

**TOWN OF DEWEY BEACH, DELAWARE**

**Financial Statements and Supplementary Information  
For the Year Ended March 31, 2024  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**TOWN OF DEWEY BEACH, DELAWARE**  
Financial Statements and Supplementary Information  
For the Year Ended March 31, 2024

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**TOWN OF DEWEY BEACH, DELAWARE**  
Financial Statements and Supplementary Information  
For the Year Ended March 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee  
Town of Dewey Beach, 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 Dewey Beach, Delaware as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Dewey Beach, 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 Dewey Beach, Delaware, as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Dewey Beach, 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 Dewey Beach, 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.

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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 Dewey Beach, 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.

### ***Auditor's 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 auditor's 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 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 Dewey Beach, 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 Dewey Beach, 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 5 to 11 and the required supplementary information on pages 38 to 41, as listed in the index, 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 GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dewey Beach, Delaware's basic financial statements. The Balance Sheets – General Fund – Four-Year Comparative Amounts, Statement of Revenue, Expenditures and Changes in Fund Balances – General Fund – Four-Year Comparative Amounts, Balance Sheets - Beach Replenishment Fund – Four-Year Comparative Amounts, and Statement of Revenue, Expenditures and Changes in Fund Balances – Beach Replenishment Fund – Four-Year Comparative Amounts are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2024, on our consideration of the Town of Dewey Beach, 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 the Town of Dewey Beach, Delaware's 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 Dewey Beach, Delaware's internal control over financial reporting and compliance.

August 15, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

As management of the Town of Dewey Beach, Delaware (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended March 31, 2024. Please read the information presented here in conjunction with the audited financial statements, which immediately follow this section, to enhance understanding of the Town's financial performance.

**FINANCIAL HIGHLIGHTS**

- As of March 31, 2024, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,472,271 (net position). Of this amount, \$7,382,724, or 45%, was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The Town's fund balances increased by \$1,312,697 during the year. The increase was mainly attributable to the Town's overall revenues.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. The 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 of the Town's assets and liabilities, with the difference between the two 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.

The Statement of Activities presents information showing how the government'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 not impact cash flows until future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Town that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The Town does not have any business-type activities. The governmental activities of the Town include general and administrative activities, public safety, streets, beach safety, and beach replenishment. The government-wide financial statements are included in this report, as listed in the index.

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

**FUND FINANCIAL STATEMENTS**

The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUND**

The governmental fund is 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 fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term 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 Balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The Town adopts an annual appropriated budget for the general fund on a budgetary basis of accounting, which does not conform to generally accepted accounting principles ("GAAP"). To demonstrate compliance, a budgetary comparison schedule is provided for the general fund. The basic governmental fund financial statements are included in this report, as listed in the index.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a thorough understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are included in this report, as listed in the index.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As previously noted, net position may serve as a useful indicator of the government-wide financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,472,271 as of March 31, 2024.

**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 is a summary of the government-wide Statement of Net Position as of March 31, 2024 and 2023:

	<b>Statement of Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current and other assets	\$ 17,228,657	\$ 16,172,198
Capital assets	2,790,888	2,209,950
Total assets	20,019,545	18,382,148
Deferred outflows - pension	431,415	322,908
<b>LIABILITIES</b>		
Long-term liabilities	235,194	227,918
Other liabilities	3,669,036	3,782,914
Total liabilities	3,904,230	4,010,832
Deferred inflows - pension	74,486	93,311
<b>NET POSITION</b>		
Net investment in capital assets	2,790,888	2,209,950
Restricted	6,298,659	5,668,352
Unrestricted	7,382,724	6,722,611
<b>Total net position</b>	<b>\$ 16,472,271</b>	<b>\$ 14,600,913</b>

A portion of the Town's net position (\$2,790,888) is not available for future spending as it represents amounts invested in capital assets (e.g., land, buildings, equipment). This investment is net of any related outstanding debt that was used to acquire those assets. It should be noted that the resources needed to repay outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining \$13,681,383 in net position, \$6,298,659 is restricted for specific use. The unrestricted funds of \$7,382,724 may be used to meet the Town's ongoing obligations to citizens and creditors.

