

TOWN OF DEWEY BEACH, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
For the Year Ended March 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(continued)*

The following schedule shows the breakdown of changes in net position for governmental activities for the years ended March 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
REVENUE		
<i>Program revenue</i>		
Charges for services	\$ 3,821,611	\$ 3,030,481
Operating grants and contributions	167,247	197,836
<i>General revenues</i>		
Beach replenishment	200,793	197,110
Realty transfer	694,254	747,579
Accommodations	780,181	810,457
Hotel	438,483	347,134
Franchise fees	54,227	55,471
Concession fees	81,000	70,000
Investment (loss) income	(9,843)	238,277
Net unrealized gain (loss) on investments	956,627	(481,971)
Dewey Beach enterprises	50,000	50,000
Other	43,579	284,146
Total revenue	<u>7,278,159</u>	<u>5,546,520</u>
EXPENSES		
General and administrative	1,752,160	1,684,149
Public safety	2,421,013	1,894,279
Streets	570,703	604,810
Beach safety	540,485	484,126
Beach replenishment	122,440	91,958
Total expenses	<u>5,406,801</u>	<u>4,759,322</u>
Change in net position	1,871,358	787,198
Net position, beginning of year	<u>14,600,913</u>	<u>13,813,715</u>
Net position, end of year	<u>\$ 16,472,271</u>	<u>\$ 14,600,913</u>

Governmental activities net position increased by \$1,871,358 during the fiscal year 2024. This represents a 12.8% increase in net position for the year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

TOWN OF DEWEY BEACH, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
For the Year Ended March 31, 2024

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. Unassigned fund balance may serve as a useful measure of the Town's net resources available for spending and for future needs.

At the end of fiscal year 2024, the Town's governmental funds reported a combined ending fund balance of \$13,641,041, an increase of \$1,312,697 compared to the year ended March 31, 2023. Of this amount, \$796,955 constitutes unassigned fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget to Actual

Revenues

General fund revenues are lower than the budget by \$406,133, and related mostly to the following:

- Town Hall revenues included in Other are lower than the budget by approximately \$994,120.
- State 5G Funds included in Intergovernmental are lower than the budget by approximately \$300,000.
- Transfer tax income included in Taxes and assessments exceeded the budget by approximately \$194,254.
- Accommodations and hotel taxes included in Taxes and assessments exceeded the budget by approximately \$48,664.
- Licenses, permits, and fees exceeded the budget by approximately \$269,607.

Expenditures

General fund expenditures are lower than the budget by \$1,053,24, and related mostly to the following:

- Capital outlay expenditures exceeded the budget by approximately \$255,726.
- Beach safety expenditures exceeded the budget by approximately \$34,766.
- Expenditures for Town Hall property included in Streets are lower than the budget by approximately by \$983,640.
- Expenditures for professional fees included in General and administrative are lower than the budget by approximately \$307,404.

TOWN OF DEWEY BEACH, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*
For the Year Ended March 31, 2024

CAPITAL ASSETS

The Town's investment in capital assets, net of accumulated depreciation, for its governmental activities at March 31, 2024, amounted to \$2,790,888. 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 were purchased for approximately \$435,045.
- Construction in progress relating to the Town Hall project was approximately \$203,592.
- Vehicles purchased for Streets were approximately \$47,536.

Capital Assets Net of Accumulated Depreciation

	Governmental Activities	
	2024	2023
Land	\$ 1,161,677	\$ 1,161,677
Construction in progress	203,592	-
Buildings and improvements	949,652	760,019
Machinery and equipment	1,895,374	1,792,708
Streets and parks	1,908,007	1,923,387
Accumulated depreciation	<u>(3,327,414)</u>	<u>(3,427,841)</u>
Total	<u>\$ 2,790,888</u>	<u>\$ 2,209,950</u>

Long-Term Debt

	Governmental Activities	
	2024	2023
Compensated absences	\$ 235,194	\$ 227,918
Total long-term debt	<u>\$ 235,194</u>	<u>\$ 227,918</u>

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 \$682,393, which was a favorable variance from the budget of \$616,956. A general fund budgetary comparison schedule is included in this report, as listed in the index.

