



**CITY OF REHOBOTH BEACH
SUSSEX COUNTY, DELAWARE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

MARCH 31, 2024

CITY OF REHOBOTH BEACH

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
- Statement of Net Position	18
- Statement of Activities	19
Fund Financial Statements:	
- Balance Sheet - Governmental Funds	20
- Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	21
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	23
- Statement of Net Position - Proprietary Funds	24
- Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	25
- Statement of Cash Flows - Proprietary Funds	26
NOTES TO FINANCIAL STATEMENTS	27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	51
Schedule of the City's Proportionate Share of the Net Pension Asset (Liability)	53
Schedule of City Pension Contributions	54
Schedule of the City's Net OPEB Liability and Related Ratios	55
Schedule of City OPEB Contributions	56

CITY OF REHOBOTH BEACH

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
COMBINING FUND STATEMENTS	
- Combining Balance Sheet - Nonmajor Governmental Funds	57
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	58
- Combining Statement of Net Position - Sewer Funds	59
- Combining Statement of Revenues, Expenses, and Changes in Net Position - Sewer Funds	60
- Combining Statement of Cash Flows - Sewer Funds	61
OTHER REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	64
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Recommendations	69



INDEPENDENT AUDITOR'S REPORT

October 25, 2024

To the Honorable Mayor and Commissioners
City of Rehoboth Beach
Rehoboth Beach, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rehoboth Beach ("the City"), Rehoboth Beach, Delaware, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rehoboth Beach, Rehoboth Beach, Delaware, as of March 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the City's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17, the budgetary comparison schedule - general fund, schedule of the City's proportionate share of the net pension asset (liability), schedule of City pension contributions, schedule of the City's net OPEB liability and related ratios, and schedule of City OPEB contributions on pages 51 - 56 presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet – nonmajor governmental funds; combining statement of revenues, expenditures, changes in fund balances – nonmajor governmental funds; combining statement of net position – sewer funds; combining statement of revenues, expenses, and changes in net position – sewer funds; combining statement of cash flows – sewer funds; and the schedule of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds; combining statement of revenues, expenditures, changes in fund balances – nonmajor governmental funds; combining statement of net position – sewer funds; combining statement of revenues, expenses, and changes in net position – sewer

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

funds; combining statement of cash flows – sewer funds; and the schedule of expenditures of federal awards are the responsibility of management and were 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 the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds; combining statement of revenues, expenditures, changes in fund balances – nonmajor governmental funds; combining statement of net position – sewer funds; combining statement of revenues, expenses, and changes in net position – sewer funds; combining statement of cash flows – sewer funds; and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED
MARCH 31, 2024

This discussion and analysis of the City of Rehoboth Beach, Delaware ("the City") provides an overview of the City's financial performance for the fiscal year ended March 31, 2024. Please read it in conjunction with the City's financial statements, which begin on page 18.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at March 31, 2024 by \$89.2 million (net position). Of this amount, \$40.8 million is reported as unrestricted net position. The City's net position increased by \$5.5 million with governmental net position increasing by \$3.1 million and business-type (enterprise funds) net position increasing by \$2.4 million.

As of March 31, 2024, the City's governmental funds reported combined ending fund balances of \$24.1 million, an increase of \$2.8 million as compared to the prior year. Total governmental funds revenue increased by \$1 million compared to the prior year. Total tax revenues decreased by \$334.8 thousand as a result of lower property transfer tax revenues and lower rental tax revenue. While property transfer tax collections were \$2.1 million, a decline of \$121 thousand from fiscal year 2023, they exceeded budget by \$933.9 thousand. Rental tax revenue, another significant component of tax revenues, decreased by \$161.7 thousand /5.4% and exceeded budget by \$136 thousand. Hotel tax revenue of \$1.54 million fell short of budget by \$4 thousand and was lower than the prior year actual by \$19 thousand.

Parking revenues, including fees, permits and fines, the largest component of the Charges for Services category, exceeded the prior year by \$81 thousand or .5%. Most of the increase was in the parking permit category, as it increased by \$71 thousand or 5.8%. Parking fines increased by \$37 thousand or 4%. The pay-by-phone feature notifies customers of pending expirations, enabling users to remotely purchase additional time, and avoiding fines. This capability may have contributed to the lower growth in fines revenue. As there were no rate increases in parking meter rates, the aggregate revenue increase is attributed to higher activity.

Intergovernmental revenues (grants) increased by \$803 thousand, as the American Recovery Plan Act (ARPA) funds were recognized as income.

Compared to the prior year, higher operating costs were incurred in all functional categories. General Government, Public Safety, Public Works, and Recreation and Culture increased by \$1.1 million, \$707.6 thousand, \$113.4 thousand, and \$100.1 thousand, respectively. Total expenditures, including interest and principal, were \$2.3 million above the prior year but were \$1.7 million below budget.

As of March 31, 2024, the City's enterprise funds reported combined net position of \$42.2 million, an increase of \$2.4 million compared to the prior year. The increase in net position was a result of the \$2.2 million increase in the Water Fund and an increase of \$181 thousand in the Wastewater Fund. The \$982 thousand capital contribution in the Wastewater Fund was received from Sussex County for their 42% share of debt service costs on the Ocean Outfall and Plant loan.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) entity-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Required supplementary information provides a budgetary comparison schedule for the General Fund and additional detail on the City's involvement in a multi-employer pension plan ("OPEB"). This report also contains other supplementary information.

The basic financial statements include two kinds of statements that present different views of the City's financial position and performance:

- The first two statements are entity-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the entity-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Entity-wide Financial Statements – The entity-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting.

The statement of net position presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of changes in net position presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, producing the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

Both of the entity-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and recreation and culture. Business-type activities are limited to the City's water and wastewater system.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

Fund Financial Statements – Traditional readers of governmental financial statements will find the fund financial statement presentation more familiar where the focus is on the City's most significant funds. 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 City uses fund accounting to ensure and demonstrate fiscal accountability. The City uses governmental and proprietary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in the reconciliation.

Proprietary Funds – Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like entity-wide financial statements, provide both long-term and short-term financial information. The fund financial statements provide more detail and additional information, such as cash flows, for the City's proprietary funds. The proprietary funds are used to report the same functions presented as business-type activities in the entity-wide financial statements. The City uses proprietary funds to account for its water and sewer operations.

Notes to the Basic Financial Statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City. A budgetary comparison schedule has been provided for the General Fund. Additionally, schedules of information about the City's involvement in the DPERS pension plan and City OPEB plan have been provided.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Entity-wide Financial Analysis

The table on the next page presents a summary of the statement of net position for the City as of March 31, 2024 and 2023.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

