

TOWN OF SOUTH BETHANY, DELAWARE

Audited Financial Statements
And Supplemental Information
For Fiscal Year Ended April 30, 2016
(With Comparative Year Analyses 2015, 2014, 2013)

TOWN OF SOUTH BETHANY, DELAWARE
FISCAL YEAR ENDED APRIL 30, 2016

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FISCAL YEAR ENDED APRIL 30, 2016

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor And Town Council Members
Town of South Bethany
South Bethany, Delaware 19930

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Bethany, Delaware as of and for the year ended April 30, 2016, with comparative totals as of April 30, 2015, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of South Bethany, Delaware, as of April 30, 2016, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this report.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3-9 and 35-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of South Bethany, Delaware's basic financial statements. The supplementary information, listed in the index, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information responsibility of management and was derived from and relate 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 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sombar & Company, CPAs, P.A.

Certified Public Accountants

August 12, 2016
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

As management of the Town of South Bethany, Delaware, 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 April 30, 2016. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements (beginning on page 10).

FINANCIAL HIGHLIGHTS

- The assets of the Town of South Bethany exceeded its liabilities at the close of the most recent fiscal year by \$ 3,768,922 (net position). Of this amount, \$ 1,225,409 (unassigned net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.
- As of the close of the current fiscal year, the Town of South Bethany's governmental funds reported combined ending fund balances of \$ 2,497,545. Of this amount, \$ 1,359,072 (unassigned fund balance) is available for use within the Town's designation and policies while the remaining \$ 1,138,473 is reserved for certain specified future operational and capital expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 1,359,072 or 57 % of the total general fund expenditures for the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 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 and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported when 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

The government-wide financial statements show functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities).

The government-wide financial statements can be found on pages 10 - 12 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be put into one category called governmental funds.

Governmental Funds – Governmental funds 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 current sources and uses 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 a government's near-term financing requirements.

Because the focus of governmental funds 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 effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Realty Transfer Tax Fund, both of which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

Fiduciary Funds – The Town has title to police pension money from an old pension plan that began in 1979. Please see Note (10) on page 33 of this report. Since these monies are held for the benefit of the one current police officer, the Town has not included these investments in the governmental funds or the government-wide financial statements. In addition, Lifeguard donations are being held by the Town for lifeguard competitions and the town was appointed as an Escrow Agent for a resident whom is receiving FEMA funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 34 of this report.

Supplemental Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on page 35 – 42 of this report. Non-required supplementary information is presented following the required supplementary information. These statements and schedules can be found on pages 39-54 of this report.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Town of South Bethany, assets exceeded liabilities by \$ 3,768,922 as of April 30, 2016.

One of the largest portion of the Town's net position (37%) reflects its' investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less accumulated depreciation. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending.

TOWN OF SOUTH BETHANY'S STATEMENT OF NET POSITION

	Governmental Activities <u>April 30, 2016</u>	Governmental Activities <u>April 30, 2015</u>	Amount Change
Current and other assets	\$ 2,634,715	\$ 2,270,380	\$ 364,335
Capital Assets	<u>1,385,211</u>	<u>1,497,921</u>	<u>(112,710)</u>
<u>Total Assets</u>	<u>4,019,926</u>	<u>3,768,301</u>	<u>251,625</u>
Deferred Outflows of Resources	<u>65,464</u>	<u>-</u>	<u>65,464</u>
Long term liabilities	134,779	111,585	23,194
Other liabilities	<u>116,009</u>	<u>95,841</u>	<u>20,168</u>
<u>Total Liabilities</u>	<u>250,788</u>	<u>207,426</u>	<u>43,362</u>
Deferred Inflows of Resources	<u>65,680</u>	<u>-</u>	<u>65,680</u>
Net Position:			
Non spendable	1,385,212	1,497,921	(112,709)
Restricted by other governments	1,126,156	1,126,136	20
Committed by council	32,146	32,146	-
Assigned	-	-	-
Unassigned	<u>1,225,409</u>	<u>904,672</u>	<u>320,737</u>
<u>Total Net Position</u>	<u>\$ 3,768,922</u>	<u>\$ 3,560,875</u>	<u>\$ 208,048</u>

As of April 30, 2016, governmental unassigned net position was \$ 1,359,072 may be used to meet the government's ongoing obligation to citizens and creditors. The remaining net position of \$ 1,138,473 is reserved for future expenditures with a specific purpose.

As of April 30, 2016, the Town is able to report positive balances in categories of net position, the governmental funds and governmental activities.

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

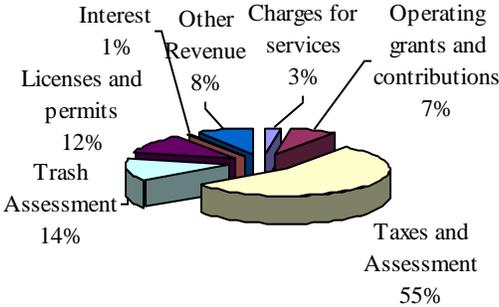
Analysis of the Town's Operations – The following table provides a summary of the Town's operations for the year ended April 30, 2016. Governmental activities increased the Town of South Bethany's net position by \$ 208,622.

TOWN OF SOUTH BETHANY'S CHANGES OF NET POSITION

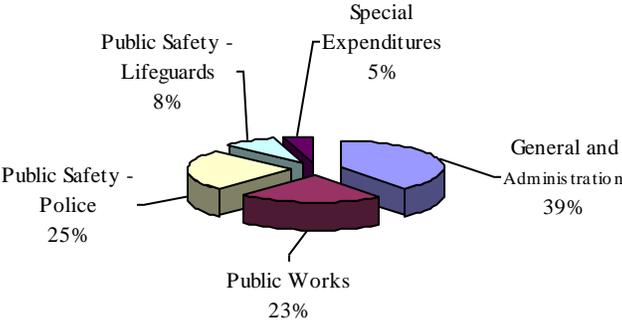
	Governmental Activities <u>April 30, 2016</u>	Governmental Activities <u>April 30, 2015</u>	Amount Change
Revenues:			
Program Revenues:			
Charges for services	\$ 68,190	\$ 50,847	\$ 17,343
Operating grants and contributions	200,250	138,813	61,437
General Revenues:			
Taxes and Assessment	1,510,764	1,541,652	(30,888)
Licenses and permits	323,399	243,952	79,447
Trash Assessment	372,363	357,908	14,455
Interest	17,345	16,070	1,275
Other Revenue	231,333	203,962	27,371
	<u>2,723,644</u>	<u>2,553,204</u>	<u>170,440</u>
Expenses:			
General and Administration	741,470	680,156	61,314
Public Works	600,561	585,847	14,714
Public Safety - Police	838,834	834,476	4,358
Public Safety - Lifeguards	214,484	218,714	(4,230)
Special Expenditures	119,673	58,079	61,594
	<u>2,515,022</u>	<u>2,377,272</u>	<u>137,750</u>
<u>Increase/(Decrease) in net position</u>	208,622	175,932	32,690
<u>Net position - Beginning, May 1, 2015</u>	3,560,875	3,384,943	175,932
<u>Prior Period Adjustment</u>	(575)	-	(575)
<u>Net position - Ending, April 30, 2016</u>	\$ 3,768,922	\$ 3,560,875	\$ 208,047

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

Governmental Activities 2016 Revenues



Governmental Activities 2016 Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

Governmental funds – The focus of the Town of South Bethany’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of South Bethany’s governmental funds reported combined ending fund balances of \$ 2,497,545.