**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>
<b>REVENUE</b>		
<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>
<b>EXPENSES</b>		
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>
<b>Net position, end of year</b>	<u><u>\$ 16,472,271</u></u>	<u><u>\$ 14,600,913</u></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**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
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>
<b>Total</b>	<b><u>\$ 2,790,888</u></b>	<b><u>\$ 2,209,950</u></b>

**Long-Term Debt**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Compensated absences	\$ 235,194	\$ 227,918
<b>Total long-term debt</b>	<b><u>\$ 235,194</u></b>	<b><u>\$ 227,918</u></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 \$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**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(continued)*  
For the Year Ended March 31, 2024

**REQUEST FOR INFORMATION**

This Financial Report is designed to provide an overview of the Town's finances and provide a meaningful picture of our Town. Any questions concerning this report, or requests for additional information, should be addressed to:

Town Manager  
Town of Dewey Beach, Delaware  
105 Rodney Avenue  
Dewey Beach, Delaware 19971

## **FINANCIAL STATEMENTS**

**TOWN OF DEWEY BEACH, DELAWARE**  
Statement of Net Position  
Governmental Activities  
As of March 31, 2024

**ASSETS**

Cash and cash equivalents	\$ 10,866,624
Investments	6,210,217
<i>Receivables</i>	
Taxes	1,586
Other	91,019
Prepaid expenses	59,211
<i>Capital assets, net</i>	
Non-depreciable	1,365,269
Depreciable	1,425,619
Total assets	<u>20,019,545</u>

Deferred outflows of resources - pension related	<u>431,415</u>
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**LIABILITIES**

Accounts payable	125,802
Accrued wages and payroll taxes	44,535
Unearned revenue	3,417,306
Net pension liability	81,393
<i>Long-term liabilities due in more than one year</i>	
Compensated absences	<u>235,194</u>
Total liabilities	<u>3,904,230</u>

Deferred inflows of resources - pension related	<u>74,486</u>
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**NET POSITION**

Net investment in capital assets	2,790,888
<i>Restricted for</i>	
Beach replenishment	6,298,659
Unrestricted	<u>7,382,724</u>
<b>Total net position</b>	<u><b>\$ 16,472,271</b></u>

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

**TOWN OF DEWEY BEACH, DELAWARE**  
**Statement of Activities**  
**For the Year Ended March 31, 2024**

	Expenses	Program Revenue		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions		Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
<i>Governmental activities</i>					
General and administrative	\$ 1,752,160	\$ 2,937,607	\$ -	\$ -	\$ 1,185,447
Public safety	2,421,013	350,897	136,720	-	(1,933,396)
Streets	570,703	533,107	20,038	-	(17,558)
Beach safety	540,485	-	10,489	-	(529,996)
Beach replenishment	122,440	-	-	-	(122,440)
<b>Total governmental activities</b>	<b>\$ 5,406,801</b>	<b>\$ 3,821,611</b>	<b>\$ 167,247</b>	<b>\$ -</b>	<b>(1,417,943)</b>
<b>GENERAL REVENUE</b>					
<i>Taxes and assessments</i>					
Beach replenishment					200,793
Realty transfer					694,254
Accommodations					780,181
Hotel					438,483
Franchise fees					54,227
Concession fees					81,000
Investment loss					(9,843)
Net unrealized gain on investments					956,627
Dewey Beach enterprises					50,000
Other revenue					43,579
Total general revenue					<u>3,289,301</u>
Change in net position					1,871,358
Net position, beginning of year					<u>14,600,913</u>
<b>Net position, end of year</b>					<b>\$ <u>16,472,271</u></b>

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

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

	<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	\$ 9,925,714	\$ 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
<b>Total assets</b>	<b>\$ 10,929,998</b>	<b>\$ 6,298,659</b>	<b>\$ 17,228,657</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<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
<b>Total liabilities</b>	<b>3,587,616</b>	<b>-</b>	<b>3,587,616</b>
<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
<b>Total fund balances</b>	<b>7,342,382</b>	<b>6,298,659</b>	<b>13,641,041</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,929,998</b>	<b>\$ 6,298,659</b>	<b>\$ 17,228,657</b>

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

**TOWN OF DEWEY BEACH, DELAWARE**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 For the Year Ended March 31, 2024

Total fund balances - Governmental funds \$ 13,641,041

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, therefore, are not reported in  
 the fund financial statements, but are reported in the  
 governmental activities of the statement of net position. 2,790,888

Deferred outflows of resources related to pensions, as  
 further described in Note 7, are not reported at the fund  
 level. 431,415

Deferred inflows of resources related to pensions, as  
 further described in Note 7, are not reported at the fund  
 level. (74,486)

Some liabilities are not due and payable in the current  
 period and, therefore, are not reported in the fund financial  
 statements, but are reported in the governmental activities  
 of the statement of net position. Those liabilities consist  
 of:

Net pension asset (liability)	\$	(81,393)	
Compensated absences		(235,194)	
		(316,587)	
Total long-term liabilities			(316,587)