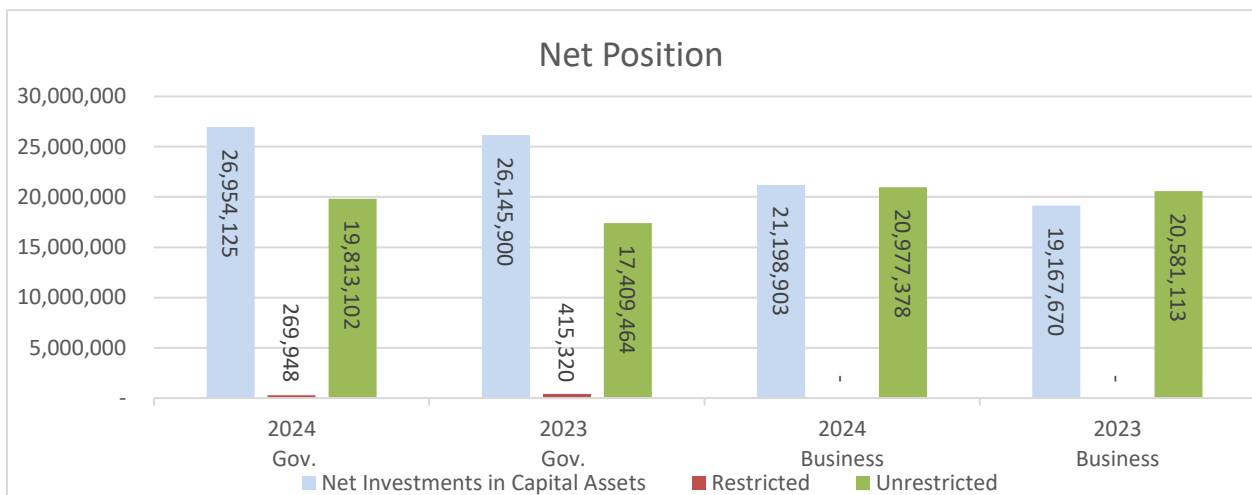
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 25,534,849	\$ 23,011,112	\$ 24,323,941	\$ 21,923,687	\$ 49,858,790	\$ 44,934,799
Capital assets, net	40,652,954	40,806,033	69,869,696	67,691,438	110,522,650	108,497,471
TOTAL ASSETS	66,187,803	63,817,145	94,193,637	89,615,125	160,381,440	153,432,270
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension and OPEB	2,126,782	1,965,676	130,350	153,324	2,257,132	2,119,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	68,314,585	65,782,821	94,323,987	89,768,449	162,638,572	155,551,270
LIABILITIES						
Other liabilities	2,445,754	2,361,896	4,862,593	2,340,555	7,308,347	4,702,451
Long-term liabilities	17,175,362	18,001,222	46,977,987	47,444,829	64,153,349	65,446,051
TOTAL LIABILITIES	19,621,116	20,363,118	51,840,580	49,785,384	71,461,696	70,148,502
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension and OPEB	1,656,294	1,449,019	307,126	234,282	1,963,420	1,683,301
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,277,410	21,812,137	52,147,706	50,019,666	73,425,116	71,831,803
NET POSITION						
Net investment in capital assets	26,954,125	26,145,900	21,198,903	19,167,670	48,153,028	45,313,570
Restricted	269,948	415,320	-	-	269,948	415,320
Unrestricted	19,813,102	17,409,464	20,977,378	20,581,113	40,790,480	37,990,577
TOTAL NET POSITION	\$ 47,037,175	\$ 43,970,684	\$ 42,176,281	\$ 39,748,783	\$ 89,213,456	\$ 83,719,467

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to residents, and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

TABLE 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 12,064,402	\$ 12,236,621	\$ 10,005,701	\$ 10,498,416	\$ 22,070,103	\$ 22,735,037
Operating grants/contributions	1,367,816	569,956	25,000	510,431	1,392,816	1,080,387
Capital grants/contributions	-	-	982,060	6,129,109	982,060	6,129,109
General revenues:						
Taxes	8,798,700	9,133,498	-	-	8,798,700	9,133,498
Investment earnings	793,668	136,743	643,948	120,678	1,437,616	257,421
Franchise fees	163,200	162,150	-	-	163,200	162,150
Miscellaneous	354,290	287,691	-	-	354,290	287,691
TOTAL REVENUES	23,542,076	22,526,659	11,656,709	17,258,634	35,198,785	39,785,293
EXPENSES						
General government	5,524,930	4,132,094	-	-	5,524,930	4,132,094
Public safety	5,751,025	4,572,042	-	-	5,751,025	4,572,042
Public works	7,617,803	6,886,852	-	-	7,617,803	6,886,852
Recreation and culture	1,327,813	1,228,851	-	-	1,327,813	1,228,851
Interest on long-term debt	254,014	207,470	887,082	875,203	1,141,096	875,203
Water operations	-	-	2,704,006	2,321,267	2,704,006	2,321,267
Sewer operations	-	-	5,638,123	5,227,167	5,638,123	5,227,167
TOTAL EXPENSES	20,475,585	17,027,309	9,229,211	8,423,637	29,704,796	25,450,946
INCREASE IN NET POSITION	3,066,491	5,499,350	2,427,498	8,834,997	5,493,989	14,334,347
NET POSITION, BEGINNING OF YEAR	43,970,684	38,471,334	39,748,783	30,913,786	83,719,467	69,385,120
NET POSITION, END OF YEAR	\$ 47,037,175	\$ 43,970,684	\$ 42,176,281	\$ 39,748,783	\$ 89,213,456	\$ 83,719,467



CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

Governmental Activities

Tax revenues decreased by \$335 thousand as a result of decreases in rental tax (\$162 thousand decline), property transfer tax (\$121 thousand decline), and construction tax (\$46 thousand decline) and hotel accommodations tax (\$19 thousand decline). Revenue from property tax increased by \$14 thousand.

The cost of all governmental activities in FY2024 was \$20.5 million a \$3.4 million increase from FY2023. The amount that taxpayers ultimately financed for these activities through City taxes was \$8.8 million, or 43%, a decrease from 54% in the prior year. Other costs were paid by those who directly benefited from the programs (\$12 million), and government agencies and organizations that subsidized funding with intergovernmental aid (\$1.4 million). The City's increase in net position was \$3 million.

	FY2024	FY2024%	FY2023	FY2023%	Change
Governmental Activities					
General Government	\$ 5,524,930	27.0%	\$ 4,132,094	24.3%	\$ 1,392,836
Public Safety	5,751,025	28.1%	4,572,042	26.9%	1,178,983
Public Works	7,617,803	37.2%	6,886,852	40.4%	730,951
Recreation and Culture	1,327,813	6.5%	1,228,851	7.2%	98,962
Interest on general long-term debt	254,014	1.2%	207,470	1.2%	46,544
Total Governmental Expenses	\$ 20,475,585	100.0%	\$ 17,027,309	100.0%	\$ 3,448,276