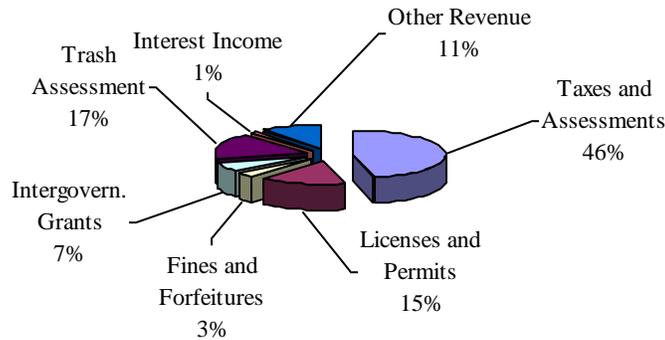
General Fund Budgetary Highlights – In the General Fund, budgeted revenues exceeded actual revenues by \$ 126,979. The majority of this unfavorable variance is due to lower than expected donations and grants. The Town’s actual expenses were below budgeted expenditures by \$ 212,676. These favorable variances were mainly due to the administrative departments.

The following schedule presents a summary of General Fund revenues for the fiscal year ended April 30, 2016, and the amount and percentage of increase and decreases in relation to prior year revenues:

TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

<u>Revenues</u>	<u>April 30, 2016</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>	<u>April 30, 2015</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>
Taxes and Assessments	\$ 1,000,683	46%	\$ 1,014,972	51%
Licenses and Permits	323,399	15%	243,952	15%
Fines and Forfeitures	68,190	3%	50,397	3%
Intergovernmental Grants	143,091	7%	82,803	4%
Trash Assessment	372,363	17%	357,908	18%
Interest Income	17,323	1%	16,503	1%
Other Revenue	231,334	11%	203,962	8%
	<u>\$ 2,156,383</u>	<u>100%</u>	<u>\$ 1,970,497</u>	<u>100%</u>

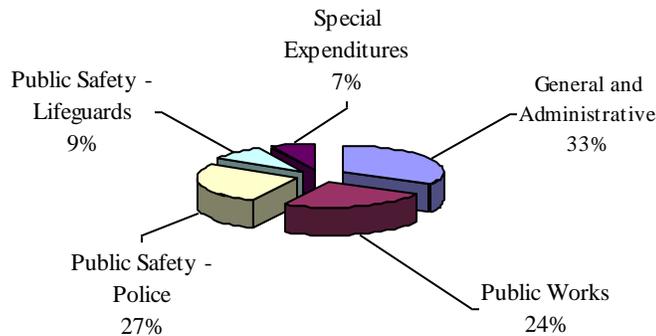
General Fund Revenues 2016



The following schedule represents a summary of General Fund expenditures for the fiscal year ended April 30, 2016, and the percentage of total in relation to prior year amounts:

<u>Expenditures</u>	<u>April 30, 2016</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>	<u>April 30, 2015</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>
General and Administrative	\$ 792,858	33%	\$ 727,138	32%
Public Works	566,840	24%	554,706	27%
Public Safety - Police	630,957	27%	722,065	29%
Public Safety - Lifeguards	208,658	9%	204,594	10%
Special Expenditures	174,354	7%	89,651	2%
	<u>\$ 2,373,668</u>	<u>100%</u>	<u>\$ 2,298,154</u>	<u>100%</u>

General Fund Expenditures 2016



TOWN OF SOUTH BETHANY, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2016

Future Economic Factors – During future years, the Town may continue to experience modest growth due to lower collections of the realty transfer tax. The Town will continue to keep future capital expenditures at a minimum.

CAPITAL ASSETS

The Town of South Bethany’s investment in capital assets for its governmental activities as of April 30, 2016, amounts to \$ 1,385,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities <u>April 30, 2016</u>	Governmental Activities <u>April 30, 2015</u>	Amount <u>Change</u>
Town Hall Building	\$ 756,599	\$ 756,599	\$ -
Police Building	303,135	303,135	-
Land and Buildings	264,856	264,856	-
Equipment	1,233,618	1,174,354	59,264
Infrastructure	909,095	883,395	25,700
Less: Accumulated Depreciation	<u>(2,082,092)</u>	<u>(1,884,418)</u>	<u>(197,674)</u>
<u>Total</u>	<u>\$ 1,385,211</u>	<u>\$ 1,497,921</u>	<u>\$ (112,710)</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town of South Bethany has no outstanding debt obligations.

PENSION LIABILITIES

The Town is responsible for paying the Employer’s portion of Federal Insurance Contributions Act (FICA) tax for the Non-qualified Deferred Compensation Plan. This liability is not recorded in the Town’s financial statements since the management could not reasonably estimate the amount. Additional information about the Town’s pension plan is available in note #10 on page 33 of this report.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens with general overview of the Town’s finances. If you have questions about this report or need any additional information, contact the Town, Attn: Town Manager, at 402 Evergreen Road, South Bethany, Delaware 19930, or call 302/539-3653.

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BASIC FINANCIAL STATEMENTS

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF NET POSITION
APRIL 30, 2016

(With Comparative Totals for April 30, 2015)

	<u>Primary Government</u> Governmental Activities <u>April 30, 2016</u>	<u>Primary Government</u> Governmental Activities <u>April 30, 2015</u>
ASSETS		
Cash and cash equivalents	\$ 2,544,890	\$ 2,256,090
Receivables	68,664	14,290
Net Pension Asset	21,161	-
Capital assets:		
Town Hall Building	756,599	756,599
Police Building	303,135	303,135
Land & Buildings	264,856	264,856
Equipment	1,223,266	1,174,354
Infrastructure	919,447	883,395
Accumulated depreciation	<u>(2,082,092)</u>	<u>(1,884,418)</u>
<u>Total Assets</u>	<u>4,019,926</u>	<u>-</u>
Deferred Outflows of Resources:		
Deferred financing Outflows-Retirement	<u>65,464</u>	<u>-</u>
<u>Total Adjusted Net Position</u>	<u>\$ 4,085,390</u>	<u>\$ 3,768,301</u>
LIABILITIES		
Accounts payable	92,851	75,056
Accrued liabilities	149,817	123,528
Unearned revenue	-	150
Deferred revenue	<u>8,120</u>	<u>8,692</u>
<u>Total Liabilities</u>	<u>250,788</u>	<u>207,426</u>
Deferred Inflows of Resources:		
Deferred financing Inflows-Retirement	<u>65,680</u>	<u>-</u>
NET POSITION		
Non spendable		
Invested in capital assets (net of accumulated depreciation)	1,385,212	1,497,921
Deferred expense	<u>-</u>	<u>-</u>
Total Non spendable	1,385,212	1,497,921
Restricted by other governments	1,126,156	1,126,136
Committed by council	32,146	32,146
Assigned	-	-
Unassigned	<u>1,225,409</u>	<u>904,672</u>
<u>Total Net Position</u>	<u>3,768,922</u>	<u>3,560,875</u>
<u>Total Adjusted Net Position</u>	<u>\$ 4,085,390</u>	<u>\$ 3,768,301</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Totals for April 30, 2015)

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General and Administrative	\$ 741,470	\$ -	\$ 32,490	\$ -
Public Works	600,561	815	49,669	-
Public Safety - Police	838,834	67,375	68,673	-
Public Safety - Lifeguards	214,484	-	-	-
Special Expenses	119,673	-	49,418	-
<u>Total Governmental Activities</u>	<u>\$ 2,515,022</u>	<u>\$ 68,190</u>	<u>\$ 200,250</u>	<u>\$ -</u>

General revenues:

- Taxes and assessments
- Licenses and permits
- Trash assessment
- Interest
- Other revenue

