

**TOWN OF DEWEY BEACH, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(continued)*  
For the Year Ended March 31, 2023

**CAPITAL ASSETS**

The Town's investment in capital assets, net of accumulated depreciation, for its governmental activities at March 31, 2023, amounted to \$2,209,950. Investment in capital assets includes land, buildings, improvements, machinery and equipment, and streets and parks.

Major capital asset activity during the current fiscal year included the following:

- Equipment and vehicles for the public safety function was purchased for approximately \$169,241.
- Improvement costs related to drain pipes and streets were purchased for approximately \$255,690.

**Capital Assets Net of Accumulated Depreciation**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 1,161,677	\$ 1,161,677
Buildings and improvements	760,019	953,120
Machinery and equipment	1,792,708	1,623,467
Streets and parks	1,923,387	1,667,697
Accumulated depreciation	(3,427,841)	(3,377,815)
<b>Total</b>	<b>\$ 2,209,950</b>	<b>\$ 2,028,146</b>

**Long-Term Debt**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Compensated absences	\$ 227,918	\$ 269,556
<b>Total long-term debt</b>	<b>\$ 227,918</b>	<b>\$ 269,556</b>

Additional information on the Town's long-term debt obligations can be found on Note 5 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The actual change in fund balance for the general fund was an increase of \$633,735, which was a favorable variance from the budget of \$137,573. A general fund budgetary comparison schedule is included in this report, as listed in the index.

For fiscal year 2024, the Town has budgeted total general fund operating revenues of \$4,584,360 and total general fund operating expenditures of \$4,555,378. For fiscal year 2024, the Town has budgeted total set asides and grants revenue of \$2,124,500 and total set asides and grants expenditures of \$1,698,000.

**TOWN OF DEWEY BEACH, DELAWARE**  
Balance Sheet Governmental Funds  
For the Year Ended March 31, 2023

	<b>Major Fund</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Beach Replenishment Fund</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,546,560	\$ 1,084,725	\$ 10,631,285
Investments	794,802	4,581,026	5,375,828
<i>Receivables</i>			
Taxes	43,362	2,601	45,963
Other	6,293	-	6,293
Interfund receivables	-	-	-
Prepaid expenses	51,889	-	51,889
<b>Total assets</b>	<b>\$ 10,442,906</b>	<b>\$ 5,668,352</b>	<b>\$ 16,111,258</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities</i>			
Accounts payable	\$ 194,592	\$ -	\$ 194,592
Interfund payables	-	-	-
Accrued wages and payroll taxes	74,148	-	74,148
Unearned revenue	3,514,174	-	3,514,174
<b>Total liabilities</b>	<b>3,782,914</b>	<b>-</b>	<b>3,782,914</b>
<i>Fund balances</i>			
Nonspendable	51,889	-	51,889
Restricted	-	5,668,352	5,668,352
Committed for streets and infrastructure	453,739	-	453,739
Committed for rainy day fund	2,298,000	-	2,298,000
Assigned for public safety	257,642	-	257,642
Assigned for beach safety	50,039	-	50,039
Assigned for capital improvements	300,000	-	300,000
Assigned for capital Improvements - Town Hall	2,562,683	-	2,562,683
Unassigned	686,000	-	686,000
<b>Total fund balances</b>	<b>6,659,992</b>	<b>5,668,352</b>	<b>12,328,344</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,442,906</b>	<b>\$ 5,668,352</b>	<b>\$ 16,111,258</b>

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

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2023

**NOTE 10 COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES**

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

In the normal course of operations, the Town received 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.

The Town is a defendant in several lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not, in the aggregate, have a material adverse effect on the financial position of the Town.

**NOTE 11 FUND BALANCES**

Fund balances for the Town's governmental funds consisted of the following as of March 31, 2023:

Nonspendable Fund Balances

Nonspendable fund balances as of March 31, 2023 are comprised of prepaid expenses of \$51,889 in the General Fund.

Restricted Fund Balances

Restricted fund balances total \$5,668,352 as of March 31, 2023. The General Fund restricted fund balance at March 31, 2023 is \$0. The Beach Replenishment Fund restricted fund balance is \$5,668,352, which is restricted for beach replenishment projects.

Committed Fund Balances

Committed fund balances total \$2,751,739 as of March 31, 2023, which pertains to street and infrastructure and a rainy day fund.

A component of the committed fund balance for streets & infrastructure requires that per the Town code 20% of revenue derived from building permits each month shall be transferred to the streets and infrastructure account. Additionally, the Town passed a resolution requiring 5% of daily and seasonal parking revenue and 3% of transfer tax to be transferred to the streets and infrastructure. As of March 31, 2023, the fund balance of \$453,739 is committed for streets and infrastructure.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2023

**NOTE 11 FUND BALANCES** *(continued)*

Committed Fund Balances *(continued)*

During the year ended March 31, 2022, the Town established a rainy day fund that is to be funded at 50% of the expenses in the most recently adopted general fund budget. The fund is intended to protect the Town financially from the effects of catastrophic events such as hurricanes or other events or conditions that significantly impair the Town's ability to collect revenues or causes significant unanticipated expenditures. If the Town desired to utilize rainy day funds, the Town Manager would be required to propose a plan to spend the funds and present it to the Town Commissioners for approval. As of March 31, 2023, the rainy day fund is \$2,298,000 based on the adopted fiscal year 2024 budget. In addition, the second component of the fund balance policy is to maintain unassigned Fund Balance equal to 15% of nearly two months of general fund operating expenditures.