For fiscal year 2025, the Town has budgeted total general fund operating revenues of \$5,335,134 and total general fund operating expenditures of \$5,313,036.

TOWN OF DEWEY BEACH, DELAWARE
Balance Sheet Governmental Funds
For the Year Ended March 31, 2024

	Major Fund		Total Governmental Funds
	General Fund	Beach Replenishment Fund	
ASSETS			
Cash and cash equivalents	\$ 9,925,714	\$ 940,910	\$ 10,866,624
Investments	854,054	5,356,163	6,210,217
<i>Receivables</i>			
Taxes	-	1,586	1,586
Other	91,019	-	91,019
Interfund receivables	-	-	-
Prepaid expenses	59,211	-	59,211
Total assets	\$ 10,929,998	\$ 6,298,659	\$ 17,228,657
LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Accounts payable	\$ 125,802	\$ -	\$ 125,802
Interfund payables	-	-	-
Accrued wages and payroll taxes	44,508	-	44,508
Unearned revenue	3,417,306	-	3,417,306
Total liabilities	3,587,616	-	3,587,616
<i>Fund balances</i>			
Nonspendable	59,211	-	59,211
Restricted	-	6,298,659	6,298,659
Committed for streets and infrastructure	245,467	-	245,467
Committed for rainy day fund	2,656,518	-	2,656,518
Assigned for public safety	71,554	-	71,554
Assigned for beach safety	45,869	-	45,869
Assigned for capital improvements	296,000	-	296,000
Assigned for capital Improvements - Town Hall	3,170,808	-	3,170,808
Unassigned	796,955	-	796,955
Total fund balances	7,342,382	6,298,659	13,641,041
Total liabilities and fund balances	\$ 10,929,998	\$ 6,298,659	\$ 17,228,657

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

TOWN OF DEWEY BEACH, DELAWARE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended March 31, 2024

	Major Fund		Total Governmental Funds
	General Fund	Beach Replenishment Fund	
REVENUE			
Taxes and assessments	\$ 2,048,144	\$ 200,793	\$ 2,248,937
Licenses, permits, and fees	2,937,607	-	2,937,607
Fines	350,897	-	350,897
Intergovernmental	553,145	-	553,145
<i>Donations and other revenue</i>			
Public safety	136,720	-	136,720
Beach safety	10,489	-	10,489
Investment income (loss)	244,617	(254,459)	(9,842)
Net unrealized gain on investments	150,216	806,410	956,626
Other	93,532	-	93,532
Total revenue	<u>6,525,367</u>	<u>752,744</u>	<u>7,278,111</u>
EXPENDITURES			
General and administrative	1,611,131	-	1,611,131
Public safety	2,558,524	-	2,558,524
Streets	458,953	-	458,953
Beach safety	528,190	-	528,190
Beach replenishment	-	122,440	122,440
Capital outlay	686,176	-	686,176
Total expenditures	<u>5,842,974</u>	<u>122,440</u>	<u>5,965,414</u>
Net changes in fund balances	682,393	630,304	1,312,697
Fund balances, beginning of year	<u>6,659,992</u>	<u>5,668,352</u>	<u>12,328,344</u>
Fund balances, end of year	<u><u>\$ 7,342,385</u></u>	<u><u>\$ 6,298,656</u></u>	<u><u>\$ 13,641,041</u></u>

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, 2024

NOTE 11 FUND BALANCES *(continued)*

Committed Fund Balances *(continued)*

During the year ended March 31, 2023, the Town established a rainy day fund that is to be funded at 50% of the expenses (six months of operating expenditures) 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, 2024, the rainy day fund is \$2,656,518 based on the adopted fiscal year 2025 budget. In addition, the second component of the fund balance policy is to maintain unassigned Fund Balance equal to 15% or nearly two months of general fund operating expenditures.