Total General revenues and transfers

Change in net position

Net position - Beginning, May 1, 2015-Restated

Net position - Ending, April 30, 2016

Net (Expenses) Revenues and Changes in Net Position	
Governmental Activities	
Totals	
2016	2015
\$ (708,980)	\$ (630,024)
(550,077)	(579,779)
(702,786)	(737,416)
(214,484)	(207,314)
(70,255)	(33,079)
<u>\$ (2,246,582)</u>	<u>\$ (2,187,612)</u>
1,510,764	1,541,652
323,399	243,952
372,363	357,908
17,345	16,070
231,333	203,962
<u>2,455,204</u>	<u>2,363,544</u>
208,622	175,932
<u>3,560,300</u>	<u>3,384,943</u>
<u>\$ 3,768,922</u>	<u>\$ 3,560,875</u>

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TOWN OF SOUTH BETHANY, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2016

	General	Realty Transfer Tax	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,433,128	\$ 876,339	\$ 234,922	\$ 2,544,389
Receivables	53,515	15,150	-	68,665
Due from other funds	3,452	11,114	-	14,566
	<u>1,490,095</u>	<u>902,603</u>	<u>234,922</u>	<u>2,627,620</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable	72,826	20,025	-	92,851
Unearned Revenue	-	-	-	-
Accrued liabilities	15,037	-	-	15,037
Deferred revenue	-	-	8,120	8,120
Due to other funds	11,114	-	2,953	14,067
	<u>98,977</u>	<u>20,025</u>	<u>11,073</u>	<u>130,075</u>
	<u>Total Liabilities</u>	<u>98,977</u>	<u>20,025</u>	<u>11,073</u>
<u>Fund Balances:</u>				
Non spendable	-	-	-	-
Restricted by other governments	-	882,578	223,849	1,106,427
Committed by council	32,046	-	-	32,046
Assigned	-	-	-	-
Unassigned	1,359,072	-	-	1,359,072
	<u>1,391,118</u>	<u>882,578</u>	<u>223,849</u>	<u>2,497,545</u>
	<u>Total Fund Balances</u>	<u>1,391,118</u>	<u>882,578</u>	<u>223,849</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,490,095</u>	<u>\$ 902,603</u>	<u>\$ 234,922</u>	<u>\$ 2,627,620</u>

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

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TOWN OF SOUTH BETHANY, DELAWARE
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO
GOVERNMENTAL ACTIVITIES IN NET POSITION
FOR THE YEAR ENDED APRIL 30, 2016

The Total Net Position reported for governmental activities in the Statement of Net Position is different because:

Total Fund Balances for Government Funds \$ 2,497,545

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Capital assets net of accumulated depreciation are included in the Statement of Net Position

Total Capital Assets	3,467,303	
Accumulated Depreciation	<u>(2,082,092)</u>	1,385,211

Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly, are not reported as fund liabilities.

Compensated absences	(134,779)
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Net Pension Asset	21,161
Deferred Financing Inflows	(65,680)
Deferred Financing Outflows	<u>65,464</u>

Total Net Position of Governmental Activities \$ 3,768,922

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TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	<u>General</u>	<u>Realty Transfer Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>				
Taxes and Assessments	\$ 1,000,683	\$ 510,081	\$ -	\$ 1,510,764
Licenses and Permits	323,399	-	-	323,399
Fines and Forfeitures	68,190	-	-	68,190
Intergovernmental Grants	143,091	-	57,159	200,250
Trash Assessment	372,363	-	-	372,363
Interest Income	17,323	-	22	17,345
Other Revenue	231,334	-	-	231,334
	<u>2,156,383</u>	<u>510,081</u>	<u>57,181</u>	<u>2,723,645</u>
<u>Expenditures:</u>				
General and Administrative	792,858	6,369	24	799,251
Public Works	566,840	-	9,087	575,927
Public Safety - Police	630,957	-	7,490	638,447
Public Safety - Lifeguards	208,658	-	-	208,658
Special Expenditures	174,355	4,000	-	178,355
	<u>2,373,668</u>	<u>10,369</u>	<u>16,601</u>	<u>2,400,638</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	(217,285)	499,712	40,580	323,007
<u>Other Financing Sources (Uses)</u>				
Transfer (to) / from	560,000	(560,000)	-	-
<u>Excess Of Revenues And Other Financing Sources (Uses) Over (Under) Expenditures</u>				
	342,715	(60,288)	40,580	323,007
<u>Fund balance - May 1, 2015</u>	<u>1,048,403</u>	<u>942,866</u>	<u>183,269</u>	<u>2,174,538</u>
<u>Fund balance - April 30, 2016</u>	<u>\$ 1,391,118</u>	<u>\$ 882,578</u>	<u>\$ 223,849</u>	<u>\$ 2,497,545</u>

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

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TOWN OF SOUTH BETHANY, DELAWARE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES TO FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016

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

Net Change in Fund Balances - Total Governmental Funds	\$ 323,007
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Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

The net change in long term Compensated Absences	(23,194)
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Pension Plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities	21,519
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Governmental funds report capital outlay 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. This is the amount by which depreciation expense \$ (197,674) exceeded capital outlays \$ 84,964 in the current period.

<u>(112,710)</u>

Change in net position of governmental activities	<u><u>\$ 208,622</u></u>
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The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies

A. Description of the Town of South Bethany, Delaware

The Town of South Bethany, Delaware (the “Town”) operates under a Council - Manager form of government and provides the following services as authorized by its charter: public safety (police and beach patrol), public works services (sanitation), street maintenance and general administrative services.

B. General Statement

The basic financial statements of the Town have been prepared in conformity with accounting Principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The town has elected not to follow subsequent private-sector guidance. The most significant of the Town’s accounting policies are described below.

C. Financial Reporting Entity

The accompanying financial statements include the various departments and offices that are legally controlled by or dependent on the Town Council (primary government). The Town’s major operations include general government, public safety, and public works. The Town’s financial reporting entity is required to consist of all organizations for which the Town is financially accountable or for which there is a significant relationship. The Town has no component units in its reporting entity.

D. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items are not properly included among program revenues and are reported instead as general revenues.

Fund Financial Statements:

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is the current financial resources. The Town has presented the following 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 Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town's special revenue funds are: Municipal Street Aid, State Aid to Local Law Enforcement, Emergency Illegal Drug Enforcement, Combat Violent Crime and Realty Transfer Tax.

The Town segregated 1% and .5% Realty Transfer Tax until fiscal year 2013. The 1% was included in General Fund and the .5% was the part of Special Revenue Funds. During 2014, the Town decided to combine these two funds and accounted for them in Special Revenue Fund.

E. Measurement Focus / Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies (Continued)

E. Measurement Focus / Basis of Accounting (Continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

The Town reports the following major governmental funds:

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, and other intergovernmental revenues. This fund accounts for the general administrative services of the Town not recorded elsewhere, including the activities of the various departments, public safety, public works, general administrative, and mayor and council.

The Realty Transfer Tax Fund is used to account for financial transactions pertaining to specific resources. Revenues are derived from collections of the Town assessed realty transfer tax fee of 1.5%. Expenditures of these monies are allowable for capital and operating costs of public safety services, economic development programs, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies (Continued)

F. Governmental Fund Balance

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

Non-spendable – Amounts that cannot be spent due to liquidity, such as prepaid amounts and fixed assets.

Restricted – Amounts where an external government defines how the monies must be spent. Examples include federal, state and county grants.

Committed – Amounts that the Town Council has formally passed by a majority vote. A majority vote by council is also required to formally release these funds.

Assigned – Amounts that may be designated for a specific purpose without a formal vote by the Town Council.

Unassigned – Amounts that are at the Town’s discretion for day to day operations.

G. Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. In addition, all certificates of deposits are considered highly liquid investments, regardless of maturity date.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure consists of streets and drainage projects. The Town has elected to not capitalize infrastructure acquired prior to May 1, 2004.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	5-20 years
Vehicles	5 years
Infrastructure	30 years

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or 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 or resources (expense/expenditure) until then. The Town's pension contributions subsequent to the measurement date of the net pension liability are reported as deferred outflow of resources.

