

TOWN OF SOUTH BETHANY, DELAWARE
FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2024

TOWN OF SOUTH BETHANY, DELAWARE

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TOWN OF SOUTH BETHANY, DELAWARE

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INDEPENDENT AUDITORS' REPORT



ANDREW M. HAYNIE, CPA
SUSAN P. KEEN, CPA
MICHAEL C. KLEGER, CPA
JAMES D. MAYBURY, CPA
E. LEE McCABE, CPA
JEFFREY A. MICHALIK, CPA
ROBERT L. MOORE, CPA
DANIEL M. O'CONNELL II, CPA
ASHLEY M. STERN, CPA
JOHN M. STERN, JR., CPA

PKScpa.com

Salisbury
1801 SWEETBAY DRIVE
P.O. Box 72
SALISBURY, MD 21803
TEL: 410.546.5600
FAX: 410.548.9576

Ocean City
12216 OCEAN GATEWAY
SUITE 800
OCEAN CITY, MD 21842
TEL: 410.213.7185
FAX: 410.213.7638

Lewes
1143 SAVANNAH ROAD
SUITE 1
P.O. Box 192
LEWES, DE 19958
TEL: 302.645.5757
FAX: 302.645.1757

MEMBERS OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Council
Town of South Bethany, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund of the Town of South Bethany, Delaware, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of South Bethany, Delaware's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Town of South Bethany, Delaware, as of April 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of South Bethany, Delaware and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town of South Bethany, Delaware's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of South Bethany, Delaware's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of South Bethany, Delaware's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of South Bethany, Delaware's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11 and other required supplementary information on pages 40 – 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024 on our consideration of the Town of South Bethany, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Bethany, Delaware's internal control over financial reporting and compliance.

PKS & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
October 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

The management team of the Town of South Bethany, Delaware (the "Town") is pleased to present the 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, 2024. We encourage readers to consider the information presented here in conjunction with the annual budget and other community information found on the Town's website at <https://southbethany.delaware.gov/>. It should be noted that the additional information from the website and other Town sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective reports.

FINANCIAL HIGHLIGHTS

- As of April 30, 2024, governmental activity assets exceeded liabilities by \$8,481,986. Of this amount, \$2,179,442 or 26% was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The Town's net position for governmental activities increased by \$578,590 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of South Bethany's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplementary information, which includes this document.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of South Bethany's finances, in a manner similar to a private sector business. The government-wide statements include two statements: (1) the Statement of Net Position and (2) the Statement of Activities.

The Statement of Net Position presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, uncollected property taxes are reported as assets, even though the Town has not received the actual cash from those levies.

Both government-wide financial statements distinguish functions of the Town that are governmental activities (those principally supported by taxes and revenues from other governments) and business-type activities (those supported by fees to customers). The Town has no business-type activities. The governmental activities of the Town include general administration, public safety, and public works. The government-wide financial statements can be found on pages 12 - 13 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, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All funds of the Town are governmental funds.

Governmental Funds: The 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 near-term inflows and outflows 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 the government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental funds and government-wide activities.

The Town maintains five major governmental funds, the General Fund, Realty Transfer Tax Fund, Emergency Illegal Drug Enforcement Fund, State Aid to Local Law Enforcement Fund, and Municipal Street Aid Fund, and adopts an annual appropriated budget for each of these funds. To demonstrate compliance, a budgetary comparison statement is presented for the General Fund. The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

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 18 - 39 of this report.

Required Supplementary Information

Other required supplementary information, in addition to this discussion and analysis, are the comparison of the general fund budget to actual (pages 40 - 44) and the Town's proportionate share of the net pension asset and contributions related to the Delaware Public Employees' Retirement System (pages 45 - 46).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of the government-wide financial position. In the case of the Town of South Bethany, the net position as of April 30, 2024, was \$8,481,986.

The following table is a summary of the government-wide statement of net position as of April 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
Current and other assets	\$ 6,508,796	\$ 5,804,132
Capital assets	2,561,685	2,650,377
Total assets	9,070,481	8,454,509
Deferred outflows - retirement	453,415	393,864
Total deferred outflows	453,415	393,864
Current and other liabilities	107,494	73,478
Long-term liabilities	109,828	37,173
Total liabilities	217,322	110,651
Deferred inflows - retirement	143,446	168,060
Deferred inflows - leases	641,852	638,272
Deferred grants	39,290	55,491
Total deferred inflows	824,588	861,823
Net position:		
Net investments in capital assets	2,541,148	2,633,670
Restricted	3,761,396	2,450,146
Unrestricted	2,179,442	2,792,083
Total net position	\$ 8,481,986	\$ 7,875,899

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

A significant portion of the Town's net position of \$8,481,986 (30% or \$2,541,148) is not available for future spending as this represents net amounts invested in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and do not generate direct revenue for the Town. They do represent, however, an obligation on the part of the Town to maintain these assets into the future. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining \$6,302,446 in net position, \$3,761,396 is restricted by either the grantor or the contributor. The unrestricted funds of \$2,179,442 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule shows the breakdown of changes in net position for total governmental activities for the years ended April 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues		
Charges for services	\$ 35,742	\$ 32,669
Operating grants and contributions	193,556	179,203
Capital grants and contributions	2,127	382,966
General revenue		
Taxes and assessments	2,035,796	2,059,710
Licenses and permits	655,458	696,195
Trash assessment	345,262	334,898
Interest revenue	82,551	27,031
Loss on disposal of assets	338	
Miscellaneous	219,886	203,755
Total revenues	3,570,716	3,916,427
Expenses:		
General government	833,677	686,562
Public works	982,122	887,270
Public safety - police	889,010	817,157
Public safety - lifeguards	286,643	308,447
Debt service	674	705
Total expenses	2,992,126	2,700,141
Change in net position	578,590	1,216,286
Net position - Beginning	7,903,396	6,659,613
Prior period adjustment*		27,497
Net position - Ending	\$ 8,481,986	\$ 7,903,396

*See PRIOR PERIOD ADJUSTMENT disclosure on page 39.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

Governmental Activities

Total government net position increased by \$578,590 during fiscal year 2024.

Taxes and assessments, licenses and permits, and trash assessments received during fiscal year 2024 totaled \$2,035,796, \$655,458, and \$345,262, respectively.

2024 Revenues - Governmental Activities

- Taxes and assessments decreased by \$23,914 (1%) from the prior fiscal year.
- Licenses and permits decreased by \$40,737 (6%) from the prior fiscal year.
- Investment revenue increased by \$55,520 (205%) from the prior fiscal year.