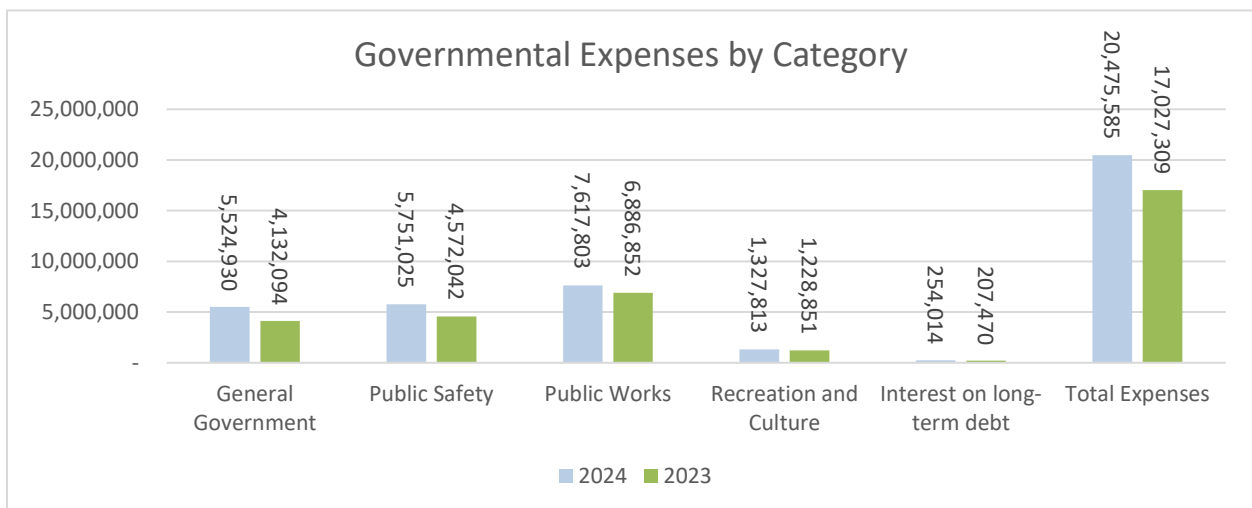
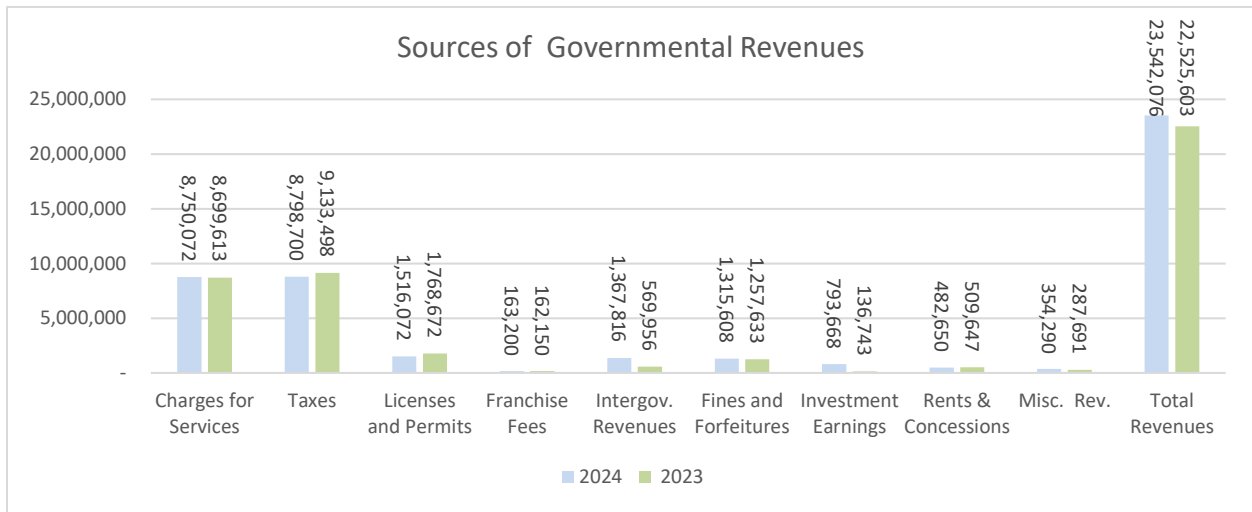
Public works expenses, consisting of the streets, fleet services, refuse and parking departments, accounted for 37% percent of the City's governmental activities, or \$7.6 million, an increase of \$731 thousand from fiscal year 2023. Operating costs in the Parking Department, excluding depreciation and capital outlays, increased by \$93 thousand. Parking collection fees related to credit card and pay-by-phone charges increased by \$25 thousand. The increase is a result of increased parking activity. Salary costs increased by \$40 thousand with part-time salaries of \$21 thousand representing over 50% of the increase.

In the Streets/Fleet Services Department, full-time salaries decreased by \$54 thousand as a result of vacant positions but part-time salaries increased by \$62 thousand. Hourly rates for part-time workers have been increased to attract applicants. Medical insurance costs increased by \$22 thousand in the Streets/Fleet Services Department, as premiums increased.

The public safety expenditures accounted for \$5.8 million of the City's governmental activities in the year ended March 31, 2024, and \$4.6 million in the prior year. The public safety function consists of the City's police department, 911 dispatch center, and the beach patrol. Salaries in the 911 Dispatch and Beach Patrol increased by \$123 thousand, and \$64 thousand, respectively. The increases are primarily a result of higher hourly wage rates that were considered necessary to attract and retain staff. Full-time Police Department salaries increased by \$153 thousand, primarily as a result of rate and staff increases. The part-time police officer salaries decreased by \$60 thousand, as all available positions were not filled. Medical insurance costs in the Police and 911 Dispatch Department increased by \$93 thousand and \$22 thousand, respectively. The increases were a result of premium and staff increases.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

The recreation and culture function consists of the parks, comfort stations bandstand and tennis/recreation departments. In total, recreation and culture expenditures were 6.5% of total governmental activities or \$1.3 million, an increase of \$99 thousand or 8% from fiscal year 2023. The \$37.4 thousand cost of Independence Day fireworks was incurred in FY2024. Full-time salaries decreased by \$15.5 thousand as a result of vacancy in the department head position. Main Street originated the fireworks program years ago, but the City will be funding it in future years. Insurance costs increased by \$7 thousand, as a result of premium increases. Tree pruning and parks & garden costs decreased by \$12 thousand and \$15 thousand, respectively. The operating costs at the bandstand increased by \$26 thousand, as program expenses increased by \$16 thousand, and costs related to supporting the programs increased by \$7 thousand. The expenditures for Tennis and Recreation increased by only \$ 2 thousand. Improvements to the Anna Hazzard Museum building cost \$30.5 thousand.



CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

Business-type Activities

In addition to providing the residents of Rehoboth Beach with water and sewer services, the City has entered into operating agreements with Sussex County on behalf of Dewey Beach, and Henlopen Acres for wastewater treatment services. The City also charges Sussex County for the bulk delivery of water to Dewey Beach, and it also provides and bills customers in North Shores for water and wastewater services. The North Shores agreement and the Sussex County agreement both allocate costs based upon the percentage of flows sent to the plant. These arrangements provide additional revenue to the City by sharing the costs of operating the water and the wastewater facilities.