In addition to liabilities, the statement of financial position 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reported increases in its net pension asset that were not included in its pensions expenses as deferred inflows of resources.

J. Property Tax

Taxes are levied on May 1st of each year and are due by June 30th. The Town bills and collects its own property taxes.

K. Compensated Absences

Full-time permanent employees of the Town accrue vacation leave based on their tenure, to a maximum of thirty (30) days, as specified in the employee handbook. Sick leave accrues to a maximum of 20 days. Holiday time is accrued for all employees. Police officers can accrue a maximum of 240 hours of Comp time. Upon termination or retirement, employees in good standing are entitled to their leave accruals to the maximums specified in the employee handbook.

L. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payable as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide financial statements.

M. Budgetary Activity

The Town charter established the fiscal year as the twelve-month period beginning May 1st. The Town Council adopts a budget annually. The budget can be revised as deemed necessary by the Council. A single fixed budget covers the general fund and is employed during the year as a management control device. The budgetary amounts are comprised of the normal operating budget and supplemental budget allocations, if applicable.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(1) Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates

O. Change in Accounting Principles

During 2015, the Town adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Adoption of this statement requires the Town to provide Additional information in the financial statements related to all pension plans. Implementation of GASB Statement No. 68 resulted in a restatement of the net position as of April 30, 2015.

(2) Cash and Cash Equivalents

Custodial Credit Risk-Custodial credit risk is the risk that, in the event of 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.

All deposits are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At April 30, 2016, the carrying amount of the Town's deposits was \$2,565,265 and the bank balance was \$2,618,777.

As of April 30, 2016, \$626,340 of the Town's bank balances of \$ 2,618,777 was exposed to custodial risk.

(3) Property Taxes

The tax rate for the year ended April 30, 2016 was \$1.30 per \$100 of assessed valuation with a total assessed valuation of approximately \$ 38,337,627.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(5) Changes in Fixed Assets

Capital Asset Activity for the year ended April 30, 2016, was as follows:

	Balance May 1st	Additions	Disposal	Balance April 30th
Town Hall Building	\$ 756,599	\$ -	\$ -	\$ 756,599
Police Building	303,135	-	-	303,135
Land and Buildings-other	264,856	-	-	264,856
Equipment	1,174,354	59,264	-	1,233,618
Infrastructure	883,395	25,700	-	909,095
	<u>3,382,339</u>	<u>84,964</u>	<u>-</u>	<u>3,467,303</u>
<u>Total Cost</u>				
Less: Accumulated depreciation	<u>(1,884,418)</u>	<u>(197,674)</u>	<u>-</u>	<u>(2,082,092)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>\$ 1,497,921</u>	<u>\$ (112,710)</u>	<u>\$ -</u>	<u>\$ 1,385,211</u>

(6) Retirement and Pension Plans

Delaware County and Municipal Police/Firefighters' Pension Plan

Plan Description

The County & Municipal Police & Firefighter's' Pension Plan (the plan) is a cost sharing multiple-employer defined –benefit pension plan established in the Delaware Code.

The General Assembly is responsible for setting benefits and contributions and amending plan provisions, administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board).

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the Plan are commingled with other Plans for investment purposes, the Plan's assets may be used for the payment of benefits to the members of the Plan in accordance with terms of the Plan.

The following are brief descriptions of the Plan in effect as of June 30, 2015. For a more complete description, please refer to the DPERS CAFR.

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

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

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters' Pension Plan (Cont.)

Plan Benefits

Eligibility

The Plan covers police officers and firefighters employed by a county or municipality of the state that have joined the Plan.

Service Benefits

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting

Five years of credited services.

Retirement

Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

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

Employer

Determined by Board of Pension Trustees. Employer contributions were 14.2% and 15.5% of earnings for the fiscal year 2015 and 2014, respectively.

Member

7% of compensation.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters’ Pension Plan (Cont.)

Pensions Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

At April 30, 2016 the Town reported a liability (asset) of (\$21,682) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The Town’s proportion of the net pension liability (asset) was based on the percentage of actual employee contributions. At June 30, 2015, the Town’s Proportion for the Police Plan was .4114%.

For the year ended April 30, 2016, the Town recognized pension expense of \$35,464 at June 30, 2015; the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to Measurement Date	\$45,906	-
Deferred Inflows of Resources	-	\$45,907
Total	<u>\$45,906</u>	<u>\$45,907</u>

The Town’s contribution subsequent to the measurement date of \$45,906, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended April 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over five years and recognized as pension expense as follows:

Year Ending April 30

2016	\$	(10,824)
2017	\$	(10,824)
2018	\$	(10,824)
2019	\$	6,324
2020	\$	(1,237)

Actuarial Assumptions

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The collective total pension liability for the June 30, 2015

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters' Pension Plan (Cont.)

measurement date was determined by an actuarial valuation as of June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.2%
Projected Salary Increases	4 to 11.5%
Inflation	3%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact of future financial statements.

Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

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 long-term expected rate of return by weighing the expected future real rate 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 include in the System's current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and equivalents	-

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. 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 rate determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Police/Firefighters’ Pension Plan (Cont.)

return on pension plan investment was applied to all periods of projected payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
94,079	(21,681)	(195,658)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan’s fiduciary net positions is available in the separately issued DPERS financial report.

Funding Policy

The Delaware County and Municipal Police/Firefighter’s’ Pension Plan requires active members to contribute 7% of compensation. The Town is required to contribute at an actuarially determined rate, which was 15.5% at July 1, 2013, 14.2% at July 1, 2014, and 15.5% at July 1, 2015. The contribution information for the Town is as follows:

	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
6/30/13	\$ 53,283	100%
6/30/14	\$ 57,861	100%
6/30/15	\$ 41,417	100%

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees’ Pension Plan

Plan Description

The County & Municipal and Other Employees’ Pension Plan (the plan) is a cost sharing multiple-employer defined –benefit pension plan established in the Delaware Code.

The General Assembly is responsible for setting benefits and contributions and amending plan provisions, administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board).

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the Plan are commingled with other Plans for investment purposes, the Plan's assets may be used for the payment of benefits to the members of the Plan in accordance with terms of the Plan.

The following are brief descriptions of the Plan in effect as of June 30, 2015. For a more complete description, please refer to the DPERS CAFR.

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

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

Plan Benefits

Eligibility

The Plan covers police employees of counties or municipalities that have joined the plan.

Service Benefits

1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting

Five years of credited services.

Retirement

Age 62 with 5 years of service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits

Same as Service Benefits. Employee must have 5 years of credited service.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

Survivor Benefits

If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Employer

Determined by Board of Pension Trustees. Employer contributions were 6.5% and 6.6% of earnings for the fiscal year 2015 and 2014, respectively.

Member

Employees of the Town are required to contribute 3% of their gross earnings in excess of \$6,000 per year to the pension plan.

Pensions Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

At April 30, 2016 the Town reported a liability (asset) of \$521 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The Town's proportion of the net pension liability (asset) was based on the percentage of actual employee contributions. At June 30, 2015, the Town's Proportion for the Police Plan was .8370%.

For the year ended April 30, 2016, the Town recognized pension expense of \$4,215 At June 30, 2015; the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Contributions subsequent to Measurement Date	\$19,558	-
Deferred Inflows of Resources	-	\$19,773
Total	<u>\$19,558</u>	<u>\$19,773</u>

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Municipal Other Employees' Pension Plan (Cont.)