2024 Expenditures - Governmental Activities

During the fiscal year, the Town continued to provide a fully staffed professional police department focused on community policing (24 hour, 7 days a week) as well as lifeguards for the beaches in the Town. The Town also continued to provide street maintenance of Town owned streets and street lighting for both Town owned streets and for some streets owned by the State of Delaware in association with improved safety.

Payroll and related personnel costs such as payroll taxes, employee retirement contributions, health insurance, and workers compensation premiums total \$1,540,639 or approximately 51% of the total program expenses of \$2,992,126. Approximately 49% of the remaining \$1,451,487 of total governmental expenditures relates to expenditures for street and sidewalk maintenance, trash service expenses, and other public works items. Overall salaries increased from the prior year due to cost of living increases.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of South Bethany uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund

Governmental fund accounting provides information on available or spendable resources. This information is useful in assessing the Town's financing requirements for operations. The unassigned fund balance may serve as a useful measure of the Town's net resources available for spending and for future needs and provides a reserve for emergencies and working capital to pay the Town's bills.

During fiscal year 2024, the Town's governmental fund balance increased by \$700,798 to \$5,726,159. The unassigned fund balance decreased by \$706,125 and the assigned fund balance components of the General Fund increased by a total of \$123,170.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

The governmental fund includes the General Fund. The General Fund provides for the Town general administration, public safety – police, public safety – lifeguard, and public works including capital expense funding, such as improvements to Town buildings, equipment, and vehicles, and public works equipment and projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2024 Budget attempted to position our community to address near and long-term projects and initiatives as well as maintaining a high level of service delivery from our dedicated staff.

Budget to Actual – Revenues

General Fund revenues exceeded the final budget by \$312,388. Intergovernmental revenues exceeded the budget by \$64,871 primarily due to an increase in violent crime grant income recognized. Licenses and permits exceeded the budget by \$130,058 due to an increase in large home building renovations and new building construction and an increase in mercantile license fees.

A comparison of budgeted to actual revenues is provided on page 40 of this report.

Budget to Actual – Expenditures

Total expenditures were under the budget by \$107,354. The largest variance (\$123,298) is related to public safety – police, which was caused by fewer payroll and related costs being necessary than were expected and the resignation of one officer.

A comparison of budgeted to actual expenditures is provided on pages 40 - 44 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental activities as of April 30, 2024 was \$2,561,685 (net of accumulated depreciation). Capital assets include land, construction in progress, town hall building, police building, building improvements, equipment, and infrastructure.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
APRIL 30, 2024

Significant capital additions for the year include Town Hall renovations, a message trailer, digital georeferenced maps of the town, an ATV, a dune crossover, a light pole, and new police vehicle equipment.

The following table is a summary of the governmental capital assets as of April 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
Land	\$ 164,752	\$ 164,752
Construction in progress		539,496
Town hall building	885,226	351,825
Police building	187,857	204,214
Building improvements	11,525	12,853
Equipment	294,519	328,027
Infrastructure	997,527	1,032,524
Right-to-use assets	20,279	16,686
Total	\$ 2,561,685	\$ 2,650,377

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Fiscal year 2025 Revenue and Appropriation Budgetary Highlights

Budgeted revenue for fiscal year 2025 increased by 18% (\$537,602) over the fiscal year 2024 budget. The primary factor is that the Town expects grants, realty transfer taxes, rental taxes, building permits, licenses, and franchise fees to all continue to increase.

Budgeted appropriations for fiscal year 2025 increased \$510,102 or 17% over the fiscal year 2024 budget. Public safety and public works are budgeted to increase by \$96,329 and \$17,464, respectively.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2024

REQUEST FOR INFORMATION

This Financial Report is intended to provide an overview of the Town of South Bethany's finances. Questions concerning this report, or requests for additional information, please contact:

Maureen Hartman
Town Manager
Town of South Bethany
402 Evergreen Rd
South Bethany, DE 19930
Telephone: [\(302\) 539-3653](tel:3025393653)
Email: townmanager@southbethany.org

Renee McDorman
Director of Finance
Town of South Bethany
402 Evergreen Rd
South Bethany, DE 19930
Telephone: [\(302\) 539-3653](tel:3025393653) Ext. 104
Email: financial@southbethany.org

BASIC FINANCIAL STATEMENTS

TOWN OF SOUTH BETHANY, DELAWARE

STATEMENT OF NET POSITION

APRIL 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 267,534
Certificate of deposits	1,011,044
Investments, at fair value	580,749
Grants receivable	2,769
Transfer tax receivable	89,796
Current portion of leases receivable	18,083
Restricted cash	3,877,201
Prepaid expenses	18,078
Total current assets	<u>5,865,254</u>
Noncurrent assets	
Capital assets, net of depreciation	2,561,685
Leases receivable, less current portion	643,542
Total noncurrent assets	<u>3,205,227</u>
Total assets	<u>9,070,481</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred financing outflows - retirement	<u>453,415</u>
LIABILITIES	
Current liabilities	
Accounts payable	52,849
Accrued expenses and withholdings	28,824
Current portion of compensated absences	18,736
Current portion of leases payable	7,085
Total current liabilities	<u>107,494</u>
Noncurrent liabilities	
Compensated absences, less current portion	30,931
Leases payable, less current portion	13,452
Net pension liability	65,445
Total noncurrent liabilities	<u>109,828</u>
Total liabilities	<u>217,322</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred financing inflows - retirement	143,446
Deferred leases	641,852
Deferred grants	39,290
Total deferred inflows of resources	<u>824,588</u>
NET POSITION	
Net investment in capital assets	2,541,148
Restricted	3,761,396
Unrestricted	2,179,442
Total net position	<u>\$ 8,481,986</u>

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

TOWN OF SOUTH BETHANY, DELAWARE

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2024

	Program Revenues			Net Revenue (Expense) and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
ACTIVITIES					
	\$ 833,677	\$	\$	\$ 2,127	\$ (831,550)
	982,122		57,264		(924,858)
	889,010	35,742	136,292		(716,976)
	286,643				(286,643)
	674				(674)
ies	<u>2,992,126</u>	<u>35,742</u>	<u>193,556</u>	<u>2,127</u>	<u>(2,760,701)</u>
GENERAL REVENUES					
					2,035,796
					655,458
					345,262
					82,551
					338
					219,886
					<u>3,339,291</u>
					578,590
					7,903,396
					<u>\$ 8,481,986</u>

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

TOWN OF SOUTH BETHANY, DELAWARE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