**Net position of governmental activities in the statement of net position** **\$ 16,472,271**

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

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Beach Replenishment Fund</u>	
<b>REVENUE</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>Fund balances, end of year</b>	<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**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances to the Statement of Activities  
 For the Year Ended March 31, 2024

Total net change in fund balances - Governmental funds \$ 1,312,697

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

Governmental funds report 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. In the current period, these amounts are:

Capital outlay	686,176
Accumulated depreciation	(105,238)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:

Change in deferred outflows of resources - pension (see Note 7)	108,507
Change in deferred inflows of resources - pension (see Note 7)	18,825
Change in net pension assets and liabilities	(142,333)
Change in compensated absences	(7,276)
	<u>108,507</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 1,871,358</u></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, 2024

### **NOTE 1      DESCRIPTION OF THE TOWN OF DEWEY BEACH, DELAWARE**

The Town of Dewey Beach, Delaware (the Town) was incorporated in 1981 under the provisions of the State of Delaware. The Town operates under a Council-Manager form of government and provides the following services provided as authorized under the Town charter: public safety (police), beach safety (lifeguards), streets, recreation, public improvements, planning and zoning, and general administrative services. The Town directly provides all basic local governmental services.

### **NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

#### Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

#### Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town.

The statement of net position presents the financial condition of the activities of the Town at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenue that is not classified as program revenue is presented as general revenue of the Town, with certain limited exceptions. The comparison of direct expenses with program revenue identifies the extent to which each business segment or governmental function is self-financing or draws from general revenue of the Town.

## TOWN OF DEWEY BEACH, DELAWARE

Notes to Financial Statements

For the Year Ended March 31, 2024

### NOTE 2      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### Fund Financial Statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town in more detail. Each of the Town's funds is reported as major governmental funds and is presented in separate columns.

#### Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

#### Governmental Funds

Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's major governmental funds:

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

*Special revenue fund* - The special revenue fund is used to account for the proceeds from the specific revenue sources that are legally restricted to expenditures for specific purposes. The Town's special revenue fund is the Beach Replenishment Fund.

#### Proprietary Funds

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Town does not have any proprietary funds.

#### Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The Town does not have any fiduciary funds.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Town are included on the statement of net position.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenue, expenditures and changes in fund balances reports on the sources (*i.e.*, revenue and other financing sources) and uses (*i.e.*, expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenue, expenses and changes in fund net position presents increases (*i.e.*, revenue) and decreases (*i.e.*, expenses) in net total position. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities. The Town does not have any proprietary funds.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The Town does not have any proprietary or fiduciary funds.

Revenue - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the Town is defined as collected within 60 days subsequent to year end.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Revenue - Exchange and Non-Exchange Transactions *(continued)*

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, primarily include taxes and assessments and grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursable basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, interest, and licenses and permits.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 7 for further details relating to the deferred outflows/inflows of resources, as recorded on the statement of net position, relating to the Town's pension activities.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated assets during the year is reported in the operating statement as an expense with a like amount reported as donated revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**TOWN OF DEWEY BEACH, DELAWARE**

Notes to Financial Statements

For the Year Ended March 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Budgetary Process

The Town Commissioners follow these procedures in establishing the budgetary data reflected in these financial statements:

Annually, and no later than the last week of February, the Commissioners are required to prepare a draft of a Town Budget. From this draft, the Commissioners are required, no later than the second Saturday of March, to prepare the Town Budget containing the financial plan for conducting the affairs of the Town for the ensuing fiscal year.

The Commissioners shall, so far as possible, adhere to the Town Budget so adopted in the making of appropriations. Budgetary amendments are made by majority approval of the Commissioners. The budget is prepared on the budgetary basis of accounting.

Beach Replenishment Taxes

Taxes are levied on November 1 of each year and are due by December 31. The Town bills and collects its own beach replenishment taxes. Expenditure of beach replenishment taxes is restricted to beach-related operations, maintenance, and replenishment expenses. The tax rate for the year ended March 31, 2024 was \$0.40 per \$100 of the 1992 assessed valuation of all real property and improvements as determined by Sussex County, Delaware.

Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables."

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. No interfund balances remain on the government-wide statement of net position as the Town has no business-type activities.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Capital Assets *(continued)*

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The Town maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction-in-progress, are depreciated. Depreciation is computed using the straight-line method over estimated useful lives of the assets, ranging from five to 40 years. Estimated useful lives are as follows:

Buildings and improvements	5 - 40 years
Machinery and equipment	5 - 20 years
Infrastructure	5 - 15 years

Restricted Assets

Restricted assets consist of cash, cash equivalents, and investments restricted for specified projects and/or purposes.