The Town's contribution subsequent to the measurement date of \$19,558, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended April 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over five years and recognized as pension expense as follows:

Year Ending March 31

2016	\$	(4,827)
2017	\$	(4,827)
2018	\$	(4,827)
2019	\$	2,040
2020	\$	(1,066)

Actuarial Assumptions

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.2%
Projected Salary Increases	3.5% to 11.5%
Inflation	3%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact of future financial statements.

Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

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 long-term expected rate of return by weighing the expected future real rate 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

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(6) Retirement and Pension Plans (Cont.)

Delaware County and Other Municipal Employees' Pension Plan (Cont.)

each major asset class include in the System's current and expected asset allocations are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and equivalents	-

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. 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 rate determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
41,980	525	(72,555)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net positions is available in the separately issued DPERS financial report.

Funding Policy

The Delaware County and Other Municipal Employees' Pension Plan requires active members to contribute 3% of earnings in excess of \$6,000. The Town is required to contribute at an actuarially determined rate, which was 6.8% at July 1, 2013, 6.6% at July 1, 2014, and 6.5% at July 1, 2015. The contribution information for the Town is as follows:

	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
6/30/13	\$ 23,510	100%
6/30/14	\$ 23,255	100%
6/30/15	\$ 23,466	100%

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(7) Operating Leases

In October, 1997, the Town entered into a lease with Artesian Water Company, Inc. for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents for a period of thirty-three years. The rent will be adjusted to fair market rental at the twelfth and twenty-fourth anniversaries. The lease may be extended for two additional thirty-three year terms. The lease was amended July, 2010 to adopt the new appraisal value. The benchmark rent was changed to \$ 14,900; this amount is adjusted based on the percentage increase in the CPI.

In February, 2004, the Town entered into a lease with Sharp Energy, Inc. for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents of \$ 2,500 for lease years one through five. In years six through ten, the annual rent will increase by the percentage increase of the Consumer Price Index for Urban Workers ("CPI") each year. During year eleven, the annual rent will be based upon the fair market rental value, not to be less than year ten nor shall it exceed the annual rent of the tenth year by 20%. The rent during the twelfth through fifteenth lease years shall increase by the percentage increase of the CPI.

In June, 2009, the Town entered into a lease with Verizon Wireless for certain land and right-of-ways within the Town. Under the terms of this lease, the Town will receive annual rents of \$ 12,000 to be paid monthly for a period of 5 years. The lease will be automatically extend for an additional four (4) terms of five (5) years each, unless Verizon Wireless provides a written notice of termination at least six (6) months before the end of the current term. Each year is subject to an increase equal to the greater of 3% or the Consumer Price Index (CPI).

(8) 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; injuries to employees; and natural disasters for which the government carries commercial insurance.

The Town is fully insured for workers' compensation through commercial insurance, and employees are bonded to limit the loss to the Town in the event of employees committing 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.

(9) Commitments and Contingencies

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 receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(9) Commitments and Contingencies (Cont.)

At the present time, there are no potential claims against the Town with reasonable possibilities of unfavorable outcomes. The amount of any liability would be an amount equal to of the insurance deductible.

(10) Deferred Compensation Fund

Prior to 2006, the Town offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. At April 30, 2016, a balance of \$ 230,831 was still being held for Town employees by the independent plan administrator, Edward Jones. Since the Town has title to these assets, the Deferred Compensation Fund is included in the financial statements as an agency fund, and its assets are presented at fair market value as of April 30, 2016.

(11) Irene Dernoskiw FEMA Fund

In 2014, the Town of South Bethany entered into an agreement with a resident and the Federal Emergency Management Agency (FEMA). Per the agreement, the Town was appointed as an escrow agent. The Town holds the sums received in a non-interest bearing account. At April 30, 2016 the account had a balance of \$17,277.

(12) Subsequent Events

The town has evaluated subsequent events up to August 12, 2016.

(13) Prior Period Adjustment

Due to the Implementation of GASB 68, the beginning net position on the government wide financial statements has been decreased by \$576, the deferred outflow of resources for 2015 was increased by \$65,464, the deferred inflow of resources for 2015 was increased by \$65,680, and the net pension asset for 2015 was increased by \$21,161.

(14) Future Accounting Pronouncements

In 2015, the GASB issued No. 72 "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The Town is currently evaluating the future impact of this statement.

In 2015, the GASB issued No. 77 "Tax Abatement Disclosures." This statement requires additional disclosure of tax abatement agreement including a description of the agreement, the amount of taxes

TOWN OF SOUTH BETHANY, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

(14) Future Accounting Pronouncements (Cont.)