APRIL 30, 2024

ASSETS

General Fund	Realty Transfer Tax Fund	Emergency Illegal Drug Enforcement	State Aid to Local Law Enforcement	Municipal Street Aid Fund	Total
\$ 267,534	\$	\$	\$	\$	\$ 267,534
1,011,044					1,011,044
580,749					580,749
2,769					2,769
1,086	88,710				89,796
661,625					661,625
18,078					18,078
163,029					163,029
	3,762,135	5,138	4,213	105,715	3,877,201
<u>\$ 2,705,914</u>	<u>\$ 3,850,845</u>	<u>\$ 5,138</u>	<u>\$ 4,213</u>	<u>\$ 105,715</u>	<u>\$ 6,671,825</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

	\$ 15,962	\$ 36,887	\$	\$	\$	\$ 52,849
holdings	47,560					47,560
		158,401	1,315	3,313		163,029
	<u>63,522</u>	<u>195,288</u>	<u>1,315</u>	<u>3,313</u>		<u>263,438</u>
OF RESOURCES						
	1,086					1,086
	641,852					641,852
	34,691		3,699	900		39,290
of resources	<u>677,629</u>		<u>3,699</u>	<u>900</u>		<u>682,228</u>
		3,655,557	124		105,715	3,761,396
	1,030,404					1,030,404
	934,359					934,359
	<u>1,964,763</u>	<u>3,655,557</u>	<u>124</u>		<u>105,715</u>	<u>5,726,159</u>
d balances	<u>\$ 2,705,914</u>	<u>\$ 3,850,845</u>	<u>\$ 5,138</u>	<u>\$ 4,213</u>	<u>\$ 105,715</u>	<u>\$ 6,671,825</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

APRIL 30, 2024

Total fund balances, governmental funds	\$	5,726,159
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		2,561,685
Certain long-term liabilities, assets and deferred inflows and outflows are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		
Compensated absences		(30,931)
Deferred taxes		1,086
Deferred financing outflows - retirement		453,415
Deferred financing inflows - retirement		(143,446)
Net pension liability		(65,445)
Leases payable		(20,537)
		(20,537)
Net position of governmental activities in the Statement of Net Position	\$	8,481,986

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

TOWN OF SOUTH BETHANY, DELAWARE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

YEAR ENDED APRIL 30, 2024

	<u>General Fund</u>	<u>Realty Transfer Tax Fund</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>State Aid to Local Law Enforcement</u>	<u>Municipal Street Aid Fund</u>	<u>Total</u>
	\$ 1,217,135	\$ 817,576	\$	\$	\$	\$ 2,034,711
	655,458					655,458
	35,742					35,742
	129,871		3,412	7,475	54,926	195,684
	345,262					345,262
	53,542	28,911	98			82,551
	219,886					219,886
	<u>2,656,896</u>	<u>846,487</u>	<u>3,510</u>	<u>7,475</u>	<u>54,926</u>	<u>3,569,294</u>
	693,674	49,613				743,287
	847,985				8,625	856,610
	785,783		3,412	3,315		792,510
	286,643					286,643
	102,464	88,080		4,160		194,704
	7,104					7,104
	<u>2,723,653</u>	<u>137,693</u>	<u>3,412</u>	<u>7,475</u>	<u>8,625</u>	<u>2,880,858</u>
Expenditures	(66,757)	708,794	98		46,301	688,436
Capital assets	10,260					10,260
	2,102					2,102
	<u>(556,057)</u>	<u>556,057</u>				
	<u>(543,695)</u>	<u>556,057</u>				<u>12,362</u>
	(610,452)	1,264,851	98		46,301	700,798
Change	<u>2,575,215</u>	<u>2,390,706</u>	<u>26</u>		<u>59,414</u>	<u>5,025,361</u>
Balance	<u>\$ 1,964,763</u>	<u>\$ 3,655,557</u>	<u>\$ 124</u>	<u>\$</u>	<u>\$ 105,715</u>	<u>\$ 5,726,159</u>

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

TOWN OF SOUTH BETHANY, DELAWARE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED APRIL 30, 2024

Net change in fund balance, governmental funds \$ 700,798

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

The governmental fund reports capital outlays 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 and disposals of assets are recorded at their unamortized costs as an expense.

Capital outlay expense	\$ 194,704	
Gain on sale of capital assets	338	
Depreciation expense	<u>(281,630)</u>	(86,588)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental fund.

Change in compensated absences	(4,680)
Change in deferred outflows of resources - retirement	59,551
Change in deferred taxes	1,086

The governmental fund does not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Change in deferred inflows of resources - retirement	24,614
Change in net pension asset	(110,259)

Governmental funds report proceeds from leased equipment and sale of capital assets as revenue. In contrast, the Statement of Activities treats such proceeds as an increase in long-term liabilities.

Proceeds from leased equipment	(10,260)
Proceeds from sale of capital assets	(2,102)

Governmental funds report repayment of debt principal as an expenditure. In contrast, principal payments on debt are not expenditures in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

Principal payments on leased equipment	<u>6,430</u>
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Change in net position of governmental activities	<u><u>\$ 578,590</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of South Bethany, Delaware, (the Town) have been prepared in conformity with generally accepted accounting principles (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. Following is a summary of the Town's significant accounting policies:

Reporting entity

The accompanying financial statements include the various departments and offices that are legally controlled by or dependent on the Town Council (the primary government). The Town's major operations include general government, public safety (police and lifeguards), and public works. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. Based on criteria set forth by the GASB, the Town of South Bethany, Delaware has no component units.

Basic financial statements - government-wide financial statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental. The Town's governmental activities consist of general government, public safety and public works.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions. The functions are also supported by general government revenues (taxes, certain intergovernmental revenues, and other nonexchange revenues, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific program.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic financial statements - government-wide financial statements (continued)

The net costs (by function) are normally covered by general revenue (taxes, intergovernmental revenues, other nonexchange revenue, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic financial statements - fund financial statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category are presented. The emphasis in fund financial statements is on the major funds in the governmental activities' category. Major individual governmental funds are reported as separate columns in the fund financial statements. The following fund types are used by the Town:

Governmental Funds: The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports the following major governmental funds:

- General Fund - the general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- Realty Transfer Tax Fund - this fund is used to account for the proceeds of a specific revenue source of the Town that are legally restricted for those expenditures of a specified purpose. The 1.5% Realty Transfer Tax is included in this fund.
- Emergency Illegal Drug Enforcement – this fund is used to account for the proceeds of grant programs that are legally restricted for expenditures of a specified purpose (drug enforcement).
- State Aid to Local Law Enforcement – this fund is used to account for the proceeds of grant programs that are legally restricted for expenditures of a specified purpose.
- Municipal Street Aid – this fund is used to account for the proceeds of grant programs that fund various roadway improvement projects for the roads maintained by the Town.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting (continued)

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus concentrating on an entity or fund's net position. All transactions and events that affect the total economic resources during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time an obligation (liability) is incurred, regardless of the timing of related cash inflows and outflows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource's measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered available if collected within 60 days after year end. The Town reports deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Licenses, operating grants, capital grants, and interest revenue are the primary revenue sources subject to accrual. Property taxes are reported as receivable and a deferred inflow of resources when an enforceable lien on the property exists. The Town bills and collects its own property taxes.