Unearned Revenues

The Town receives grants and donations from time to time from other governmental entities and other sources that are earmarked for specific purposes. Such accounts are not recognized as revenue until expenditures are incurred. Unearned revenue is as follows:

General Fund

State of Delaware	\$     3,000,000
State of Delaware - 5G pole relocation	329,603
Police grants	34,008
Municipal street aid grant	19,694
State of Delaware - 5G building permit	16,980
Others	17,021
<b>Total unearned revenues</b>	<b>\$     3,417,306</b>

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Compensated Absences

Employees are granted vacations and sick leave in varying amounts and may generally accumulate a maximum of 30 vacation days and 90 sick leave days. In the event of termination or retirement, an employee is paid for unused vacation days and one-half of unused sick leave days if leaving in good standing with the Town. Compensated absences are a reconciling item between the fund and the government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Net Position

Net position represents the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Government-wide net position is divided into three components:

*Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

*Restricted Net Position* - Consists of net position that is restricted due to limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by grantors, creditors, or laws or regulations of other governments.

*Unrestricted Net Position* - All other remaining net position.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Governmental Fund Balances

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

*Nonspendable* - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - Amounts that can be spent only for specific purposes because of the Town charter or code, state or federal laws, or externally imposed condition by grantors or creditors.

*Committed* - Amounts that can be used only for specific purposes as determined by formal action of the Town Council through ordinance or resolution.

*Assigned* - Amounts that are designated by the Council or management with intent to be used for specific purposes, but are neither restricted nor committed by ordinance or resolution.

*Unassigned* - Amounts not included in other spendable classifications.

The Town applies restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted sources (the total of committed, assigned and unassigned fund balance) are available. Further, when the components of the unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by the assigned fund balance. The unassigned fund balance is applied last.

Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3      CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Town's deposits and investments are in various banks and in one brokerage firm. Deposits held in banks are carried at cost, while holdings in investment accounts are carried at fair value. Transactions are made directly with the banks and with the brokerage firm.

**TOWN OF DEWEY BEACH, DELAWARE**

Notes to Financial Statements

For the Year Ended March 31, 2024

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS** *(continued)*

Custodial Credit Risk

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. As of March 31, 2024, \$10,200,339 of the Town's bank balance of \$10,700,339 was exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ 326,612
Uninsured and collateral held by the pledging bank	<u>9,873,727</u>
	<u>\$ 10,200,339</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Town's investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town holds bond investments that have a credit quality rating.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town limits its exposure to concentration of credit risk by limiting investments in a single equity to 10% or less of the entire equities portfolio.

Foreign Currency Risk

Concentrations of credit risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of March 31, 2024, the Town held foreign stocks with a total market value of \$105,138.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS** *(continued)*

Foreign Currency Risk *(continued)*

The Town's investment policy is as follows:

<b>Allocation of assets</b>		
<b>Short-Term (0 - 3 years)</b>	<b>Range</b>	<b>Target</b>
Cash and cash equivalents	10% to 30%	20%
Fixed income	40% to 80%	60%
Equities	0% to 30%	20%
<b>Long-Term (&gt;3 years)</b>		
Fixed income	55% to 85%	70%
Equities	15% to 45%	30%

Types of Investable Assets

- Cash and cash equivalents
- Repurchase agreements collateralized by the financial institution (sweep accounts) certificate of deposit and other evidences of deposit of financial institutions
- U.S. Treasury securities fixed income
- Equities

The Town has the following cash and investments at March 31, 2024. Cash and cash equivalents have investment maturities of less than one year and the fixed-income fund has an average maturity between one to five years and the fund is unrated.

	<b>Cash and Cash Equivalents</b>	<b>Investments Held at Fair Value</b>	<b>Total</b>
Cash and cash equivalents	\$ 10,093,635	\$ -	\$ 10,093,635
<i>Investments</i>			
Cash and cash equivalents	772,989	-	772,989
Fixed income fund	-	4,717,485	4,717,485
<i>Equities</i>			
Common stocks	-	902,134	902,134
Foreign stocks	-	105,138	105,138
Equity funds	-	485,460	485,460
Total investments	772,989	6,210,217	6,983,206
<b>Total</b>	<b>\$ 10,866,624</b>	<b>\$ 6,210,217</b>	<b>\$ 17,076,841</b>

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

Types of Investable Assets (continued)

The Town's investments are managed by an Investment Committee that is appointed by the Town Commissioners.