abated during the year and other commitments made by the Town as part of the agreement. The statement also requires disclosure of tax abatement agreements with an impact on the Town that have been entered into by other governments. This Statement is effective for fiscal years beginning after December 15, 2015. The Town is currently evaluating the future impact of this statement.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy	\$ 507,373	\$ 507,373	\$ 487,049	\$ (20,324)
Gross rental tax	511,000	511,000	513,634	2,634
<u>Total Taxes And Assessments</u>	<u>1,018,373</u>	<u>1,018,373</u>	<u>1,000,683</u>	<u>(17,690)</u>
<u>Licenses And Permits:</u>				
Building permits	120,000	195,000	210,184	15,184
Parking permits	26,000	26,000	29,385	3,385
Mercantile licenses	45,000	45,000	36,880	(8,120)
Rental license	30,000	30,000	46,950	16,950
<u>Total Licenses And Permits</u>	<u>221,000</u>	<u>296,000</u>	<u>323,399</u>	<u>27,399</u>
<u>Fines And Forfeits:</u>				
Police fines	45,000	45,000	60,495	15,495
Parking tickets	12,000	12,000	6,880	(5,120)
Grass cutting violations	500	500	-	(500)
Penalties	1,000	1,000	815	(185)
<u>Total Fines And Forfeits</u>	<u>58,500</u>	<u>58,500</u>	<u>68,190</u>	<u>9,690</u>
<u>Intergovernmental Grants:</u>				
Police pension	26,500	26,500	22,109	(4,391)
Other grants	150,900	233,792	110,982	(122,810)
Sussex County Grant - Police	25,000	25,000	10,000	(15,000)
<u>Total Intergovernmental Grants</u>	<u>202,400</u>	<u>285,292</u>	<u>143,091</u>	<u>(142,201)</u>
<u>Trash & Recycling Assessment</u>	<u>374,683</u>	<u>374,683</u>	<u>372,363</u>	<u>(2,320)</u>
<u>Interest Income</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 17,323</u>	<u>\$ 9,323</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues: (Continued)</u>				
<u>Other Revenue:</u>				
BBVF ambulance fee	\$ 74,359	\$ 74,359	\$ 73,890	\$ (469)
CATV gross receipts percentage	38,760	38,760	42,098	3,338
Phone lease	13,900	13,900	14,224	324
Water lease	16,500	16,500	16,031	(469)
Gas lease	2,750	2,750	2,500	(250)
Donations	500	72,145	55,161	(16,984)
Beach vendor	18,000	18,000	18,000	-
Sale of Assets	500	500	-	(500)
Miscellaneous	5,600	5,600	9,430	3,830
<u>Total Other Revenue</u>	<u>170,869</u>	<u>242,514</u>	<u>231,334</u>	<u>(11,180)</u>
<u>Total Revenue</u>	<u>2,053,825</u>	<u>2,283,362</u>	<u>2,156,383</u>	<u>(126,979)</u>
<u>Expenditures:</u>				
<u>General and Administrative:</u>				
Advertising	1,500	1,500	1,411	89
Printing and postage	11,325	11,325	4,931	6,394
Auditing	10,000	10,000	8,400	1,600
Bank charges	4,500	4,500	3,904	596
Automobile	-	-	-	-
Computer maintenance	16,000	16,000	15,924	76
Contributions	4,500	4,500	1,000	3,500
Insurance	255,357	255,357	249,221	6,136
Office expenses	26,000	26,000	28,760	(2,760)
Legal	25,000	62,000	56,777	5,223
Payroll taxes	85,081	85,081	79,238	5,843
Training, seminars, travel	6,725	6,725	6,217	508
Salaries	282,796	282,796	284,783	(1,987)
Telephone	11,000	11,000	13,168	(2,168)
Utilities	7,550	7,550	7,868	(318)
Dues and subscriptions	6,500	6,500	4,116	2,384
Pension costs	17,406	17,406	16,193	1,213
Website maintenance	3,000	3,000	3,783	(783)
Grant expenses	-	49,200	-	49,200
Miscellaneous	12,600	12,600	7,164	5,436
<u>Total General and Administrative</u>	<u>\$ 786,840</u>	<u>\$ 873,040</u>	<u>\$ 792,858</u>	<u>\$ 80,182</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Expenditures: (Continued)</u>				
<u>Public Works:</u>				
Street maintenance	\$ 19,045	\$ 19,045	\$ 18,337	\$ 708
Supplies	5,500	5,500	4,243	1,257
Salaries	85,177	85,177	89,788	(4,611)
Gas	6,500	6,500	4,019	2,481
Trash disposal	374,683	374,683	375,075	(392)
Vehicle and equipment expense	12,200	8,200	5,480	2,720
Uniforms	750	750	705	45
Utilities	18,420	18,420	15,092	3,328
Park/Walkways/Dunes	10,000	10,000	7,341	2,659
Signs	7,500	7,500	3,700	3,800
Decorations	2,500	2,500	1,855	645
Building maintenance	18,400	18,400	20,119	(1,719)
Beach cleanup	3,000	3,000	1,791	1,209
Landscaping	6,500	6,500	4,506	1,994
Pension cost	4,762	4,762	7,772	(3,010)
Canal maintenance	6,000	6,000	6,116	(116)
Miscellaneous	1,350	1,350	901	449
<u>Total Public Works</u>	<u>582,287</u>	<u>578,287</u>	<u>566,840</u>	<u>11,447</u>
<u>Public Safety - Police:</u>				
Supplies	4,000	3,500	4,055	(555)
Salaries	408,738	419,738	429,261	(9,523)
Vehicle maintenance	6,000	6,000	4,248	1,752
Equipment maintenance	3,000	3,000	2,150	850
Uniforms	4,000	4,500	5,979	(1,479)
Pension costs	51,541	51,541	53,428	(1,887)
Training	8,000	9,500	9,256	244
Dues and subscriptions	2,710	1,210	910	300
Gas	16,500	16,500	13,304	3,196
Utilities	6,000	6,000	7,117	(1,117)
Telephone & computer expenses	5,250	5,250	5,305	(55)
Sussex County Grant Expense	25,000	25,000	20,615	4,385
Radio and radar	500	500	-	500
BBVF ambulance fee	74,359	74,359	74,147	212
Miscellaneous	650	650	1,182	(532)
<u>Total Public Safety - Police</u>	<u>\$ 616,248</u>	<u>\$ 627,248</u>	<u>\$ 630,957</u>	<u>\$ (3,709)</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures: (Continued)</u>				
<u>Public Safety - Lifeguards:</u>				
Supplies	\$ 4,650	\$ 4,650	\$ 3,840	\$ 810
Salaries	200,708	193,208	183,366	9,842
Uniforms	3,600	3,600	4,445	(845)
Equipment	5,500	13,000	14,043	(1,043)
Training	3,650	3,650	2,964	686
<u>Total Public Safety - Lifeguards</u>	<u>218,108</u>	<u>218,108</u>	<u>208,658</u>	<u>9,450</u>
<u>Special Expenditure:</u>				
Canal expenses	153,200	153,200	22,208	130,992
Miscellaneous other	27,020	37,020	0	37,020
Grant expenses- other	38,000	99,441	152,146	(52,705)
<u>Total Special Expenditures</u>	<u>218,220</u>	<u>289,661</u>	<u>174,354</u>	<u>115,307</u>
<u>Total Expenditures</u>	<u>2,421,703</u>	<u>2,586,344</u>	<u>2,373,668</u>	<u>212,676</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	(367,878)	\$ (302,982)	(217,285)	85,697
<u>Other Financing Sources (Uses)</u>				
Transfer (to) / from Realty transfer tax	-	-	560,000	560,000
<u>Excess Of Revenues And Other Financing Sources (Uses) Over (Under) Expenditures</u>	<u>\$ (367,878)</u>	<u>(302,982)</u>	<u>\$ 342,715</u>	<u>\$ 645,691</u>
<u>Fund Balance - May 1, 2015</u>			<u>1,048,403</u>	
<u>Fund Balance - April 30, 2016</u>			<u>\$ 1,391,118</u>	

The accompanying notes are an integral part of these financial statements

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SUPPLEMENTAL INFORMATION

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF APRIL 30, 2016

(With Comparative Amounts As Of April 30, 2015, 2014, 2013)

ASSETS

	2016	2015	2014	2013
<u>Cash And Cash Equivalents:</u>				
Cash in bank - checking	\$ 66,525	\$ 81,209	\$ 88,005	\$ 413,104
Cash in bank - money market	50,336	7,762	177,803	2,804
Cash in bank - certificates of deposit	1,316,267	1,038,978	1,022,961	1,007,038
<u>Total Cash And Cash Equivalents</u>	1,433,128	1,127,949	1,288,769	1,422,946
 <u>Receivables:</u>				
Fines	4,097	4,290	2,665	4,674
State of Delaware grants	-	10,000	4,200	42,383
FEMA Grants	49,418	-	-	-
<u>Total Receivables</u>	53,515	14,290	6,865	47,057
 <u>Deferred Expense</u>	-	-	-	7,602
 <u>Due From Other Funds</u>	2,952	5,495	12,921	6,182
 <u>Deferred Compensation Plan</u>	500	-	-	-
<u>TOTAL ASSETS</u>	\$ 1,490,095	\$ 1,147,734	\$ 1,308,555	\$ 1,483,787

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF APRIL 30, 2016

(With Comparative Amounts As Of April 30, 2015, 2014, 2013)

LIABILITIES AND FUND EQUITY

	2016	2015	2014	2013
<u>Accounts Payable</u>				
Accounts payable	\$ 72,826	\$ 75,056	\$ 66,482	\$ 33,831
Hurricane Sandy trash imbursement payable			19,977	-
	<u>72,826</u>	<u>75,056</u>	<u>86,459</u>	<u>33,831</u>
<u>Accrued Liabilities:</u>				
Accrued compensatory absences -				
current portion	1,097	242	6,966	3,042
Accrued wages	4,685	-	26,353	21,957
Accrued payroll taxes and withholdings	9,255	11,702	1,982	3,155
	<u>15,037</u>	<u>11,944</u>	<u>35,301</u>	<u>28,154</u>
<u>Unearned Revenue:</u>	-	150	3,450	18,750
<u>Due to other funds</u>	11,114	12,181	12,285	11,214
	<u>98,977</u>	<u>99,331</u>	<u>137,495</u>	<u>91,949</u>
<u>Fund Equity:</u>				
Non spendable	-	-		7,602
Restricted by other governments	-	-		382,178
Committed by council	32,046	32,046	42,306	-
Assigned	-	-	-	-
Unassigned	1,359,072	1,016,357	1,128,754	1,002,058
	<u>1,391,118</u>	<u>1,048,403</u>	<u>1,171,060</u>	<u>1,391,838</u>
<u>TOTAL LIABILITIES</u>				
<u>AND FUND EQUITY</u>	<u>\$ 1,490,095</u>	<u>\$ 1,147,734</u>	<u>\$ 1,308,555</u>	<u>\$ 1,483,787</u>