Under modified accrual accounting, governmental fund liabilities (and expenses) should be accrued in the absence of applicable modification. Such modifications exist for long-term indebtedness, compensated absences, claims and judgments. These liabilities are accrued in the governmental funds only to the extent they are due.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided in the fund financial statements.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred inflows of resources

The Town's governmental funds Balance Sheet and government-wide Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The Town has three items that qualify for reporting in this category: deferred inflows related to pensions, deferred grants which are not recognized until a future event occurs, and deferred leases. Deferred inflows related to pensions are further described in a later note.

Deferred outflows of resources

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide Statement of Net Position. The Town has one item that qualifies for reporting in this category: deferred outflows related to pensions. Deferred outflows related to pensions are described further in a later note.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Delaware Public Employees' Retirement System (DPERS), and additions to/deductions from DPERS's fiduciary net position have been determined on the same basis as they are reported by DPERS.

Cash equivalents

Cash and cash equivalents 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.

Investments

Investments consists of funds managed and held by Fidelity and Vanguard Investments. Investments are reported at cost which approximates fair market value.

Restricted cash

Restricted cash mainly consists of amounts held by the Town for the proceeds from grant programs and realty transfer tax.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by an allowance for uncollectible amounts. An allowance may be recorded for accounts receivable balances based on historical collections experience for the Town. As of April 30, 2024, management considers all receivables to be collectible and therefore, no allowance for uncollectible accounts was reported.

Property taxes

Property taxes are levied May 1 of each year and are due and payable by June 30. All unpaid property taxes become delinquent on July 1 of the current year. Property tax revenues are recognized when levied.

Capital assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets are recorded at the acquisition value. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	5 - 40 years
Equipment	5 - 20 years
Vehicles	5 years
Infrastructure	30 years
Leased equipment (Right-to-use)	Life of lease

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Employees are granted vacation and sick leave in varying amounts. The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. Sick leave accrues to a maximum of 200 days, of which only 20 days will be compensated at time of departure after 5 years of service. Holiday time is accrued for all employees. All full-time employees can accrue a maximum of 40 hours of compensated time. Upon termination or retirement, employees in good standing are entitled to their leave accruals to the maximums specified in the employee handbook. Compensated absences for governmental funds are a reconciling item between the fund and government-wide presentations.

Revenues

Program revenues include charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes.

Government-wide net position

Government-wide net position is divided into three major categories:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for expenditures, it will be the responsibility of the Finance Director to determine which resources should generally be spent first.
- Unrestricted – all other not reported in the above categories.

Governmental fund balances

In the fund financial statements, governmental funds report amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form such as prepaid items or inventories; or (2) legally or contractually required to be maintained intact. It is the responsibility of the Management to categorize these funds as defined.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund balances (continued)

The spendable portion of the fund balance comprises the remaining four classifications:

- *Restricted fund balance*— this classification reflects the constraints imposed on resources either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance includes the following:

Municipal street aid	\$	105,715
Realty transfer tax		3,655,557
Emergency illegal drug enforcement		124
	\$	<u>3,761,396</u>

- *Committed fund balance*— these amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolution by a majority vote of the Town Council, the government’s highest level of decision-making authority. Those committed amounts cannot be used for any purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance includes any appropriation of fund balance for subsequent year’s expenditures that has been committed through Town ordinance. There were no funds committed as of the year ended April 30, 2024.
- *Assigned fund balance*—this classification reflects the amounts constrained by the Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Town Council solely has the authority to specifically assign funds. Assigned fund balance includes the following:

Infrastructure - Storm Water & Drainage	\$	158,721
Operational reserve		871,683
	\$	<u>1,030,404</u>

- *Unassigned fund balance*—this fund balance is the residual classification for the General Fund. This represents the resources available for future spending.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund balances (continued)

The primary objective of establishing and maintaining a Fund Balance Policy is to enhance the usefulness of fund balance information by providing clear fund balance classifications that are consistently applied. It is the policy of the Town of South Bethany to maintain appropriate reserve funds. These funds are needed by the Town to manage its seasonal cash flows, maintain and update its infrastructure, fund future capital projects, and to withstand economic downturns, emergencies, or natural disasters.

The Town utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants. When committed, assigned, and unassigned funds are available for expenditures, committed funds should generally be spent first, assigned funds second, and unassigned funds last; unless Town Council has provided otherwise in its commitment or assignment actions.

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 governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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 these estimates.

Budgetary data

Prior to April 30, 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.

The budget for the Town's general fund has been prepared on a basis materially consistent with accounting principles generally accepted in the United States of America (GAAP). Original and final budgeted amounts are as presented.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*
Effective May 1, 2023, the Town adopted the new accounting guidance in GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The new guidance requires recognition of a subscription asset and corresponding liability to be recognized for any subscription-based information technology arrangements with software vendors with a term longer than 12 months. The Town does not have any subscriptions.

CASH AND CASH EQUIVALENTS

In accordance with the current Investment Policy, written and adopted by the Town Council, the Town of South Bethany allows investments only in United States Government Securities, Government and Treasury. Additionally, investments may be made in Certificate of Deposits, Time deposits, Bankers Acceptances, Money Market accounts and savings accounts in commercial banks. The banking institution must be a domestic institution organized under Federal and State law. To the extent the deposits are not insured by the Federal Deposit Insurance Corporation, such deposits in banks or in savings and loan associations shall only be made if the financial institutions have deposited a like number of securities in escrow to collateralize the deposits. These securities shall consist of U.S. Government Securities and Federal Agency Securities. The Finance Director maintains a file of current collateralization statements from each banking institution. The Town currently has a collateralization agreement.

Custodial credit risk is the risk that, in the event of the 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. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town's investment policy requires collateralization by each financial institution with direct obligations of the U.S. government and requires collateral to be maintained at a third party.

All deposits are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. On April 30, 2024, the carrying amount of the Town's deposits was \$5,155,779 and the bank balance was \$5,199,737.