Fair Value Measurement

Cash and equivalents are recorded at cost, which approximates fair value.

Investments are measured and reported at fair value, and are classified according to the following hierarchy:

Level 1: investments reflect prices quoted in active markets.

Level 2: investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed-income fund	\$ 4,717,485	\$ -	\$ -	\$ 4,717,485
<i>Equities</i>				
Common stocks	902,134	-	-	902,134
Foreign stocks	105,138	-	-	105,138
Equity funds	485,460	-	-	485,460
<b>Total investments</b>	<b>\$ 6,210,217</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,210,217</b>

Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
Common stocks	\$ 902,134	\$ 500,000	\$ 402,134
Foreign stocks	105,138	-	105,138
Equity funds	485,460	-	485,460
Fixed-income fund	4,717,485	-	4,717,485
<b>Total</b>	<b>\$ 6,210,217</b>	<b>\$ 500,000</b>	<b>\$ 5,710,217</b>

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 4 CAPITAL ASSETS**

The following table is a summary of changes in capital assets for the year ended March 31, 2024:

	Balance, March 31, 2023	Additions and Transfers	Deletions and Transfers	Balance, March 31, 2024
<i>Capital assets (not being depreciated)</i>				
Land	\$ 1,161,677	\$ -	\$ -	\$ 1,161,677
Construction in progress	-	203,592	-	203,592
Total non-depreciable capital assets	<u>1,161,677</u>	<u>203,592</u>	<u>-</u>	<u>1,365,269</u>
<i>Capital assets (being depreciated)</i>				
Buildings and improvements	760,019	229,627	(39,994)	949,652
Machinery and equipment	1,792,708	540,543	(437,877)	1,895,374
Infrastructure	1,923,387	10,848	(26,228)	1,908,007
Total depreciable capital assets	<u>4,476,114</u>	<u>781,019</u>	<u>(504,099)</u>	<u>4,753,033</u>
<i>Less: Accumulated depreciation for</i>				
Buildings and improvements	(625,905)	(30,598)	39,994	(616,509)
Machinery and equipment	(1,380,662)	(184,567)	383,154	(1,182,075)
Infrastructure	(1,421,274)	(107,557)	-	(1,528,831)
Total accumulated depreciation	<u>(3,427,841)</u>	<u>(322,721)</u>	<u>423,148</u>	<u>(3,327,414)</u>
Total capital assets being depreciated	<u>1,048,273</u>	<u>458,297</u>	<u>(927,247)</u>	<u>1,425,619</u>
<b>Total capital assets</b>	<u>\$ 2,209,950</u>	<u>\$ 661,889</u>	<u>\$ (927,247)</u>	<u>\$ 2,790,888</u>

Depreciation expense was charged to governmental functions as follows:

General and administrative	\$ 60,699
Public safety	137,978
Streets	111,750
Beach safety	12,294
	<u>\$ 322,721</u>

**NOTE 5 LONG-TERM DEBT OBLIGATIONS**

The following table is a summary of the changes in the governmental activities' long-term debt obligations:

	Balance, March 31, 2023	Increase	Decrease	Balance, March 31, 2024	Due Within One Year
<i>Other long-term liabilities</i>					
Compensated absences	\$ 227,918	-	(7,276)	\$ 235,194	\$ -
Net pension liability (asset)	(60,940)	142,333	-	81,393	-
	<u>\$ 166,978</u>	<u>\$ 142,333</u>	<u>\$ (7,276)</u>	<u>\$ 316,587</u>	<u>\$ -</u>

The total governmental activities' long-term liabilities are \$235,194.

Compensated absences do not have a fixed payment date but are due to employees if they terminate employment.

## TOWN OF DEWEY BEACH, DELAWARE

Notes to Financial Statements

For the Year Ended March 31, 2024

### NOTE 6 OPERATING LEASES

The Town is the lessee in an operating lease for an improved lot known as the Old U.S. Coast Guard Station from the Delaware Economic Development Authority. The lease payments are \$1 per year and expire on September 1, 2026.

### NOTE 7 PENSION PLAN

#### Plan Description and Contribution Information

The County & Municipal Police and Firefighters' Pension Plan (the Plan) is a cost-sharing, multiple-employer defined benefit pension plan established in the Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System (DPERS).

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 only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

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

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

The following is a brief description of the Plan in effect as of June 30, 2023. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

*Plan Description and Eligibility* – The Plan covers police officers and firefighters employed by a county or municipality of the State that have joined the Plan.

*Service Benefits* – Benefits are 2.5% of the final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of the final average monthly compensation multiplied by years of service in excess of 20 years. For this Plan, the final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay).