Assigned Fund Balances

The General Fund has \$3,584,231 in assigned fund balances as of March 31, 2024. This is comprised of the following:

Public safety reserve	\$	71,554
Beach safety reserve		45,869
Capital improvements reserve		296,000
Capital Improvements - Town Hall		<u>3,170,808</u>
	\$	<u>3,584,231</u>

TOWN OF DEWEY BEACH, DELAWARE
Balance Sheets
General Fund
Four-Year Comparative Amounts for
March 31, 2024, 2023, 2022, and 2021

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS				
Cash and cash equivalents	\$ 9,925,714	\$ 9,546,560	\$ 5,655,659	\$ 4,012,479
Investments	854,054	794,802	809,005	-
<i>Receivables</i>				
Taxes	-	43,362	72,695	223,059
Other	91,019	6,293	2,360	-
Interfund receivables	-	-	-	109
Prepaid expenses	59,211	51,889	93,110	86,500
Total assets	\$ 10,929,998	\$ 10,442,906	\$ 6,632,829	\$ 4,322,147
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
<i>Liabilities</i>				
Accounts payable	\$ 125,802	\$ 194,592	\$ 117,445	\$ 172,467
Interfund payables	-	-	1,740	-
Accrued wages and payroll taxes	44,508	74,148	33,115	41,523
Unearned revenue	3,417,306	3,514,174	454,272	48,846
Total liabilities	3,587,616	3,782,914	606,572	262,836
<i>Fund balances</i>				
Nonspendable	59,211	51,889	93,110	86,500
Restricted	-	-	13,698	3,041
Committed for streets and infrastructure	245,467	453,739	688,538	303,963
Committed for rainy day fund	2,656,518	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
Assigned for legal and litigation	-	-	7,273	36,304
Assigned for public safety	71,554	257,642	138,753	212,592
Assigned for beach safety	45,869	50,039	38,183	39,115
Assigned for capital improvements	296,000	300,000	2,441,480	643,978
Assigned for capital Improvements - Town Hall	3,170,808	2,562,683	-	-
Unassigned	796,955	686,000	591,852	2,328,908
Total fund balances	7,342,382	6,659,992	6,026,257	4,059,311
Total liabilities, deferred inflows of resources and fund balances	\$ 10,929,998	\$ 10,442,906	\$ 6,632,829	\$ 4,322,147

TOWN OF DEWEY BEACH, DELAWARE
Other Supplementary Information
Statement of Revenues, Expenditures and Changes in
Fund Balances Beach Replenishment Fund
Four-Year Comparative Amounts for
Years Ended March 31, 2024, 2023, 2022, and 2021

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUE				
Taxes and assessments	\$ 200,793	\$ 197,110	\$ 201,416	\$ 204,990
Investment (loss) income	(254,459)	(359,323)	266,301	68,590
Net unrealized gain (loss) on investments	806,410	115,417	(329,737)	818,832
Total revenue	<u>752,744</u>	<u>(46,796)</u>	<u>137,980</u>	<u>1,092,412</u>
EXPENDITURES				
Beach replenishment	<u>122,440</u>	<u>91,958</u>	<u>91,364</u>	<u>89,547</u>
Total expenditures	<u>122,440</u>	<u>91,958</u>	<u>91,364</u>	<u>89,547</u>
Net changes in fund balances	630,304	(138,754)	46,616	1,002,865
Fund balances, beginning of year	<u>5,668,352</u>	<u>5,807,106</u>	<u>5,760,490</u>	<u>4,757,625</u>
Fund balances, end of year	<u><u>\$ 6,298,656</u></u>	<u><u>\$ 5,668,352</u></u>	<u><u>\$ 5,807,106</u></u>	<u><u>\$ 5,760,490</u></u>