As of April 30, 2024, \$1,030,580 of the Town's bank balances was exposed to custodial risk, only \$909,783 for which was covered through alternative appropriate collateral, leaving \$120,797 uninsured and not covered by collateral.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

CASH AND CASH EQUIVALENTS (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Town's investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have any investments that are credit quality rated.

Reconciliation of cash and cash equivalents to the government-wide Statement of Net Position:

Cash and cash equivalents - unrestricted	\$ 267,534
Cash and cash equivalents - restricted	3,877,201
Certificates of deposit - unrestricted	<u>1,011,044</u>
Total cash and cash equivalents	<u>\$ 5,155,779</u>

INVESTMENTS AND FAIR VALUE MEASUREMENTS

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Investments consist of:			
Cash and money markets	<u>\$ 580,749</u>	<u>\$ 553,065</u>	<u>\$ 27,684</u>

Government Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement, and enhances the disclosure requirements for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The fair value hierarchy for assets measured at fair value on a recurring basis as of April 30, 2024 is as follows:

<u>Investment type</u>	<u>Fair value using:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and money markets	<u>\$ 580,749</u>	<u>\$</u>	<u>\$</u>

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Investments in cash, money markets, and mutual funds (Level 1) – The fair value of the investments are based on closing prices in active markets for identical assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TAXES RECEIVABLE

The Town's property tax year runs from May 1 to April 30 and are due by June 30. The Town bills and collects its own taxes. The property tax rate for the year ended April 30, 2024, based on assessments, was \$1.30 per \$100 of assessed valuation. The total assessed value of all taxable real property and improvements at May 1, 2023 was \$41,582,300. The Town does not have an allowance for delinquent taxes because all taxes are considered collectible. Taxes receivable at April 30, 2024 was \$1,086.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 164,752	\$	\$	\$ 164,752
Construction in progress	539,496	32,468	571,964	
Total capital assets not being depreciated	<u>704,248</u>	<u>32,468</u>	<u>571,964</u>	<u>164,752</u>
<i>Capital assets being depreciated</i>				
Town Hall Building	756,599	571,964		1,328,563
Police Building	396,923			396,923
Building Improvements	103,914			103,914
Equipment	1,497,975	84,279	191,100	1,391,154
Infrastructure	2,214,304	67,697	222,151	2,059,850
Right-to-use Assets	36,315	10,260		46,575
Total capital assets being depreciated	<u>5,006,030</u>	<u>734,200</u>	<u>413,251</u>	<u>5,326,979</u>
Less accumulated depreciation for:				
Town Hall Building	(404,774)	(38,562)		(443,336)
Police Building	(192,709)	(16,356)		(209,065)
Building Improvements	(91,061)	(1,328)		(92,389)
Equipment	(1,169,948)	(116,023)	(189,335)	(1,096,636)
Infrastructure	(1,181,780)	(102,694)	(222,150)	(1,062,324)
Right-to-use Assets	(19,629)	(6,667)		(26,296)
Total accumulated depreciation	<u>(3,059,901)</u>	<u>(281,630)</u>	<u>(411,485)</u>	<u>(2,930,046)</u>
Total capital assets being depreciated, net	1,946,129	452,570	1,766	2,396,933
Governmental activity capital assets, net	<u>\$ 2,650,377</u>	<u>\$ 485,038</u>	<u>\$ 573,730</u>	<u>\$ 2,561,685</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 59,896
Public works	139,610
Public safety - police	82,124
Total governmental activities	<u>\$ 281,630</u>

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS

General information about the pension plans

The County and Municipal Police and 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 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).

Plan descriptions: The Town participates in two plans of the Delaware Public Employees' Retirement System (DPERS): the County & Municipal Police/Firefighters' Pension Plan (Police Plan) and the County & Municipal Other Employees' Pension Plan (General Plan).

The following are brief descriptions of the plans in effect as of June 30, 2023. For a more complete description, please refer to the DPERS CAFR for each plan. Separately issued financial statements for DPERS are available from the pension office at: McArdle Building, Suite 1, 860 Silver Lake Blvd, Dover, DE 19904.

Benefits provided. The DPERS provide retirement, disability and death benefits. Eligibility and benefits vary depending on which plan the employee is enrolled in.

Police Plan covers police officers and firefighters employed by a county or municipality of the state that have joined the Plan. Service benefits are based on 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. Employees in the plan may retire after 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. Benefits are vested after five years of credited service.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS (Continued)

General information about the pension plans (continued)

Total disability benefits for duty officers are based on 75% of final average compensation plus 10% for each dependent but not to exceed 25% for all dependents. Partial disability benefits for duty officers are calculated the same as service benefits, subject to minimum of 50% of final average compensation. Disability benefits for non-duty officers are calculated the same as service benefits, total disability subject to a minimum of 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents with partial disability benefits subject to a minimum of 30% of final average monthly compensation.

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

General Plan covers employees of counties or municipalities that have joined the Plan. Services benefits are based on 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan average monthly compensation is the monthly average of the highest five years of compensation. Employees in the Plan may retire after age 62 with 5 years of credited service, age 60 with 15 years of credited service, or after 30 years of credited service. Benefits are vested after five years of credited service.

Disability benefits are the same as service benefits. Employee must have 5 years of credited service. For survivor benefits, if the 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.

Contributions: Active members of the Police Plan are required to contribute to the Plan at the rate of 7% of their covered salary. Active members of the General Plan are required to contribute to the Plan at the rate of 3% of earnings in excess of \$6,000. Employer contributions are determined by the Board of Pension Trustees.

In order to provide pension funding for sworn police officers, the State of Delaware collects a special tax equal to 1/4% of certain gross insurance premiums that are collected in the State. These collections are distributed to police agencies in the State based on the average number of paid, full-time sworn officers as of the end of each calendar year. During the year ended April 30, 2024, the Town received \$37,817.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS (Continued)

Pension assets, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At April 30, 2024, the Town reported a liability of \$65,445 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total pension asset to June 30, 2023. The Town's proportion of the net pension asset was based on the percentage of actual employee contributions. At June 30, 2023, the Town's proportion for the Police Plan was .3479% and for the General Plan was .7465%.

