <u>3,598</u>	 <u>-</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Future pension payouts	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Equity:</u>	<u>-</u>	<u>3,598</u>	<u>-</u>
 <u>TOTAL LIABILITIES AND FUND EQUITY</u>	 <u>\$ -</u>	 <u>\$ 3,598</u>	 <u>\$ -</u>

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

Totals (Memorandum Only)			
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 3,598	\$ 20,875	\$ 5,698	\$ 6,353
<u>-</u>	<u>230,831</u>	<u>244,628</u>	<u>311,398</u>
<u>3,598</u>	<u>251,706</u>	<u>250,326</u>	<u>317,751</u>
<u><u>3,598</u></u>	<u><u>251,706</u></u>	<u><u>250,326</u></u>	<u><u>317,751</u></u>
<u>-</u>	<u>230,831</u>	<u>244,628</u>	<u>311,398</u>
<u>-</u>	<u>230,831</u>	<u>244,628</u>	<u>311,398</u>
<u>3,598</u>	<u>20,875</u>	<u>5,698</u>	<u>6,353</u>
<u><u>\$ 3,598</u></u>	<u><u>\$ 251,706</u></u>	<u><u>\$ 250,326</u></u>	<u><u>\$ 317,751</u></u>

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