TOWN SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Amounts For The Years Ended April 30, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy (net of discounts)	\$ 487,049	\$ 500,674	\$ 488,192	\$ 486,954
Gross rental tax	513,634	514,298	510,878	520,407
<u>Total Taxes And Assessments</u>	<u>1,000,683</u>	<u>1,014,972</u>	<u>999,070</u>	<u>1,007,361</u>
<u>Licenses And Permits:</u>				
Building permits	210,184	145,410	170,807	87,821
Parking permits	29,385	27,472	27,450	28,105
Mercantile licenses	36,880	31,470	46,590	39,580
Rental licenses	46,950	39,600	39,300	42,052
<u>Total Licenses And Permits</u>	<u>323,399</u>	<u>243,952</u>	<u>284,147</u>	<u>197,558</u>
<u>Fines and Forfeits</u>				
Police fines	60,495	39,694	48,485	63,326
Parking tickets	6,880	9,635	12,064	11,467
Grass cutting violations	-	-	-	-
Penalties	815	1,068	832	3,659
<u>Total Fines And Forfeits</u>	<u>68,190</u>	<u>50,397</u>	<u>61,381</u>	<u>78,452</u>
<u>Intergovernmental Grants:</u>				
Police Pension	22,109	25,413	26,951	34,542
FEMA / DEMA	49,418	-	7,027	42,778
Combat Violent Crime/Sleaf	22,874	-	-	-
Highway Safety Grant	6,200	-	2,600	-
Sussex County Grant - Police	10,000	25,000	25,000	28,500
Other Grant	32,490	32,390	22,950	54,226
<u>Total Intergovernmental Grants</u>	<u>143,091</u>	<u>82,803</u>	<u>84,528</u>	<u>160,046</u>
<u>Trash & Recycling Assessment</u>	<u>\$ 372,363</u>	<u>\$ 357,908</u>	<u>\$ 348,518</u>	<u>\$ 340,634</u>

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Amounts For The Years Ended April 30, 2015, 2014, 2013)

	2016	2015	2014	2013
<u>Revenue: (Continued)</u>				
<u>Interest Income</u>	\$ 17,323	\$ 16,503	\$ 15,979	\$ 14,565
<u>Other Revenue:</u>				
BBVF ambulance fee	73,890	74,180	61,298	53,073
CATV gross receipts percentage	42,098	40,851	46,974	36,846
Donation	55,161	25,040	500	1,500
Water lease	16,031	16,031	15,818	15,654
Gas lease	2,500	3,353	2,500	2,500
Phone lease	14,224	13,810	13,442	13,151
Miscellaneous	9,430	7,467	2,945	4,248
Beach vendor	18,000	18,000	18,000	15,000
Sale of asset	-	5,230	1,050	4,135
<u>Total Other Revenue</u>	231,334	203,962	162,527	153,523
<u>Total Revenue</u>	2,156,383	1,970,497	1,956,150	1,947,723
<u>Expenditures:</u>				
<u>General and Administrative:</u>				
Advertising	1,411	1,660	1,159	2,422
Printing and postage	4,931	4,523	4,215	7,552
Auditing	8,400	10,500	8,200	7,791
Bank charges	3,904	2,485	2,997	1,735
Automobile	-	18,819	-	-
Computer maintenance	15,924	12,125	17,289	15,104
Contributions	1,000	4,000	3,100	3,259
Insurance	249,221	206,554	209,249	196,196
Office expenses	28,760	30,908	30,920	23,608
Legal	56,777	18,854	6,137	13,658
Payroll taxes	79,238	89,156	82,476	81,095
Training, seminars, travel	6,217	4,308	5,669	4,540
Salaries	284,783	273,189	259,909	247,007
Telephone	13,168	11,121	10,401	9,646
Utilities	7,868	7,662	8,808	6,915
Dues and subscriptions	4,116	4,117	4,257	3,409
Pension costs	16,193	17,534	17,193	17,946
Website maintenance	3,783	2,562	2,126	2,435
Miscellaneous	7,164	7,061	3,819	1,544
<u>Total General and Administrative</u>	\$ 792,858	\$ 727,138	\$ 677,924	\$ 645,862

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Amounts For The Years Ended April 30, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures: (Continued)				
Public Works:				
Street maintenance	\$ 18,337	\$ 19,334	\$ 26,361	\$ 18,506
Supplies	4,243	4,907	4,442	4,398
Salaries	89,788	83,920	76,920	62,613
Pension costs	7,772	4,977	4,655	4,115
Gas	4,019	6,359	5,052	6,761
Trash disposal & recycling	375,075	374,710	383,962	369,464
Vehicle and equipment expense	5,480	4,999	4,841	3,070
Uniforms	705	734	712	421
Utilities	15,092	13,735	21,647	15,801
Park/Walkways/Dunes	7,341	7,605	3,697	1,865
Signs	3,700	7,159	2,685	4,731
Decorations	1,855	2,497	9,978	3,102
Building maintenance	20,119	16,832	15,268	12,303
Beach clean up	1,791	1,530	750	1,050
Landscaping	4,506	430	120	22,758
Canal maintenance	6,116	1,903	4,206	6,449
Equipment Purchase	-	1,446	-	1,433
Miscellaneous	901	1,629	1,798	412
Total Public Works	566,840	554,706	567,094	539,252
Public Safety - Police:				
Supplies	4,055	4,924	2,796	2,746
Salaries	429,261	445,642	429,087	402,117
Telephone	3,555	2,945	2,879	2,873
Computer expenses	1,750	7,593	461	372
Vehicle maintenance	4,248	5,080	7,195	7,219
Equipment maintenance	2,150	350	693	105
Uniforms	5,979	6,598	3,039	1,259
Pension costs	53,428	43,668	58,390	52,110
Training	9,256	8,620	7,884	4,314
Dues and subscriptions	910	898	380	300
Gas	13,304	11,378	16,050	18,832
Printing	\$ 1,182	\$ 2,303	\$ 529	\$ 1,111

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Amounts For The Years Ended April 30, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Expenditures: (Continued)</u>				
<u>Public Safety - Police: (Continued)</u>				
BBVF ambulance fee	\$ 74,147	\$ 74,412	\$ 68,128	\$ 60,117
Vehicle/Capital purchases	-	55,910	-	-
Sussex County Grant Expense	20,615	44,141	6,979	26,838
Utilities	7,117	5,457	5,628	5,504
Equipment rental expense	-	2,146	320	1,462
<u>Total Public Safety - Police</u>	<u>630,957</u>	<u>722,065</u>	<u>610,438</u>	<u>587,279</u>
<u>Public Safety - Lifeguards:</u>				
Supplies	3,840	3,921	8,099	2,926
Salaries	183,366	189,621	188,731	191,775
Uniforms	4,445	2,954	5,232	1,015
Equipment	14,043	5,003	9,864	5,656
Training	2,964	3,095	3,121	1,660
<u>Total Public Safety - Lifeguards</u>	<u>208,658</u>	<u>204,594</u>	<u>215,047</u>	<u>203,032</u>
<u>Special Expenditures:</u>				
Hurricane expense	-	-	-	14,019
Dredging expenses	22,208	19,557	5,000	-
Capital expenditures	-	22,512	-	48,500
Forest service expenses	-	5,000	-	3,500
ARM Expense	-	-	-	62,621
Grant Expense - other	152,146	42,582	40,642	7,956
<u>Total Special Expenditures</u>	<u>174,354</u>	<u>89,651</u>	<u>45,642</u>	<u>136,596</u>
<u>Total Expenditures</u>	<u>2,373,668</u>	<u>2,298,154</u>	<u>2,116,145</u>	<u>2,115,846</u>
<u>Transfers From Other Funds</u>	<u>560,000</u>	<u>205,000</u>	<u>321,395</u>	<u>243,665</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>342,715</u>	<u>(122,657)</u>	<u>161,400</u>	<u>76,367</u>
<u>Fund Balance - May 1st</u>	<u>1,048,403</u>	<u>1,171,060</u>	<u>1,009,660</u>	<u>* 1,315,471</u>
<u>Fund Balance - April 30th</u>	<u>\$ 1,391,118</u>	<u>\$ 1,048,403</u>	<u>\$ 1,171,060</u>	<u>\$ 1,391,838</u>

*Beginning fund balance of May 1, 2013 was reduced by \$ 382,178, 1% transfer tax fund balance. The balance was transferred to Realty Transfer Tax Fund in fiscal year 2014.