For the year ended April 30, 2024, the Town recognized pension expense of \$93,420. At April 30, 2024, the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes to assumptions	\$ 13,098	\$ 27,898
Changes to proportion	59,314	97,798
Difference between expected and actual experience	112,744	17,750
Net difference between projected and actual earnings on pension plan investments	133,402	
Contributions subsequent to measurement date	134,857	
	<u>\$ 453,415</u>	<u>\$ 143,446</u>

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS (Continued)

The Town's contribution of \$134,857 subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset in the year ended April 30, 2025. The collective deferred outflows of resources and deferred inflows of resources are being amortized as follows:

	Measurement Period Ended	<u>Amortization Period</u>	
	<u>30-Jun</u>	<u>General</u>	<u>Police</u>
Difference between expected and actual experience	2016	9 years	10 years
	2017	9 years	10 years
	2018	8 years	10 years
	2019	9 years	10 years
	2020	8 years	9 years
	2021	8 years	10 years
	2022	8 years	9 years
	2023	8 years	8 years
Net difference between projected and actual earnings on investments	2019	5 years	5 years
	2020	5 years	5 years
	2021	5 years	5 years
	2022	5 years	5 years
	2023	5 years	5 years
Change in proportions	2016	9 years	10 years
	2017	9 years	10 years
	2018	8 years	10 years
	2019	9 years	10 years
	2020	9 years	10 years
	2021	8 years	9 years
	2022	8 years	9 years
Change in assumptions	2016	9 years	10 years
	2017	9 years	10 years
	2018	9 years	10 years
	2019	9 years	10 years
	2020	9 years	10 years
	2021	8 years	10 years

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS (Continued)

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

Year Ending April 30,	Amortization
2025	\$ 39,479
2026	32,754
2027	47,550
2028	28,209
2029	9,749
Thereafter	17,371
	<u>\$ 175,112</u>

Actuarial assumptions. The collective total pension asset for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, and update procedures were used to roll forward the total pension asset to June 30, 2023. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.0%
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 2023. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates were based on the RP – 2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version of MP-2015 Mortality improvement scale on a fully generational basis.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

RETIREMENT AND PENSION PLANS (Continued)

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

Discount rate: The discount rate for all plans used to measure the total pension asset was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the net pension asset to changes in the discount rate: The following presents the collective net pension liability (asset) of the plan, calculated using the discount rate of 7.0%, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (6.0%)	\$ 483,564
Current discount rate (7.0%)	\$ 65,445
1% Increase (8.0%)	\$ (276,372)

Pension Plan Fiduciary Net Position: Detailed information about the Pension Plan's fiduciary net position is available in the separately issued DPERS financial reports.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended April 30, 2024, are as follows:

	April 30, 2023	Increases	Decreases	April 30, 2024	Due within one year
Compensated absences	\$ 44,679	\$ 4,988	\$	\$ 49,667	\$ 18,736
Leases payable	16,707	10,260	6,430	20,537	7,085
Total	<u>\$ 61,386</u>	<u>\$ 15,248</u>	<u>\$ 6,430</u>	<u>\$ 70,204</u>	<u>\$ 25,821</u>

Compensated absences are primarily liquidated by the General Fund.

Leases Payable

The Town is the lessee of three copiers and a postage meter under non-cancellable lease agreements expiring in 2026 through 2029. The right-to-use asset and liability are recorded at the present value of the future lease payments. The assets are amortized over the life of the lease using the straight-line method. Amortization of the assets under leases is included in depreciation expense.

The following is a summary of the right-to-use assets and related accumulated amortization:

Copy machines	\$ 29,134
Postage meter	17,441
Less: accumulated amortization	<u>(26,296)</u>
	<u>\$ 20,279</u>

Maturities of leases payable are as follows:

Debt service requirements on leases payable at April 30, 2024 are as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 7,085	\$ 688
2026	5,440	413
2027	3,688	244
2028	2,844	108
2029	1,480	21
	<u>\$ 20,537</u>	<u>\$ 1,474</u>

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding 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 believed to be material. 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 half of the insurance deductible.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the Town 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 act of embezzlement or theft.

There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

LEASES RECEIVABLE

The Town is the lessor of land lease agreements expiring in 2033, 2034, and 2097 with Sharp Energy, Verizon, and Artesian Water Company, respectively. The lease receivable and deferred inflows of resources are recorded at the present value of the lease payments. The deferred inflows of resources are being amortized over the life of the lease. Inflows of resources in 2024 for leases receivable were \$43,299.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

LEASES RECEIVABLE (Continued)

A maturity analysis of all future lease payments for the term of the leases is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>
2025	\$ 18,083	\$ 26,247
2026	18,819	25,511
2027	19,585	24,745
2028	20,382	23,948
2029	21,212	23,119
2030-2034	114,732	101,920
2035-2039	13,828	88,123
2040-2044	10,800	86,166
2045-2049	13,140	83,827
2050-2054	15,987	80,980
2055-2059	19,450	77,516
2060-2064	23,664	73,302
2065-2069	28,791	68,175
2070-2074	35,029	61,938
2075-2079	42,618	54,349
2080-2084	51,851	45,116
2085-2089	63,084	33,882
2090-2094	76,752	20,215
2095-2097	<u>53,817</u>	<u>4,362</u>
Total minimum lease payments to be received	<u>\$ 661,625</u>	<u>\$ 1,003,441</u>

NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended April 30, 2024, that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the new standards may have on the financial statements.

TOWN OF SOUTH BETHANY, DELAWARE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 101, *Compensated Absences*, will be effective for the Town beginning with the year ending April 30, 2026. This statement updates the recognition and measurement guidance under a unified model and amends certain previously required disclosures.

PRIOR PERIOD ADJUSTMENT

The fund balance in the general fund and the net position in the governmental activities at April 30, 2023 have been restated to reflect an increase in cash due to voided checks in a prior year as follows:

General Fund	
Fund balance at April 30, 2023, as originally reported	\$ 2,547,718
Adjustment to cash	<u>27,497</u>
Fund balance at April 30, 2023, as restated	<u>\$ 2,575,215</u>
Governmental Activities	
Net position at April 30, 2023, as originally reported	\$ 7,875,899
Adjustment to cash	<u>27,497</u>
Net position at April 30, 2023, as restated	<u>\$ 7,903,396</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SOUTH BETHANY, DELAWARE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,186,000	\$ 1,186,000	\$ 1,217,135	\$ 31,135
Licenses and permits	525,400	525,400	655,458	130,058
Fines and forfeitures	34,200	34,200	35,742	1,542
Intergovernmental revenues	65,000	65,000	129,871	64,871
Trash assessment	347,055	347,055	345,262	(1,793)
Interest revenue	5,000	5,000	53,542	48,542
Miscellaneous	181,853	181,853	219,886	38,033
Total revenues	<u>2,344,508</u>	<u>2,344,508</u>	<u>2,656,896</u>	<u>312,388</u>
EXPENDITURES				
General government	711,452	711,452	693,674	17,778
Public works	881,705	881,705	847,985	33,720
Public safety - police	909,081	909,081	785,783	123,298
Public safety - lifeguards	328,769	328,769	286,643	42,126
Capital outlay			102,464	(102,464)
Debt service			7,104	(7,104)
Total expenditures	<u>2,831,007</u>	<u>2,831,007</u>	<u>2,723,653</u>	<u>107,354</u>
Revenues over (under) expenditures	(486,499)	(486,499)	(66,757)	419,742
OTHER FINANCING SOURCES				
Proceeds from leased equipment			10,260	10,260
Proceeds from the sale of capital assets	2,500	2,500	2,102	(398)
Transfer (to) from Realty Transfer Tax fund*	575,000	575,000	(556,057)	(1,131,057)
Total other financing sources	<u>577,500</u>	<u>577,500</u>	<u>(543,695)</u>	<u>(1,121,195)</u>
Net change in fund balances	<u>\$ 91,001</u>	<u>\$ 91,001</u>	<u>\$ (610,452)</u>	<u>\$ (701,453)</u>