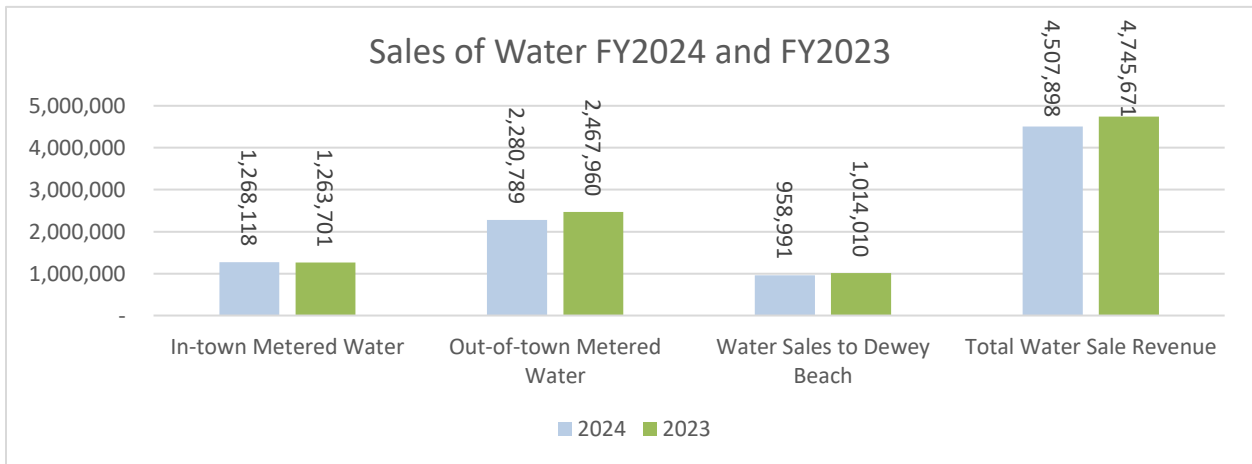
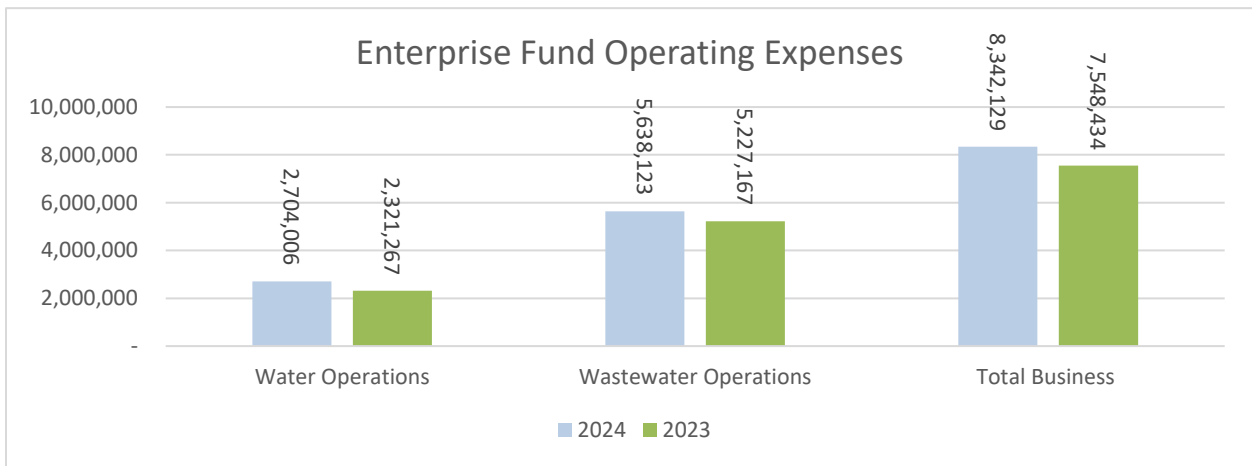
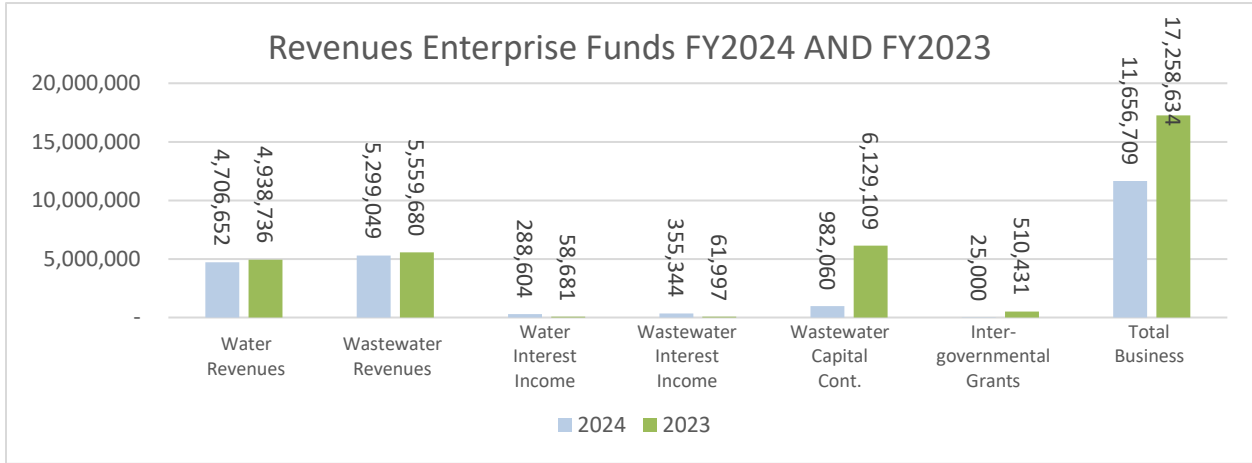
Charges for services represent the principal revenue source for the City's business-type activities.

Water fund revenue, including sales of water and water capitalization fees, decreased by \$232 thousand in fiscal year 2024. Bulk sales of water to Dewey Beach decreased by \$55 thousand to \$959 thousand or 5.4%, but they were \$9 thousand above budget. In-town water revenue (\$1.26) decreased by \$4 thousand. Out-of-town water revenue (\$2.28 million) declined by \$187 thousand or 7.58% and was \$245 thousand below budget. As the rates were unchanged, the decreases are attributed to lower usage.

Operating expenditures, excluding depreciation, in the Water Department increased by \$284.8 thousand with the following categories showing increases from FY2023: General Maintenance (\$20 thousand), Engineering (\$64 thousand), SCADA Maintenance (\$11.5 thousand), and New Meters and Repair (\$54.3 thousand). Engineering costs were higher in FY2024 due to water main, well projects, and others. General maintenance is impacted by not only work to maintain wells, but also costs associated with the installation of new meters. Increased water main and meter activity in FY2024 costs exceeding those in FY2023. Electric expenditures and General Maintenance had the largest negative variances at \$41.6 thousand and \$47.8 thousand, respectively. The City had utilized a contract with the State of Delaware's electric power provider. When the provider filed bankruptcy the contract expired, causing the City to temporarily purchase electric power at higher rates. This increase in electrical power costs resulted in the variance. The City has since been able to obtain electrical power at competitive rates.

Metered wastewater revenue was \$2,784,022, an increase of \$3 thousand from the FY2023 revenue of \$2,780,891. The modest increase is a result of the higher wastewater flows, as rates remained unchanged. City of Rehoboth Beach sewer users pay for their service on a metered basis with the volume of water usage being applied to the established rate for sewer service. Revenues from Dewey Beach, Henlopen Acres and North Shores are established by agreement, under which charges to the entities are determined by allocating the operating costs (O&M) of the plant and infrastructure, using sewage flows as the percentage allocation factor.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024



CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is valuable in assessing the City's financing requirements. In particular, the 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.

As of March 31, 2024, the City's governmental funds reported combined ending fund balances of \$24.1 million, an increase of \$2.79 million as compared to the prior year. The amount of the fund balance restricted or assigned for special purposes is \$269.9 thousand. The \$23.8 million unassigned portion of fund balance in the City's General Fund is available to be used at the City's discretion.

The City has two non-major governmental funds, one to account for certain police grants and another to account for certain grants awarded for street operations and maintenance.

The City's departmental capital expenditures increased by \$310 thousand from the prior year. Debt service costs increased by \$22 thousand. The outstanding bond due to JP Morgan Chase is on a simple interest basis (1.61%) where payments amounts can have slight variations.

The major capital projects and items funded by the City's capital improvement program were as follows:

- Outlays for street paving were \$749 thousand.
- Outlays for LED Street lighting conversions were \$314 thousand.
- Outlays for the sitework and engineering for the Baltimore Ave Beach Patrol/Restroom building and streetscape were \$979.7 thousand.
- Outlays for water meter replacements were \$359 thousand.
- Outlays for the State Road Pump Station construction-in-progress and design was \$2.2 million.
- Outlays for the Water Department Flexnet reading system project were \$234 thousand.
- Outlay for a new trash truck was \$165 thousand.
- Outlays for the wastewater treatment plant phase 3B were \$2.6 million.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

Proprietary Funds

The proprietary funds reflect the water and wastewater operations of the City and are equivalent to the business-type activities as previously discussed.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the City's budget and actual results can be found on pages 51 - 52. A summary of significant variations between budget amounts and actual results are as follows:

- Total governmental revenue exceeded expenditures by \$2.79 million. Taxes exceeded budget by \$1.02 million with property transfer tax representing \$933 thousand of the increase and rental tax comprising \$136 thousand of the increase. Hotel tax was \$1.54 million, falling short of budget by only \$4 thousand. Charges for services were \$1.98 million above budget, primarily due to parking revenues exceeding budget by \$440 million.
- Operating expenditures in the general government were \$34 thousand above budget. Building and Licensing was \$296 thousand over budget, primarily as a result of negative variances in legal services (\$41 thousand), other professional services (\$82 thousand), medical insurance (\$28 thousand) and salaries (\$128 thousand). The Building and Grounds negative variance of \$68 thousand was due to variances in building maintenance (\$34 thousand), and electric (\$24 thousand).
- Operating Expenditures in all Public Safety departments were \$52 thousand under budget. The Police Department, 911 Dispatch and Beach Patrol were \$37 thousand, \$14 thousand, and \$462 below budget, respectively.
- Public Works operating expenditures were under budget by \$33 thousand. In the Streets Department, contractual services and medical insurance were \$19 thousand and \$13 thousand over budget, respectively.
- The Mayor and Commissioners expenditures were below budget by \$168 thousand. Legal fees for the Mayor and Commissioners department amounted to \$140 thousand and \$160 thousand below budget.
- In the recreation and culture function, operating expenditures were under budget by \$23 thousand. The Parks Department salaries were \$32 thousand below budget as a result of a vacant position.
- All other fluctuations in revenues from budget to actual are deemed reasonable, based upon the element of uncertainty when budgeting for such revenues.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2024, the City's capital assets for its governmental and business-type departments were \$110.5 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure. The total current year depreciation was \$3 million for governmental funds and \$3.5 million for the water and wastewater funds.