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 7      PENSION PLAN** *(continued)*

Plan Description and Contribution Information *(continued)*

*Vesting* - Five years of credited service.

*Retirement* - Age 62 with five years of service; age plus credited service (but less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits

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

*Duty - Partial Disability* - Calculated the same as service benefits, subject to minimum 50% of final average compensation.

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

Survivor Benefits

If an employee is receiving a pension, then the eligible survivor receives a minimum of 50% of the pension. If the employee is active, then the eligible survivor receives 75% of the 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. The burial benefit is \$7,000 per member.

Basis of Presentation

The schedules of employer allocations and pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers. The accompanying schedules have been prepared in conformity with U.S. GAAP as prescribed by the GASB. Such preparation requires management of DPERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these elements, actual results could differ from those estimates.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 7 PENSION PLAN** *(continued)*

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of collective net pension (asset)/liability, collective deferred inflows of resources, collective deferred outflows of resources, and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2022 through June 30, 2023. Employer contributions to the Plan are recognized when due pursuant to legal requirements. Employer contributions are determined by the Board. Employer contributions were 11.34% of earnings for fiscal year 2023.

Net Pension Liability

The components of the Town's proportionate share of the net pension liability at June 30, 2023 were as follows:

Employers' total pension liability	\$ 3,367,327
Plan net position	<u>(3,285,934)</u>
<b>Employers' net pension liability</b>	<b><u>\$ 81,393</u></b>
Employer's proportionate percentage of the collective NPA	<u>0.5662%</u>
Decrease in proportionate percentage from the prior year	<u>0.0134%</u>

Actuarial Assumptions

The total pension liability at the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. These actuarial valuations used the following actuarial assumptions:

*Actuarial assumptions*

Investment rate of return/discount rate <sup>(1)</sup>	7.00%
Projected salary increases <sup>(1)</sup>	2.5% + Merit
Cost-of-living adjustments	0.0%

<sup>(1)</sup> Inflation is included at 2.5%.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 7 PENSION PLAN** *(continued)*

Actuarial Assumptions *(continued)*

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

Mortality assumptions are based on the RP-2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

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 Plan's current and expected asset allocation is summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Allocation</u>
Domestic equity	5.7%	33.8%
International equity	5.7%	15.9%
Fixed income	2.0%	25.2%
Alternative investments	7.8%	19.3%
Cash and equivalents	0.0%	5.8%

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 7 PENSION PLAN** *(continued)*

Discount Rate

The discount rate used to measure the total pension liability 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, 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset), calculated using the discount rate of 7.0%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease (6.0)%	Discount Rate (7.0)%	1% Increase (8.0)%
Pension asset (liability)	\$ (57,889)	\$ (81,393)	\$ 32,549

Pension Expense and Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2024, the Town recognized pension expense of \$95,321. At March 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 16,063	\$ 39,924
Changes in proportion	12,549	15,415
Differences between expected and actual experience	149,450	19,147
Net difference between projected and actual earnings on pension plan investments	160,140	-
Town's contributions subsequent to the measurement date	93,213	-
<b>Total</b>	<b>\$ 431,415</b>	<b>\$ 74,486</b>

The \$93,213 of deferred outflows of resources resulting from the Town's contributions to the Plan subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending March 31, 2025.

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**NOTE 7 PENSION PLAN** *(continued)*

Pension Expense and Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions *(continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2025	\$ 6,308
2026	19,308
2027	179,287
2028	29,702
Thereafter	29,111
<b>Total</b>	<u>\$ 263,716</u>

**NOTE 8 DEFERRED COMPENSATION PLAN**

The Town sponsors the Town of Dewey Beach, Delaware, City Employee Deferred Compensation Plan, an Internal Revenue Code Section 457 plan, for its full-time administrative employees who are not covered by the plan described in Note 7, are at least 21 years of age, and have completed more than one year of service. Participation in the plan is optional. The Plan is administered in accordance with the laws of the State of Delaware. The Town contributes \$0.50 for every dollar of employee contributions, up to 6% of pay. The Town's contributions to the Plan for the year ended March 31, 2024 was \$9,047, equal to the required contributions each year.

**NOTE 9 RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; inquiries to employees; and natural disasters. The Town's risk financing techniques include the purchase of commercial insurance.

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

**TOWN OF DEWEY BEACH, DELAWARE**  
Notes to Financial Statements  
For the Year Ended March 31, 2024

**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, 2024:

Nonspendable Fund Balances

Nonspendable fund balances as of March 31, 2024 are comprised of prepaid expenses of \$59,211 in the General Fund.