*Budgeted for, but reported in the realty transfer tax fund

TOWN OF SOUTH BETHANY, DELAWARE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT**

YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
GENERAL GOVERNMENT				
Payroll wages	\$ 279,730	\$ 279,730	\$ 285,215	\$ (5,485)
Payroll wages - council	7,700	7,700	6,450	1,250
Payroll wages - overtime and bonus	1,200	1,200	305	895
Payroll taxes	29,262	29,262	34,287	(5,025)
Payroll wages and taxes	<u>317,892</u>	<u>317,892</u>	<u>326,257</u>	<u>(8,365)</u>
Employee retirement	15,660	15,660	15,654	6
Medical, dental and life insurance	61,400	61,400	57,061	4,339
Personnel related costs	<u>394,952</u>	<u>394,952</u>	<u>398,972</u>	<u>(4,020)</u>
Advertising	2,500	2,500	1,510	990
Bank charges	9,000	9,000	11,916	(2,916)
Communications - telephone and internet	13,000	13,000	9,487	3,513
Computer software, updates, and website	33,000	33,000	32,463	537
Dues and subscriptions	15,500	15,500	12,397	3,103
Education and training	5,500	5,500	520	4,980
Insurance - business	90,000	90,000	95,014	(5,014)
Mileage	500	500	353	147
Miscellaneous	11,000	11,000	18,600	(7,600)
Postage, printing and office supplies	49,200	49,200	34,471	14,729
Professional fees	68,500	68,500	62,410	6,090
Public relations	8,650	8,650	8,313	337
Utilities	9,150	9,150	7,010	2,140
Vehicles and equipment - fuel	500	500	238	262
Vehicles and equipment - repairs	<u>500</u>	<u>500</u>		<u>500</u>
TOTAL GENERAL GOVERNMENT	<u>711,452</u>	<u>711,452</u>	<u>693,674</u>	<u>17,778</u>

TOWN OF SOUTH BETHANY, DELAWARE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT**

YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
PUBLIC WORKS				
Payroll wages	\$ 234,816	\$ 234,816	\$ 238,815	\$ (3,999)
Payroll wages - overtime and bonus	4,900	4,900	2,460	2,440
Payroll taxes	17,996	17,996	18,252	(256)
Payroll wages and taxes	<u>257,712</u>	<u>257,712</u>	<u>259,527</u>	<u>(1,815)</u>
Employee retirement	12,038	12,038	12,552	(514)
Medical, dental and life insurance	37,400	37,400	30,734	6,666
Personnel related costs	<u>307,150</u>	<u>307,150</u>	<u>302,813</u>	<u>4,337</u>
Canal water quality control	69,700	69,700	50,516	19,184
Communications - telephone and internet	4,300	4,300	1,434	2,866
Contracted services	500	500	220	280
Drainage	15,000	15,000	12,507	2,493
Dues and subscriptions	300	300	270	30
Education and training	750	750	135	615
Maintenance and repairs	47,500	47,500	37,064	10,436
Mileage	100	100		100
Miscellaneous	1,500	1,500	140	1,360
Non-capital equipment	1,000	1,000		1,000
Postage, printing and office supplies	1,000	1,000	1,379	(379)
Professional fees	500	500		500
Street lighting	4,500	4,500	2,166	2,334
Street maintenance	10,000	10,000	6,277	3,723
Street signs	5,000	5,000	828	4,172
Stormwater management study			2,338	(2,338)
Supplies	5,500	5,500	3,352	2,148
Trash service expenses	347,055	347,055	383,418	(36,363)
Uniforms	1,000	1,000	490	510
Utilities	35,550	35,550	29,520	6,030
Vehicles and equipment - fuel	9,000	9,000	7,154	1,846
Vehicles and equipment - repairs	<u>14,800</u>	<u>14,800</u>	<u>5,964</u>	<u>8,836</u>
TOTAL PUBLIC WORKS	<u>881,705</u>	<u>881,705</u>	<u>847,985</u>	<u>33,720</u>

TOWN OF SOUTH BETHANY, DELAWARE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT**

YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
PUBLIC SAFETY - POLICE				
Payroll wages	\$ 539,956	\$ 539,956	\$ 458,544	\$ 81,412
Payroll wages - overtime and bonus	8,300	8,300	6,101	2,199
Payroll taxes	44,328	44,328	35,187	9,141
Payroll wages and taxes	<u>592,584</u>	<u>592,584</u>	<u>499,832</u>	<u>92,752</u>
Employee retirement	65,144	65,144	45,267	19,877
Medical, dental and life insurance	42,800	42,800	34,547	8,253
Personnel related costs	<u>700,528</u>	<u>700,528</u>	<u>579,646</u>	<u>120,882</u>
Advertising	400	400		400
Ambulance fee - BBVFD	74,253	74,253	79,439	(5,186)
Communications - telephone and internet	9,500	9,500	10,428	(928)
Computer software, updates, and website	2,000	2,000	614	1,386
Dues and subscriptions	1,500	1,500	660	840
Education and training	14,000	14,000	5,887	8,113
Grant award expenses	35,000	35,000	45,348	(10,348)
Maintenance and repairs	1,500	1,500	1,138	362
Mileage	300	300	246	54
Miscellaneous	6,000	6,000	5,534	466
Non-capital equipment	1,500	1,500	30	1,470
Postage, printing and office supplies	6,600	6,600	1,866	4,734
Professional fees	7,000	7,000	13,036	(6,036)
Supplies	2,600	2,600	1,133	1,467
Uniforms	8,000	8,000	5,451	2,549
Utilities	6,150	6,150	5,693	457
Vehicles and equipment - fuel	25,000	25,000	20,327	4,673
Vehicles and equipment - repairs	<u>7,250</u>	<u>7,250</u>	<u>9,307</u>	<u>(2,057)</u>
TOTAL PUBLIC SAFETY - POLICE	<u>909,081</u>	<u>909,081</u>	<u>785,783</u>	<u>123,298</u>

