

Posted 9/17/26

Town of South Bethany, Delaware



PRESENTATION OF FINANCIAL STATEMENTS

SEPTEMBER 11, 2026

FOR

APRIL 30, 2026

Opinion

Pages 1 through 3 of the Basic Financial Statements

- Unmodified
- Highest level of opinion Certified Public Accountants can give

Pages 46 and 47 of the Basic Financial Statements

- Report on internal control over financial reporting and on compliance and other matters
- Not an opinion report
- We did not identify any material weaknesses in internal control over financial reporting
- Significant deficiency reported – preparation of financial statements (repeat finding)
- We did not identify any instances of noncompliance that we were required to report under *Government Auditing Standards*

Statement of Net Position

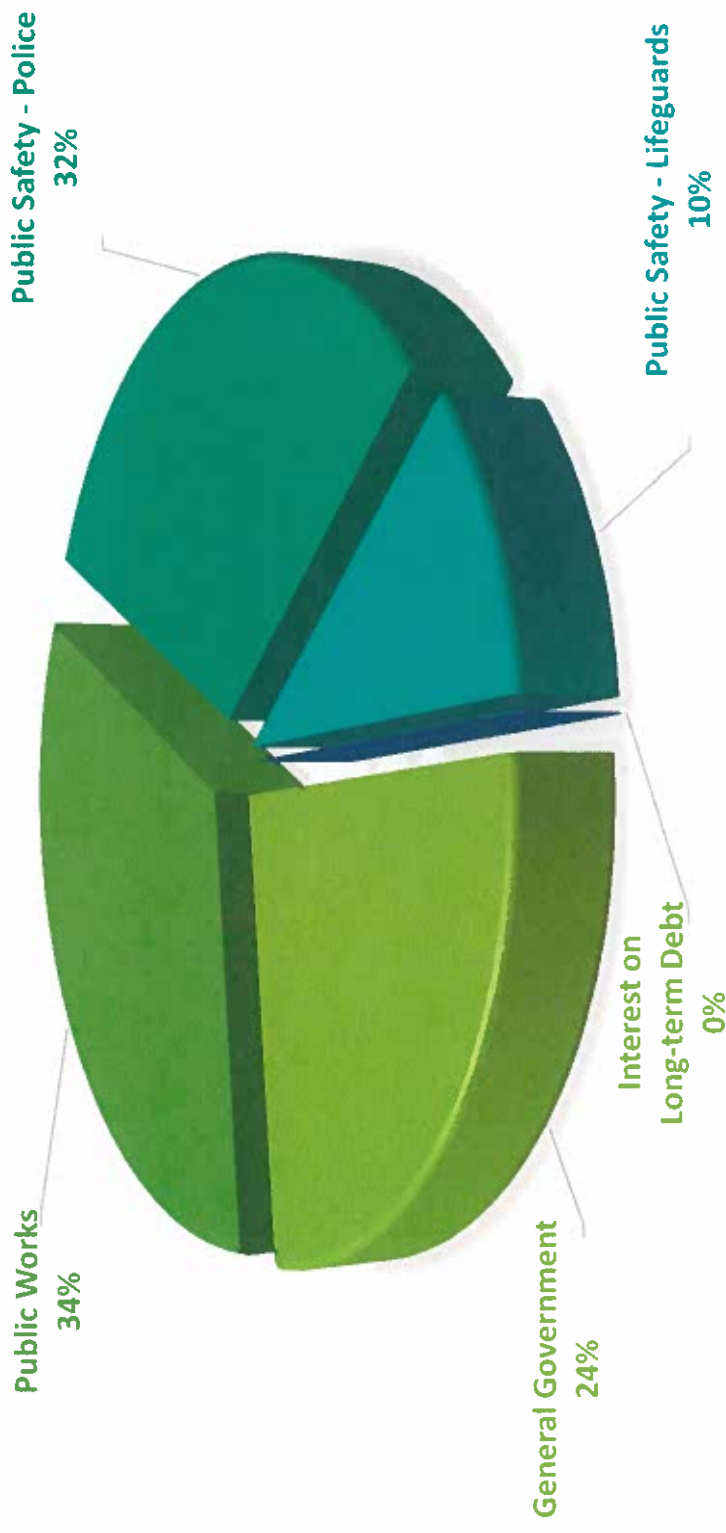
	Governmental Activities	
	2026	2025
Current and other assets		
Capital assets	\$ 7,930,586	\$ 7,106,023
	2,526,957	2,485,350
Total assets	<u>10,457,543</u>	<u>9,591,373</u>
Deferred outflows - retirement	<u>405,327</u>	<u>405,684</u>
Current and other liabilities		
Long-term liabilities	224,289	161,250
	21,730	58,565
Total liabilities	<u>246,019</u>	<u>219,815</u>
Deferred inflows - retirement	125,170	113,358
Deferred inflows - leases	590,194	616,023
Deferred inflows - grants	40,987	52,026
Total deferred inflows	<u>756,351</u>	<u>781,407</u>
Net position		
Net investment in capital assets	2,510,083	2,471,897
Restricted	4,584,180	4,016,099
Unrestricted	<u>2,766,237</u>	<u>2,507,839</u>
Total net position	<u>\$ 9,860,500</u>	<u>\$ 8,995,835</u>

Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities	
	2026	2025
Revenues:		
Program revenues		
Charges for services	\$ 486,065	\$ 468,034
Operating grants and contributions	175,123	180,546
Capital grants and contributions	28,858	107,621
General revenue		
Taxes and assessments	2,443,878	1,914,843
Licenses and permits	751,113	639,867
Interest revenue	247,633	231,692
Miscellaneous	110,013	110,991
Total revenues	4,242,683	3,653,594
Expenses:		
General government	809,479	817,637
Public works	1,124,622	1,017,893
Public safety - police	1,050,687	973,442
Public safety - lifeguards	332,886	322,289
Debt service	591	689
Total expenses	3,318,265	3,131,950
Change in net position	924,418	521,644
Net position - Beginning	8,995,835	8,474,191
Prior period adjustment	(59,753)	
Net position - Ending	\$ 9,860,500	\$ 8,995,835

Governmental Activities – Expenses

Expenses by Function



General Fund

Budget Comparison Schedule starting on page 39

Actual amounts were favorable compared to the budget by \$334,104 before other financing sources

- This is a combination of revenues and expenses
- Revenues are over budget by \$279,000. Licenses and permits, intergovernmental revenues, and interest revenue were over budget.
- Expenses are under budget by \$55,000. General government and public safety – police were under budget while capital outlay was over budget.

Net change in fund balance for 2026 was a decrease of \$48,139, compared to a decrease of \$226,340 in 2025.

- This change is due to a shortfall of revenues relative to expenditures.

Unassigned fund balance totaling \$1,789,972 or 75% of general fund balance.

- GFOA recommends, at minimum, the general fund have no less than two months of operating expenditures in unassigned fund balance.
- Assigned fund balance includes additional operating reserve for the Town of \$242,950.
- Restricted fund balance includes realty transfer tax funds and municipal street aid grant accumulated for the Town for \$4,398,462.

GASB 68, Delaware Public Employee's Retirement System Update

Pages 30 through 34 of the footnotes and pages 40 and 41 of the required supplementary information.

Liability is measured as of June 30, 2025, the latest audit available from the pension system and actuary information.

Required contribution was \$95,858 during the year ended April 30, 2026, compared to \$75,223 for the prior year. The Town has consistently fully funded the required contribution for the retirement plans.

Asset reported on the Town's financial statements is \$100,306, up from a liability of \$42,809 in the prior year.

Auditors' Communications

Management Letter on pages 1 and 2.

- Restricted fund balance

Required Auditor Communications with Those Charged with Governance on pages 3 through 6.

Current Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, was effective for the Town beginning with the year ending April 30, 2026. This statement requires state and local governments to disclose essential information in financial statements notes about vulnerabilities caused by specific concentrations and constraints that could severely impact their ability to provide services or meet obligations.

Future Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Improvements*, will be effective for the Town beginning with the year ending April 30, 2027. This statements will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Town beginning with the year ending April 30, 2027. The statement will provide guidance on how to disclose right-to-use assets resulting from leases, subscriptions and PPPs to promote consistency and comparability between governments. It also provides new disclosure requirements related to capital assets held for sale.

Questions