More detailed information about the City's capital assets is presented in the notes to the basic financial statements.

Debt Administration

In January 2022, the City refinanced its USDA loan (2.375 percent) for the construction of the new city hall building and the State of Delaware loan for the construction of the Lynch Well (2.76 percent) with JP Morgan Chase at a rate of 1.6 percent. The maturity of the City Hall portion of the loan was reduced to 15 years while the Lynch Well portion will be amortized through its same original maturity date in 2027. The refinancing produced a present value savings of over \$1 million. As of March 31, 2024, the outstanding debt in governmental loans was \$13.0 million and enterprise fund debt was \$48.7 million, a total of \$61.7 million.

In 2017, the City obtained two loans in the amount of \$52,481,095 from the Delaware Water Pollution Control Revolving Fund for the construction of the ocean outfall and related infrastructure. As of March 31, 2024, the total of the ocean outfall loan balance and the plant loan balance was \$42.7 million. The City is paying interest at a rate of two percent, with Sussex County sharing 42 percent of the debt service cost. Upon the completion of plant construction, the City will begin making principal and interest payments. The ocean outfall loan began amortizing in September 2020. Final maturity on the \$12 million plant loan will be March 1, 2038, with the ocean outfall loan maturing on March 1, 2043.

In 2015, the City obtained a \$450,000 loan for the replacement of sewer lines in the Schoolvue section of Rehoboth Beach. The loan had a rate of three percent and was repaid in full in November 2023.

For the purpose of making plant improvements to the wastewater plant, the City obtained three loans from the Sussex County government in the amounts of \$3,000,000, \$1,560,000, and \$780,000. The loans are for a ten-year term, maturing in December 2032. The rate on the \$3 million loan is 0% while the rates on the other two loans bear rates of 2%. As of March 31, 2024, the balance of the three loans was \$4,697,385.

In fiscal year 2023, the City implemented GASB 87, the leasing standard that requires the present value of lease liabilities beyond one year to be reported as a liability on the financial statements of state and local governments. The City's liability for leases, as of March 31, 2024, was \$631,334. Most of the lease balance related to the leases for City vehicles.

CITY OF REHOBOTH BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)
MARCH 31, 2024

More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The 2024 - 2025 budget for all City operations is \$23.86 million an increase of \$2.9 million from fiscal year 2023. The capital portion of the budget is \$10 million, including \$1.3 million for the Water Fund and \$3.4 million for the Wastewater Fund. Outlays for wastewater plant project upgrades will continue and will be funded by draws from the remaining balance of the Delaware Wastewater Pollution Control Fund. In FY2025 (2024 season), the City increased the hourly meter rate by one dollar. With the rate increase, parking revenues from all sources have been budgeted at \$10.9 million, increasing by \$2.4 in FY2024. Fiscal year 2025 budgeted parking revenues represent 44% of the City's general fund revenue budget. The property transfer tax budget for FY2025 has been increased from \$1.2 million to \$1.85 million, a level below the actual amount collected in FY2024.
- Property taxes represent 10.7% of the 2024-2025 General Fund Budget, a percentage that is well below the level of most local governments. As a result of increasing the tax rate from 6 cents per hundred dollars of assessed value to .0775 cents, an additional \$592 thousand of revenue will be raised. Most of the remaining revenue sources are dependent upon economic activity, including property transfers, building activity, rental property, hotel revenues and parking collections. In FY2025, parking revenue comprises 44.3% of General Fund budgeted revenue an increase from 37.78% in FY2024 and 35.9% in FY2023. In the event of severe storms and/or macroeconomic events that impact business activity, the City's may have to rely on its taxing authority, reserve cash and remaining borrowing capacity to compensate for loss revenues from the aforementioned revenue sources. The City Charter (Section 29) establishes a limit of \$3 million that can be collected annually from real estate property taxes. As the FY2025 amount is budgeted at \$2,635,470, there only remains \$364,530 that can be obtained from future increases without a charter change.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Mr. Taylour Tedder, City Manager, City of Rehoboth Beach, 229 Rehoboth Avenue, P.O. Box 1163, Rehoboth Beach, Delaware, 19971-2137.

**CITY OF REHOBOTH BEACH
STATEMENT OF NET POSITION
MARCH 31, 2024
(With Summarized Comparative Data for March 31, 2023)**

	Governmental Activities	Business-type Activities	Totals	
			2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 14,207,721	\$ 7,051,375	\$ 21,259,096	\$ 17,406,906
Investments	12,763,676	12,219,710	24,983,386	23,500,000
Taxes receivable	21,846	-	21,846	34,565
Accounts receivable	1,810,428	930,028	2,740,456	2,570,121
Interest receivable	-	-	-	117,592
Loan proceeds receivable	18,600	-	18,600	152,666
Prepaid expenses	48,389	71,945	120,334	204,081
Inventory	20,641	560,319	580,960	604,875
Net pension asset	-	-	-	144,409
Internal balances	(3,490,564)	3,490,564	-	-
Lease receivable	134,112	-	134,112	199,584
Capital Assets:				
Land	2,814,959	192,936	3,007,895	3,007,895
Construction-in-progress	1,438,991	6,283,148	7,722,139	1,647,534
Depreciable capital assets, net of depreciation	35,758,757	63,393,612	99,152,369	103,335,036
Leased assets, net of amortization	640,247	-	640,247	507,006
TOTAL ASSETS	66,187,803	94,193,637	160,381,440	153,432,270
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to pension	1,569,592	-	1,569,592	1,310,284
Deferred outflows relating to OPEB	557,190	130,350	687,540	808,716
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,126,782	130,350	2,257,132	2,119,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 68,314,585	\$ 94,323,987	\$ 162,638,572	\$ 155,551,270
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ 475,128	\$ 1,953,905	\$ 2,429,033	\$ 345,023
Accrued salaries and benefits	259,066	32,999	292,065	78,527
Accrued interest	44,837	80,467	125,304	85,895
Deposits	216,457	-	216,457	109,292
Unearned revenues	301,101	-	301,101	938,840
Contingency reserve	-	100,008	100,008	26,733
Notes and bonds payable	911,298	2,893,411	3,804,709	2,915,492
Lease liability	208,813	-	208,813	202,649
Noncurrent Liabilities:				
Notes and bonds payable	12,156,197	45,777,382	57,933,579	59,771,042
Lease liability	422,521	-	422,521	294,718
Compensated absences	825,293	156,069	981,362	545,343
Net OPEB liability	3,617,745	846,339	4,464,084	4,834,948
Net pension liability	182,660	-	182,660	-
TOTAL LIABILITIES	19,621,116	51,840,580	71,461,696	70,148,502
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows relating to pension	212,515	-	212,515	251,151
Deferred inflows relating to OPEB	1,312,835	307,126	1,619,961	1,235,734
Deferred inflow - lease receivable	130,944	-	130,944	196,416
TOTAL DEFERRED INFLOWS OF RESOURCES	1,656,294	307,126	1,963,420	1,683,301
NET POSITION				
Net investment in capital assets	26,954,125	21,198,903	48,153,028	45,313,570
Restricted:				
Police expenses	154,541	-	154,541	118,390
Public works expenses	115,407	-	115,407	152,521
Net pension asset	-	-	-	144,409
Unrestricted	19,813,102	20,977,378	40,790,480	37,990,577
TOTAL NET POSITION	47,037,175	42,176,281	89,213,456	83,719,467
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 68,314,585	\$ 94,323,987	\$ 162,638,572	\$ 155,551,270