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF APRIL 30, 2016

(With Comparative Amounts As Of April 30, 2015, 2014, 2013)

<u>ASSETS</u>	<u>Municipal Street Aid</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>State Aid To Local Law Enforcement</u>
<u>Cash and Cash Equivalents</u>			
Cash in bank - checking	\$ 223,849	\$ 4,814	\$ 6,259
<u>Total Cash and Cash Equivalents</u>	<u>223,849</u>	<u>4,814</u>	<u>6,259</u>
<u>Receivables</u>			
Due from other funds	-	-	-
Transfer Tax Receivable	-	-	-
<u>TOTAL ASSETS</u>	<u>223,849</u>	<u>4,814</u>	<u>6,259</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Deferred revenue	-	3,907	4,213
Due to other funds	-	907	2,046
Due to other entity	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>4,814</u>	<u>6,259</u>
<u>Fund Equity:</u>			
Non spendable	-	-	-
Restricted by other governments	223,849	-	-
Committed by council	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<u>Total Fund Equity</u>	<u>223,849</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 223,849</u>	<u>\$ 4,814</u>	<u>\$ 6,259</u>

Combat Violent Crime	Realty Transfer Tax	Totals (Memorandum Only)			
		2016	2015	2014	2013
\$ -	\$ 876,339	\$ 1,111,261	\$ 1,128,141	\$ 771,270	\$ 412,075
-	876,339	1,111,261	1,128,141	771,270	412,075
-	11,114	11,114	12,182	12,285	11,214
-	15,150	15,150	-	-	-
-	902,603	1,137,525	1,140,323	783,555	423,917
-	-	8,120	8,692	6,880	7,799
-	-	2,953	5,495	12,921	6,182
-	20,025	20,025	-	-	-
-	20,025	31,098	14,187	19,801	13,981
-	-	-	-	-	-
-	882,578	1,106,427	1,126,136	763,754	409,936
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	882,578	1,106,427	1,126,136	763,754	409,936
\$ -	\$ 902,603	\$ 1,137,525	\$ 1,140,323	\$ 783,555	\$ 423,917

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

(With Comparative Amounts For The Years Ended April 30, 2015, 2014, 2013)

	<u>Municipal Street Aid</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>State Aid To Local Law Enforcement</u>
<u>Revenues:</u>			
Interest	\$ 22	\$ -	\$ -
Intergovernmental grants	49,669	3,656	3,834
Taxes	-	-	-
<u>Total Revenues</u>	<u>49,691</u>	<u>3,656</u>	<u>3,834</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Street improvements	9,087	-	-
<u>Public Safety - Police:</u>			
Equipment / salaries	-	3,656	3,834
<u>Total Public Safety - Police</u>	<u>-</u>	<u>3,656</u>	<u>3,834</u>
<u>General and Administration:</u>			
Bank charges	24	-	-
Capital Expenditures	-	-	-
<u>Total General and Administration</u>	<u>24</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>9,111</u>	<u>3,656</u>	<u>3,834</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	40,580	-	-
<u>Other Financing Sources (Uses)</u>			
Transfer (to) / from	-	-	-
<u>Excess Of Revenues And Other Financing Sources (Uses) Over (Under) Expenditures</u>	40,580	-	-
<u>Fund Balance - May 1st</u>	<u>183,269</u>	<u>-</u>	<u>-</u>
<u>Fund Balance - April 30th</u>	<u>\$ 223,849</u>	<u>\$ -</u>	<u>\$ -</u>

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

Combat Violent Crime	Realty Transfer Tax	Totals (Memorandum Only)			
		2016	2015	2014	2013
\$ -	\$ -	\$ 22	\$ 17	\$ 12	\$ 8
-	-	57,159	54,871	74,127	74,903
-	510,081	510,081	526,680	256,363	372,798
-	510,081	567,262	581,568	330,502	447,709
-	-	9,087	3,477	8,732	8,217
-	-	7,490	4,740	20,299	24,370
-	-	7,490	4,740	20,299	24,370
-	6,369	6,393	5,969	8,436	992
-	4,000	4,000	-	-	15,723
-	10,369	10,393	5,969	8,436	16,715
-	10,369	26,970	14,186	37,467	49,302
-	499,712	540,292	567,382	293,035	398,407
-	(560,000)	(560,000)	(205,000)	(321,395)	(247,490)
-	(60,288)	(19,708)	362,382	(28,360)	150,917
-	942,866	1,126,135	763,754	792,114	* 259,019
\$ -	\$ 882,578	\$ 1,106,427	\$ 1,126,136	\$ 763,754	\$ 409,936

* Beginning fund balance of Realty Transfer Tax includes \$ 382,178, transferred 1% RTT fund balance.

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

TOWN OF SOUTH BETHANY, DELAWARE
COMBINING BALANCE SHEET - FIDUCIARY FUND
AS OF APRIL 30, 2016

(With Comparative Amounts As Of April 30, 2015, 2014, 2013)

<u>ASSETS</u>	<u>Deferred Compensation Police Pension</u>	<u>Beach Patrol Donation Fund</u>	<u>Irene Dernowski Fema Fund</u>
<u>Assets:</u>			
Cash	\$ -	\$ 3,598	\$ 17,277
Investments	<u>230,831</u>	<u>-</u>	<u>-</u>
<u>Total Cash & Investments</u>	<u>230,831</u>	<u>3,598</u>	<u>17,277</u>
 <u>TOTAL ASSETS</u>	 <u>230,831</u>	 <u>3,598</u>	 <u>17,277</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Future pension payouts	<u>230,831</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>230,831</u>	<u>-</u>	<u>-</u>
<u>Fund Equity:</u>	<u>-</u>	<u>3,598</u>	<u>17,277</u>
 <u>TOTAL LIABILITIES AND FUND EQUITY</u>	 <u>\$ 230,831</u>	 <u>\$ 3,598</u>	 <u>\$ 17,277</u>

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

Totals			
(Memorandum Only)			
<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 20,875	\$ 5,698	\$ 6,353	\$ 12,096
<u>230,831</u>	<u>244,628</u>	<u>311,398</u>	<u>310,701</u>
<u>251,706</u>	<u>250,326</u>	<u>317,751</u>	<u>322,797</u>
<u><u>251,706</u></u>	<u><u>250,326</u></u>	<u><u>317,751</u></u>	<u><u>322,797</u></u>
<u>230,831</u>	<u>244,628</u>	<u>311,398</u>	<u>310,701</u>
<u>230,831</u>	<u>244,628</u>	<u>311,398</u>	<u>301,701</u>
<u>20,875</u>	<u>5,698</u>	<u>6,353</u>	<u>12,096</u>
<u><u>\$ 251,706</u></u>	<u><u>\$ 250,326</u></u>	<u><u>\$ 317,751</u></u>	<u><u>\$ 322,797</u></u>

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

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