Restricted Fund Balances

Restricted fund balances total \$6,298,659 as of March 31, 2024. The General Fund restricted fund balance at March 31, 2024 is \$0. The Beach Replenishment Fund restricted fund balance is \$6,298,659, which is restricted for beach replenishment projects.

Committed Fund Balances

Committed fund balances total \$2,901,985 as of March 31, 2024, which pertains to street and infrastructure and a rainy day fund.

A component of the committed fund balance for streets and 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, 2024, the fund balance of \$245,467 is committed for streets and infrastructure.

**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>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF DEWEY BEACH, DELAWARE**  
Required Supplementary Information  
Budgetary Comparison Schedule - General Fund  
Year Ended March 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes and assessments	\$ 1,870,000	\$ 1,815,000	\$ 2,048,144	\$ 233,144
Licenses, permits and fees	2,449,360	2,668,000	2,937,607	269,607
Fines	267,500	322,500	350,897	28,397
Intergovernmental	440,000	440,000	553,145	113,145
<i>Donations and other revenue</i>				
Public safety	90,000	94,000	136,720	42,720
Beach safety	8,000	8,000	10,489	2,489
Investment income	280,000	280,000	244,617	(35,383)
Unrealized gains on investments	-	-	150,216	150,216
Other	1,304,000	1,304,000	93,532	(1,210,468)
Total revenue	<u>6,708,860</u>	<u>6,931,500</u>	<u>6,525,367</u>	<u>(406,133)</u>
<b>EXPENDITURES</b>				
General and administrative	1,787,409	1,797,409	1,611,131	186,278
Public safety	2,355,907	2,617,168	2,558,524	58,644
Streets	1,563,016	1,527,611	458,953	1,068,658
Beach safety	507,046	493,425	528,190	(34,766) (1)
Capital outlay	426,500	430,450	686,176	(255,726) (1)
Total expenditures	<u>6,639,878</u>	<u>6,866,063</u>	<u>5,842,974</u>	<u>1,023,089</u>
<b>Net changes in fund balances</b>	<u>\$ 68,983</u>	<u>\$ 65,438</u>	<u>\$ 682,393</u>	<u>\$ 616,956</u>

(1) Total expenditures exceeded budgeted appropriations in Beach safety and Capital outlay.  
The excess expenditures were covered by the 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**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**Year Ended March 31, 2024**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportionate share (%) of collective net pension liability (asset)	0.57%	0.58%	0.53%	0.44%	0.50%	0.52%	0.52%	0.60%	0.55%
Town's proportionate share (\$) of collective net pension liability (asset)	\$ 81,393	\$ (60,940)	\$ (733,056)	\$ 67,280	\$ 143,041	\$ 119,588	\$ 52,097	\$ 95,661	\$ (28,902)
Town's covered payroll (\$)	\$ 635,136	\$ 544,226	\$ 481,209	\$ 560,434	\$ 497,679	\$ 449,798	\$ 427,982	\$ 425,430	\$ 418,302
Town's proportionate share (%) of collective net pension liability (asset) as a percentage of its covered payroll	12.82 %	(11.20)%	(152.34)%	12.00%	28.74%	26.59%	12.17%	22.49%	(6.91)%
Plan's fiduciary net position (%) of the total pension liability (asset)	97.58 %	101.95 %	128.19 %	96.67%	93.25%	94.10%	97.00%	94.70%	101.97 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**TOWN OF DEWEY BEACH, DELAWARE**  
 Required Supplementary Information  
 Schedule of Contributions - Pension Plan  
 Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 73,757	\$ 96,709	\$ 85,706	\$ 67,219	\$ 73,431	\$ 49,247	\$ 58,497	\$ 60,724	\$ 55,209
Contributions in relation to the contractually required contribution	<u>73,757</u>	<u>96,709</u>	<u>85,706</u>	<u>67,219</u>	<u>73,431</u>	<u>49,247</u>	<u>58,497</u>	<u>60,724</u>	<u>55,209</u>
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 746,784	\$ 635,136	\$ 481,209	\$ 560,434	\$ 497,679	\$ 449,798	\$ 427,982	\$ 425,430	\$ 418,302
Contributions as a percentage of covered payroll	9.88%	15.23%	17.81%	11.99%	14.75%	10.95%	13.67%	14.27%	13.20%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**TOWN OF DEWEY BEACH, DELAWARE**  
 Required Supplementary Information  
 Actuarial Assumptions - Pension Plan  
 Year Ended March 31, 2024

<u>Plan</u>	<u>County and Municipal Police and Firefighters</u>
<i>Actuarial assumptions</i>	
Investment rate of return/discount rate <sup>(1)</sup>	7.00%
Projected salary increase <sup>(1)</sup>	2.5% + Merit
Cost-of-living adjustments	0.00%

<sup>(1)</sup> Inflation is included at 2.5%

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

There were no changes in assumptions or benefits for fiscal year 2024.