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

**CITY OF REHOBOTH BEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024
(With Summarized Comparative Data for the Year Ended March 31, 2023)**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business- type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2024	2023
GOVERNMENTAL ACTIVITIES:								
General government	\$ 5,524,930	\$ 1,516,072	\$ 668,912	\$ -	\$ (3,339,946)	\$ -	\$ (3,339,946)	\$ (2,248,180)
Public safety	5,751,025	322,588	462,972	-	(4,965,465)	-	(4,965,465)	(3,962,888)
Public works	7,617,803	9,743,092	124,518	-	2,249,807	-	2,249,807	2,895,013
Recreation and culture	1,327,813	482,650	111,414	-	(733,749)	-	(733,749)	(697,207)
Interest on general long-term debt	254,014	-	-	-	(254,014)	-	(254,014)	(207,470)
TOTAL GOVERNMENTAL ACTIVITIES	20,475,585	12,064,402	1,367,816	-	(7,043,367)	-	(7,043,367)	(4,220,732)
BUSINESS-TYPE ACTIVITIES:								
Water	2,731,486	4,706,652	-	-	-	1,975,166	1,975,166	2,582,621
Sewer	6,497,725	5,299,049	25,000	982,060	-	(191,616)	(191,616)	6,131,698
TOTAL BUSINESS-TYPE ACTIVITIES	9,229,211	10,005,701	25,000	982,060	-	1,783,550	1,783,550	8,714,319
TOTAL PRIMARY GOVERNMENT	\$ 29,704,796	\$ 22,070,103	\$ 1,392,816	\$ 982,060	(7,043,367)	1,783,550	(5,259,817)	4,493,587
GENERAL REVENUES:								
Taxes					8,798,700	-	8,798,700	9,133,498
Investment earnings					793,668	643,948	1,437,616	257,421
Franchise fees					163,200	-	163,200	162,150
Miscellaneous revenues					354,290	-	354,290	287,691
TOTAL GENERAL REVENUES					10,109,858	643,948	10,753,806	9,840,760
CHANGE IN NET POSITION					3,066,491	2,427,498	5,493,989	14,334,347
NET POSITION, BEGINNING OF YEAR					43,970,684	39,748,783	83,719,467	69,385,120
NET POSITION, END OF YEAR					\$ 47,037,175	\$ 42,176,281	\$ 89,213,456	\$ 83,719,467

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

CITY OF REHOBOTH BEACH
BALANCE SHEET - GOVERNMENTAL FUNDS
MARCH 31, 2024
(With Summarized Comparative Data for March 31, 2023)

	General Fund	Nonmajor Governmental Funds	Totals	
			2024	2023
ASSETS				
Cash and cash equivalents	\$ 14,045,204	\$ 162,517	\$ 14,207,721	\$ 10,487,039
Investments	12,763,676	-	12,763,676	12,000,000
Taxes receivable	21,846	-	21,846	34,565
Accounts receivable	1,791,753	-	1,791,753	1,640,570
Lease receivable	18,675	-	18,675	18,675
Interest receivable	18,600	-	18,600	152,666
Prepaid expenditures	48,389	-	48,389	126,099
Inventory	20,641	-	20,641	12,117
Due from other funds	-	119,841	119,841	94,127
TOTAL ASSETS	\$ 28,728,784	\$ 282,358	\$ 29,011,142	\$ 24,565,858
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 463,348	\$ 11,530	\$ 474,878	\$ 201,842
Due to Alderman's Court	250	-	250	250
Due to other funds	3,609,525	880	3,610,405	1,898,739
Accrued salaries and benefits	259,066	-	259,066	54,036
Deposits	216,457	-	216,457	109,292
Unearned revenue	301,101	-	301,101	938,840
TOTAL LIABILITIES	4,849,747	12,410	4,862,157	3,202,999
FUND BALANCES:				
Nonspendable	69,030	-	69,030	138,216
Restricted:				
Police expenditures	-	154,541	154,541	118,390
Public works expenditures	-	115,407	115,407	152,521
Unassigned	23,810,007	-	23,810,007	20,953,732
TOTAL FUND BALANCES	23,879,037	269,948	24,148,985	21,362,859
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,728,784	\$ 282,358	\$ 29,011,142	\$ 24,565,858

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

**CITY OF REHOBOTH BEACH
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
MARCH 31, 2024**

TOTAL GOVERNMENTAL FUND BALANCES \$ 24,148,985

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 40,652,954

The City's net pension liability is not a current financial obligation and, therefore, is not reported in the funds. (182,660)

The City's lease receivable is not a current financial obligation and, therefore, is not reported in the funds. 134,112

The City's net OPEB liability is not a current financial obligation and, therefore, is not reported in the funds. (3,617,745)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Accrued interest	(44,837)
Notes and bonds payable	(13,067,495)
Lease liability	(631,334)
Compensated absences	(825,293)

Deferred outflows and inflows related to the City's net pension asset OPEB liability and lease receivable do not represent current resources or uses of resources and, therefore, are not reported in the funds.

Deferred outflows and inflows consist of the following:

Deferred outflows of resources:	
Deferred outflows relating to pension	\$ 1,569,592
Deferred outflows relating to OPEB	557,190
Deferred inflows of resources:	
Deferred inflows relating to pension	(212,515)
Deferred inflows relating to OPEB	(1,312,835)
Deferred inflow - lease receivable	(130,944)
	470,488

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 47,037,175

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

CITY OF REHOBOTH BEACH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2024
(With Summarized Comparative Data for the Year Ended March 31, 2023)

	General Fund	Nonmajor Governmental Funds	Totals	
			2024	2023
REVENUES				
Taxes	\$ 8,798,700	\$ -	\$ 8,798,700	\$ 9,133,498
Licenses and permits	1,516,072	-	1,516,072	1,768,672
Franchise fees	163,200	-	163,200	162,150
Intergovernmental revenues	1,192,894	174,922	1,367,816	569,956
Charges for services	8,750,072	-	8,750,072	8,699,613
Fines and forfeitures	1,315,608	-	1,315,608	1,257,633
Investment earnings	793,668	-	793,668	136,743
Rents and concessions	482,650	-	482,650	509,647
Miscellaneous revenues	158,950	-	158,950	287,691
TOTAL REVENUES	<u>23,171,814</u>	<u>174,922</u>	<u>23,346,736</u>	<u>22,525,603</u>
EXPENDITURES				
General government	5,146,912	-	5,146,912	4,088,023
Public safety	5,540,558	14,253	5,554,811	4,862,847
Public works	4,506,287	161,632	4,667,919	4,517,300
Recreation and culture	1,222,775	-	1,222,775	1,122,237
Debt service:				
Principal and interest	1,316,753	-	1,316,753	1,294,864
Capital outlays	2,846,780	-	2,846,780	2,537,212
TOTAL EXPENDITURES	<u>20,580,065</u>	<u>175,885</u>	<u>20,755,950</u>	<u>18,422,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,591,749</u>	<u>(963)</u>	<u>2,590,786</u>	<u>4,103,120</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	195,340	-	195,340	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>195,340</u>	<u>-</u>	<u>195,340</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,787,089	(963)	2,786,126	4,103,120
FUND BALANCES, BEGINNING OF YEAR	<u>21,091,948</u>	<u>270,911</u>	<u>21,362,859</u>	<u>17,259,739</u>
FUND BALANCES, END OF YEAR	<u>\$ 23,879,037</u>	<u>\$ 269,948</u>	<u>\$ 24,148,985</u>	<u>\$ 21,362,859</u>