TOWN OF SOUTH BETHANY, DELAWARE

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT**

YEAR ENDED APRIL 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
PUBLIC SAFETY - LIFEGUARDS				
Payroll wages	230,000	230,000	191,156	38,844
Payroll wages - overtime and bonus	33,500	33,500	49,985	(16,485)
Payroll taxes	20,349	20,349	18,067	2,282
Payroll wages and taxes	<u>283,849</u>	<u>283,849</u>	<u>259,208</u>	<u>24,641</u>
Education and training	18,670	18,670	3,718	14,952
Non-capital equipment	13,000	13,000	12,434	566
Supplies	3,000	3,000	1,033	1,967
Uniforms	<u>10,250</u>	<u>10,250</u>	<u>10,250</u>	
TOTAL PUBLIC SAFETY - LIFEGUARDS	<u>328,769</u>	<u>328,769</u>	<u>286,643</u>	<u>42,126</u>
CAPITAL OUTLAY			<u>102,464</u>	<u>(102,464)</u>
DEBT SERVICE			<u>7,104</u>	<u>(7,104)</u>
TOTAL EXPENDITURES	<u>\$ 2,831,007</u>	<u>\$ 2,831,007</u>	<u>\$ 2,723,653</u>	<u>\$ 107,354</u>

TOWN OF SOUTH BETHANY, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION ASSET**

**DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)**

Fiscal Year/ Measurement Date	Town's proportion of the net pension liability	Town's share of the net pension liability (asset)	Town's covered employee payroll	Town's proportionate percentage of covered payroll	Plan fiduciary as a percentage of total pension asset
<u>County & Municipal Other Employees' Pension Plan</u>					
2024/2023	0.7465%	\$ 15,432	\$ 506,338	3.0478%	97.8%
2023/2022	0.7916%	(5,372)	474,391	-1.1324%	100.8%
2022/2021	0.8668%	(181,560)	473,250	-38.3645%	127.6%
2021/2020	0.9286%	19,717	433,126	4.5523%	96.9%
2020/2019	0.9085%	41,618	437,144	9.5204%	92.7%
2019/2018	0.9979%	31,404	402,082	7.8103%	94.4%
2018/2017	1.0197%	66,071	405,453	16.2956%	87.6%
2017/2016	1.1620%	71,996	426,745	16.8710%	86.3%
2016/2015	1.2216%	521	373,776	0.1394%	99.9%
2015/2014	1.3135%	(4,835)	357,109	-1.3539%	101.1%
<u>County & Municipal Police and Firefighter's Pension Plan</u>					
2024/2023	0.3479%	\$ 50,013	\$ 419,095	11.9336%	97.6%
2023/2022	0.3751%	(39,442)	429,191	-9.1898%	102.0%
2022/2021	0.3931%	(540,901)	400,821	-134.9483%	128.2%
2021/2020	0.3556%	54,649	358,033	15.2637%	96.7%
2020/2019	0.2805%	80,579	354,202	22.7494%	93.3%
2019/2018	0.4637%	106,782	389,934	27.3846%	94.1%
2018/2017	0.4726%	47,644	466,055	10.2228%	97.0%
2017/2016	0.5047%	80,226	410,711	19.5334%	86.3%
2016/2015	0.4114%	(41,417)	429,961	-9.6327%	99.9%
2015/2014	0.5627%	(60,871)	445,652	-13.6589%	101.1%

TOWN OF SOUTH BETHANY, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

**DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)**

Fiscal Year	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	Town's covered payroll	Actual contribution and percentage of covered payroll
<u>County & Municipal Other Employees' Pension Plan</u>					
2024	\$ 27,775	\$ 27,775		\$ 506,338	5.49%
2023	32,549	32,549		474,391	6.86%
2022	32,777	32,777		473,250	6.93%
2021	33,131	33,131		433,126	7.65%
2020	29,419	29,419		437,144	6.73%
2019	28,199	28,199		402,082	7.01%
2018	25,637	25,637		405,453	6.32%
2017	24,140	24,140		426,745	5.66%
2016	23,466	23,466		373,776	6.28%
2015	23,510	23,510		357,109	6.58%
<u>County & Municipal Police and Firefighters' Pension Plan</u>					
2024	\$ 45,321	\$ 45,321		\$ 419,095	10.81%
2023	62,592	62,592		429,191	14.58%
2022	63,240	63,240		400,821	15.78%
2021	54,600	54,600		358,033	15.25%
2020	41,366	41,366		354,202	11.68%
2019	43,974	43,974		389,934	11.28%
2018	53,470	53,470		466,055	11.47%
2017	50,926	50,926		410,711	12.40%
2016	41,417	41,417		429,961	9.63%
2015	57,861	57,861		445,652	12.98%

GOVERNMENT AUDITING STANDARDS REPORT



PKS & Company, P.A.

**Certified Public Accountants
& Advisors to Business**

ANDREW M. HAYNIE, CPA
SUSAN P. KEEN, CPA
MICHAEL C. KLEGER, CPA
JAMES D. MAYBURY, CPA
E. LEE McCABE, CPA
JEFFREY A. MICHALIK, CPA
ROBERT L. MOORE, CPA
DANIEL M. O'CONNELL II, CPA
ASHLEY M. STERN, CPA
JOHN M. STERN, JR., CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Honorable Mayor and Council
Town of South Bethany, Delaware

PKScpa.com

Salisbury

1801 SWEETBAY DRIVE
P.O. Box 72
SALISBURY, MD 21803
TEL: 410.546.5600
FAX: 410.548.9576

Ocean City

12216 OCEAN GATEWAY
SUITE 800
OCEAN CITY, MD 21842
TEL: 410.213.7185
FAX: 410.213.7638

Lewes

1143 SAVANNAH ROAD
SUITE 1
P.O. Box 192
LEWES, DE 19958
TEL: 302.645.5757
FAX: 302.645.1757

MEMBERS OF

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, and each major fund of the Town of South Bethany, Delaware, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of South Bethany, Delaware's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of South Bethany, Delaware's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of South Bethany's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of South Bethany, Delaware's response to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKS & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
October 11, 2024