**OTHER SUPPLEMENTARY INFORMATION**

**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>
<b>ASSETS</b>				
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
<b>Total assets</b>	<u>\$ 10,929,998</u>	<u>\$ 10,442,906</u>	<u>\$ 6,632,829</u>	<u>\$ 4,322,147</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<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
<b>Total liabilities</b>	<u>3,587,616</u>	<u>3,782,914</u>	<u>606,572</u>	<u>262,836</u>
<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
<b>Total fund balances</b>	<u>7,342,382</u>	<u>6,659,992</u>	<u>6,026,257</u>	<u>4,059,311</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 10,929,998</u>	<u>\$ 10,442,906</u>	<u>\$ 6,632,829</u>	<u>\$ 4,322,147</u>

**TOWN OF DEWEY BEACH, DELAWARE**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances General 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>
<b>REVENUE</b>				
Taxes and assessments	\$ 2,048,144	\$ 2,030,641	\$ 2,976,515	\$ 2,301,735
Licenses, permits and fees	2,937,607	2,657,052	2,499,365	1,628,238
Fines	350,897	231,852	339,857	186,451
Intergovernmental	553,145	176,488	160,862	91,523
<i>Donations and other revenue</i>				
Public safety	136,720	148,408	138,857	88,998
Beach safety	10,489	14,517	21,529	7,693
Investment income	244,617	36,152	11,458	3,490
Net unrealized gain (loss) on investments	150,216	(34,076)	(48,473)	-
Other	93,532	332,282	154,394	232,860
Total revenue	<u>6,525,367</u>	<u>5,593,316</u>	<u>6,254,364</u>	<u>4,540,988</u>
<b>EXPENDITURES</b>				
General and administrative	1,611,131	1,520,312	1,391,999	1,254,247
Public safety	2,558,524	2,181,092	1,811,679	1,579,958
Streets	458,953	349,120	246,106	190,336
Beach safety	528,190	484,126	438,088	442,329
<i>Debt service</i>				
Principal	-	-	-	76,304
Interest	-	-	-	1,105
Capital outlay	686,176	424,931	399,546	219,033
Total expenditures	<u>5,842,974</u>	<u>4,959,581</u>	<u>4,287,418</u>	<u>3,763,312</u>
Net changes in fund balances	682,393	633,735	1,966,946	777,676
Fund balances, beginning of year	6,659,992	6,026,257	4,059,311	3,281,635
<b>Fund balances, end of year</b>	<u>\$ 7,342,385</u>	<u>\$ 6,659,992</u>	<u>\$ 6,026,257</u>	<u>\$ 4,059,311</u>

**TOWN OF DEWEY BEACH, DELAWARE**

Other Supplementary Information

Balance Sheets Beach Replenishment 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>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 940,910	\$ 1,084,725	\$ 648,752	\$ 633,569
Investments	5,356,163	4,581,026	5,149,237	5,119,390
<i>Receivables</i>				
Taxes	1,586	2,601	7,377	7,640
Interfund receivables	-	-	1,740	-
<b>Total assets</b>	<u>\$ 6,298,659</u>	<u>\$ 5,668,352</u>	<u>\$ 5,807,106</u>	<u>\$ 5,760,599</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<i>Liabilities</i>				
Interfund payables	\$ -	\$ -	\$ -	\$ 109
Total liabilities	-	-	-	109
<i>Fund balances</i>				
Restricted	6,298,659	5,668,352	5,807,106	5,760,490
Total fund balances	6,298,659	5,668,352	5,807,106	5,760,490
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 6,298,659</u>	<u>\$ 5,668,352</u>	<u>\$ 5,807,106</u>	<u>\$ 5,760,599</u>

**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>
<b>REVENUE</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>Fund balances, end of year</b>	<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>



**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 Audit Committee  
Town of Dewey Beach, Delaware

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Town of Dewey Beach, Delaware, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Town of Dewey Beach, Delaware's basic financial statements, and have issued our report thereon dated August 15, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Dewey Beach, 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 Dewey Beach, Delaware's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Dewey Beach, 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Dewey Beach, 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*.

### ***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.

August 15, 2024