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

**CITY OF REHOBOTH BEACH
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,786,126

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the period. (153,079)

Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. Payments of debt are reported as expenditures in the governmental funds. In the statement of net position, however, issuance of debt increases liabilities and payment of debt decreases liabilities and, thus, does not affect the statement of activities. 961,304

In the statement of activities, compensated absences (vacation and sick leave) and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences and other postemployment benefits are measured by the amount of financial resources used (essentially, the amounts actually paid). (357,169)

Pension expense in the statement of activities differs from the amount reported in the governmental funds because pension expense is recognized on the statement of activities based on the City's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (29,125)

OPEB expense in the statement of activities differs from the amount reported in the governmental funds because OPEB expense is recognized on the statement of activities based on the City's actuarial determined contribution, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (109,034)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,066,491

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

CITY OF REHOBOTH BEACH
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MARCH 31, 2024
(With Summarized Comparative Data for March 31, 2023)

	Water Fund	Sewer Fund	Totals	
			2024	2023
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,549,242	\$ 2,502,133	\$ 7,051,375	\$ 6,919,867
Investments	5,846,808	6,372,902	12,219,710	11,500,000
Accounts receivable	406,772	523,256	930,028	910,876
Due from other funds	4,208,506	2,029,662	6,238,168	3,619,010
Interest receivable	-	-	-	117,592
Prepaid expenses	-	71,945	71,945	77,982
Inventory	432,372	127,947	560,319	592,758
Noncurrent Assets:				
Capital assets, net of depreciation	8,372,982	61,496,714	69,869,696	67,691,438
TOTAL ASSETS	<u>23,816,682</u>	<u>73,124,559</u>	<u>96,941,241</u>	<u>91,429,523</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net OPEB liability	48,206	82,144	130,350	153,324
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>48,206</u>	<u>82,144</u>	<u>130,350</u>	<u>153,324</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 23,864,888</u>	<u>\$ 73,206,703</u>	<u>\$ 97,071,591</u>	<u>\$ 91,582,847</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 52,474	\$ 1,901,431	\$ 1,953,905	\$ 142,931
Accrued salaries and benefits	13,196	19,803	32,999	24,491
Accrued interest	5,526	74,941	80,467	73,590
Contingency reserve	-	100,008	100,008	26,733
Due to other funds	-	2,747,604	2,747,604	1,814,398
Notes and bonds payable	326,193	2,567,218	2,893,411	2,072,810
Noncurrent Liabilities:				
Notes and bonds payable	1,317,745	44,459,637	45,777,382	46,450,958
Net OPEB liability	312,990	533,349	846,339	916,652
Compensated absences	38,692	117,377	156,069	77,219
TOTAL LIABILITIES	<u>2,066,816</u>	<u>52,521,368</u>	<u>54,588,184</u>	<u>51,599,782</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net OPEB liability	113,580	193,546	307,126	234,282
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>113,580</u>	<u>193,546</u>	<u>307,126</u>	<u>234,282</u>
NET POSITION				
Net investment in capital assets	6,729,044	14,469,859	21,198,903	19,167,670
Unrestricted	14,955,448	6,021,930	20,977,378	20,581,113
TOTAL NET POSITION	<u>21,684,492</u>	<u>20,491,789</u>	<u>42,176,281</u>	<u>39,748,783</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 23,864,888</u>	<u>\$ 73,206,703</u>	<u>\$ 97,071,591</u>	<u>\$ 91,582,847</u>

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

CITY OF REHOBOTH BEACH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2024
(With Summarized Comparative Data for the Year Ended March 31, 2023)

	Water Fund	Sewer Fund	Totals	
			2024	2023
OPERATING REVENUES				
Charges for services	\$ 4,642,870	\$ 5,271,128	\$ 9,913,998	\$ 10,399,149
Other operating revenues	-	4,151	4,151	11,357
Total Operating Revenues	<u>4,642,870</u>	<u>5,275,279</u>	<u>9,918,149</u>	<u>10,410,506</u>
OPERATING EXPENSES				
Salaries and benefits	703,288	1,180,411	1,883,699	1,592,679
Materials and supplies	179,746	543,929	723,675	590,635
Administration expenses	6,746	17,787	24,533	25,054
Contractual services	137,680	116,954	254,634	314,153
Land and equipment rental	54,386	82,552	136,938	165,660
Repairs and maintenance	667,500	366,843	1,034,343	1,057,816
Utilities	142,210	429,581	571,791	567,431
Insurance	81,560	85,208	166,768	132,484
Depreciation	730,890	2,814,858	3,545,748	3,102,522
Total Operating Expenses	<u>2,704,006</u>	<u>5,638,123</u>	<u>8,342,129</u>	<u>7,548,434</u>
OPERATING INCOME (LOSS)	<u>1,938,864</u>	<u>(362,844)</u>	<u>1,576,020</u>	<u>2,862,072</u>
NONOPERATING REVENUES (EXPENSES)				
Water capitalization fees	63,782	-	63,782	68,000
Sewer impact fees	-	23,770	23,770	19,910
Investment income	288,604	355,344	643,948	120,678
Interest expense	(27,480)	(859,602)	(887,082)	(875,203)
Intergovernmental grants	-	25,000	25,000	510,431
Total Nonoperating Revenues (Expenses)	<u>324,906</u>	<u>(455,488)</u>	<u>(130,582)</u>	<u>(156,184)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,263,770</u>	<u>(818,332)</u>	<u>1,445,438</u>	<u>2,705,888</u>
Capital contributions	-	982,060	982,060	6,129,109
Transfers in/(out)	<u>(17,744)</u>	<u>17,744</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>2,246,026</u>	<u>181,472</u>	<u>2,427,498</u>	<u>8,834,997</u>
NET POSITION, BEGINNING OF YEAR	<u>19,438,466</u>	<u>20,310,317</u>	<u>39,748,783</u>	<u>30,913,786</u>
NET POSITION, END OF YEAR	<u>\$21,684,492</u>	<u>\$20,491,789</u>	<u>\$ 42,176,281</u>	<u>\$ 39,748,783</u>

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

CITY OF REHOBOTH BEACH
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2024
(With Summarized Comparative Data for the Year Ended March 31, 2023)