Assigned Fund Balances

The General Fund has \$3,170,364 in assigned fund balances as of March 31, 2023. This is comprised of the following:

Public safety reserve	\$	257,642
Beach safety reserve		50,039
Capital improvements reserve		300,000
Capital Improvements - Town Hall		<u>2,562,683</u>
	\$	<u><u>3,170,364</u></u>

**TOWN OF DEWEY BEACH, DELAWARE**  
Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
Year Ended March 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes and assessments	\$ 1,922,500	\$ 1,922,500	\$ 2,030,641	\$ 108,141
Licenses, permits and fees	2,122,500	2,122,500	2,657,052	534,552
Fines	340,000	340,000	231,852	(108,148)
Intergovernmental	23,000	23,000	176,488	153,488
<i>Donations and other revenue</i>				
Public safety	71,000	71,000	148,408	77,408
Beach safety	8,000	8,000	14,517	6,517
Investment income	-	-	36,152	36,152
Unrealized loss on investments	-	-	(34,076)	(34,076)
Other	115,000	115,000	332,282	217,282
Total revenue	<u>4,602,000</u>	<u>4,602,000</u>	<u>5,593,316</u>	<u>991,316</u>
<b>EXPENDITURES</b>				
General and administrative	1,496,594	1,496,594	1,520,312	(23,718)
Public safety	1,914,620	1,914,620	2,181,092	(266,472)
Streets	231,990	231,990	349,120	(117,130)
Beach safety	440,473	440,473	484,126	(43,653)
Capital outlay	380,750	380,750	424,931	(44,181)
Total expenditures	<u>4,464,427</u>	<u>4,464,427</u>	<u>4,959,581</u>	<u>(495,154)</u> (1)
Net changes in fund balances	<u>\$ 137,573</u>	<u>\$ 137,573</u>	<u>\$ 633,735</u>	<u>\$ 496,162</u>

(1) Total expenditures were in excess of the budget appropriations. The excess expenditures were covered by available fund balance in the fund.

No budgetary comparison schedule is presented for the Beach Replenishment Fund as there is not a legally adopted budget.

**TOWN OF DEWEY BEACH, DELAWARE**  
**Balance Sheets**  
**General Fund**  
**Four-Year Comparative Amounts for**  
**March 31, 2023, 2022, 2021, and 2020**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,546,560	\$ 5,655,659	\$ 4,012,479	\$ 3,329,267
Investments	794,802	809,005	-	-
<i>Receivables</i>				
Taxes	43,362	72,695	223,059	-
Other	6,293	2,360	-	29,576
Interfund receivables	-	-	109	7,772
Prepaid expenses	51,889	93,110	86,500	64,142
<b>Total assets</b>	<u>\$ 10,442,906</u>	<u>\$ 6,632,829</u>	<u>\$ 4,322,147</u>	<u>\$ 3,430,757</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Accounts payable	\$ 194,592	\$ 117,445	\$ 172,467	\$ 47,686
Interfund payables	-	1,740	-	-
Accrued wages and payroll taxes	74,148	33,115	41,523	57,499
Unearned revenue	3,514,174	454,272	48,846	43,937
<b>Total liabilities</b>	<u>3,782,914</u>	<u>606,572</u>	<u>262,836</u>	<u>149,122</u>
<i>Fund balances</i>				
Nonspendable	51,889	93,110	86,500	64,142
Restricted	-	13,698	3,041	6,609
Committed for streets and infrastructure	453,739	688,538	303,963	371,306
Committed for rainy day fund	2,298,000	1,972,839	-	-
Assigned for streets and infrastructure	-	-	344,910	-
Assigned for broadband infrastructure	-	20,531	40,000	-
Assigned for comprehensive plan	-	20,000	20,000	109,969
Assigned for legal and litigation	-	7,273	36,304	36,240
Assigned for public safety	257,642	138,753	212,592	1,005
Assigned for beach safety	50,039	38,183	39,115	33,351
Assigned for capital improvements	300,000	2,441,480	643,978	-
Assigned for capital Improvements - Town Hall	2,562,683	-	-	-
Unassigned	686,000	591,852	2,328,908	2,659,013
<b>Total fund balances</b>	<u>6,659,992</u>	<u>6,026,257</u>	<u>4,059,311</u>	<u>3,281,635</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 10,442,906</u>	<u>\$ 6,632,829</u>	<u>\$ 4,322,147</u>	<u>\$ 3,430,757</u>