	Water Fund	Sewer Fund	Totals	
			2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,705,660	\$ 6,247,527	\$ 10,953,187	\$ 10,244,546
Cash paid for goods and services	(1,293,136)	(743,764)	(2,036,900)	(2,940,862)
Cash paid to employees	(669,676)	(1,101,160)	(1,770,836)	(1,683,299)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,742,848</u>	<u>4,402,603</u>	<u>7,145,451</u>	<u>5,620,385</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Advance from other funds	(1,919,546)	233,594	(1,685,952)	2,525,534
Transfers out	(17,744)	17,744	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,937,290)</u>	<u>251,338</u>	<u>(1,685,952)</u>	<u>2,525,534</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital assets purchased	(639,984)	(5,084,020)	(5,724,004)	(13,602,963)
Proceeds received from capitalization and impact fees	63,782	23,770	87,552	87,910
Capital grants	-	25,000	25,000	510,431
Capital contributions	-	982,060	982,060	6,129,109
Proceeds from notes and bonds payable	-	3,746,487	3,746,487	7,987,315
Principal paid on notes and bonds payable	(137,726)	(3,461,738)	(3,599,464)	(4,251,917)
Interest paid on notes and bonds payable	(27,850)	(859,602)	(887,452)	(870,287)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(741,778)</u>	<u>(4,628,043)</u>	<u>(5,369,821)</u>	<u>(4,010,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	288,604	414,802	703,406	3,086
Purchase of investments	(288,674)	(372,902)	(661,576)	(11,500,000)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(70)</u>	<u>41,900</u>	<u>41,830</u>	<u>(11,496,914)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	63,710	67,798	131,508	(7,361,397)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,485,532</u>	<u>2,434,335</u>	<u>6,919,867</u>	<u>14,281,264</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,549,242</u>	<u>\$ 2,502,133</u>	<u>\$ 7,051,375</u>	<u>\$ 6,919,867</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,938,864	\$ (362,844)	\$ 1,576,020	\$ 2,862,072
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	730,890	2,814,858	3,545,748	3,102,522
(Increase) Decrease in assets:				
Accounts receivable	62,790	(81,942)	(19,152)	(165,960)
Inventory	30,546	1,893	32,439	(110,998)
Prepaid expenses	6,276	(239)	6,037	(1,254)
Deferred outflows of resources related to net OPEB liability	8,496	14,478	22,974	(40,370)
Increase (Decrease) in liabilities:				
Accounts payable	(60,130)	1,871,104	1,810,974	72,419
Contingency reserve	-	73,275	73,275	12,277
Accrued salaries and benefits	4,104	4,404	8,508	6,724
Accrued expenses	-	7,247	7,247	(21,693)
Net OPEB liability	(26,004)	(44,309)	(70,313)	(48,452)
Compensated absences	20,078	58,772	78,850	(100,230)
Deferred inflows of resources related to net OPEB liability	26,938	45,906	72,844	53,328
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,742,848</u>	<u>\$ 4,402,603</u>	<u>\$ 7,145,451</u>	<u>\$ 5,620,385</u>

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

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rehoboth Beach, Delaware ("the City") is located in Sussex County and operates under a Mayor-Commissioners form of government. The City provides the following services: public safety, highways and streets (includes parking), sanitation, recreation and culture (includes lifeguards), public improvements, planning and zoning, water and sewer, and general administrative services.

The City's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

The City's basic financial statements include the accounts of all City operations. The decision of whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic criteria include the degree of oversight responsibility maintained by the City. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, there are no component units to be included in the basic financial statements.

Entity-wide and Fund Financial Statements

The City's basic financial statements include both entity-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the entity-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general administrative services, public safety, public works, and recreation and culture are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the entity-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by activity; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The City generally uses restricted net position first for expenses incurred for which both restricted and unrestricted net position are available.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities that are otherwise being supported by general government revenues (general property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

The program revenues must be directly associated with the function or business-type activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses.

Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) normally are covered by general revenue (general property taxes, intergovernmental revenues, interest income, etc.). The entity-wide statements include reclassification or elimination of internal activity between or within funds.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate entity, with a self-balancing set of accounts recording cash and/or other financing resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The nonmajor governmental funds are presented in a single column on the governmental fund financial statements. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds normally are budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the entity-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the entity-wide financial statements.

The following is a brief description of the specific funds used by the City.

Governmental Funds

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The City reports the following major governmental fund:

General Fund – The general fund is the primary operating fund of the City. It is used to account for all financial resources except those properly accounted for in another fund. The principal sources of revenue are property taxes, intergovernmental grants, and state-shared revenues.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Proprietary fund net position is segregated into net investment in capital assets, restricted, and unrestricted.

The City reports the following major proprietary funds:

Water and Sewer Funds – These funds are used to account for the operation of a water supply and sewage collection system.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund financial statements are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The term "available" is limited to collection within 60 days of the fiscal year end. Property taxes and charges for services are the primary source of revenue susceptible to accrual. Permits, fees, fines, and miscellaneous revenues are recorded when received, as they generally are not measurable until actually received. Any revenues received in advance are recorded as unearned. Federal and state reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred.

Expenditures are recorded when the related fund liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the new fiscal year.

The entity-wide statement of net position, statement of activities, and proprietary fund statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The statement of net position, statement of activities, and proprietary fund statements are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the City's financial statements for the year ended March 31, 2023, from which the comparative data was derived.

Cash and Cash Equivalents

For purposes of statement presentation, all highly liquid investments with an original maturity of three months or less when acquired are considered to be cash equivalents.

Property Taxes Receivable

Property taxes attach as an enforceable lien on property when levied. All liens continue until property taxes are paid in full. Taxes are levied on July 1 and are payable on or before August 31. Taxes paid after the payable date are assessed interest at 1½ percent per month after the due date. The City bills and collects its own property taxes. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. The property tax rate for 2024 was \$.06 per \$100 of assessed value.

Compensated Absences

The liability for compensated absences reported in the entity-wide statement consists of unpaid, accumulated vacation, sick, and compensatory leave balances. All vacation, sick, and compensatory pay is accrued when incurred in the entity-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Inventories

Inventories in governmental activities consist of expendable supplies for consumption and souvenirs held for resale stated at cost on a first-in, first-out basis. Business-type activity inventories are recorded at the lower of cost or market on a first-in, first-out basis.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Prepaid Expenses/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Right to use assets are defined as assets with term cost of more than \$5,000. Donated capital assets are recorded at fair market value at time of receipt. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The *GASB Codification of Accounting and Financial Reporting Standards* ("GASB Codification") permits Phase III local governments to elect to not report infrastructure retroactively and to report general infrastructure prospectively only. Management has assessed the impact of infrastructure capitalization on the financial statements and has determined that the cost outweighs the benefit of reporting the City's infrastructure retroactively.

The service lives by type of asset are as follows:

Infrastructure and land improvements	15 - 50 years
Buildings and improvements	15 - 50 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 10 years
Right to use assets	Life of lease

Allowance for Doubtful Accounts

The City's water and sewer utilities experience very small losses from uncollectible accounts. Water and sewer fees constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the City for its proprietary funds.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s)

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

and so will not be recognized as an inflow or outflow of resources (revenue or expense/ expenditure) until that time. The City currently has two items that qualify for reporting in this category. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension asset/liability and net OPEB liability under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide and proprietary fund statements of net position. Certain changes to the net pension asset/liability and net OPEB liability are required to be amortized over a period of years and differences related to lease receivables; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Formal budgetary integration is employed as a management control device during the year for the general fund. This budget is adopted on a basis consistent with GAAP.
- The Commissioners adopt legal annual budgets for the general fund and proprietary funds. The Commissioners also adopt legal project-length budgets for the nonmajor governmental funds. Since project lengths may differ from the City's fiscal year, a comparison of budgetary information for the nonmajor governmental funds would not be meaningful and has not been presented in the financial statements.
- The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Commissioners. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
- Unused appropriations for all of the above annually budgeted funds lapse at year end.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE B STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

- For 2024, the Police Grant Fund received grant revenues that were not budgeted. To fairly present the amount of the expenditure variances related to the use of the grant funds, certain budgeted expense categories were increased through formal budget amendments. No other amendments were made to the budget.

NOTE C CASH AND CASH EQUIVALENTS

The City, as a depositor and an investor, generally requires full and continuous collateralization based upon fair value in the form of:

- Obligations of or guaranteed by the United States of America;
- Obligations of the Federal National Mortgage Association, the Federal Home Mortgage Corporation, Public Housing Authority, or an agency or instrumentality of the United States of America; or
- General or revenue obligations of the State of Delaware or its municipalities, subdivisions, public housing authorities, or any agency or instrumentality of the State of Delaware.

In accordance with the new policy, the City may deposit funds in FDIC insured banks, financial institutions or SPIC-member brokerage firms with an office in the State of Delaware. The investments may include non-interest or interest-bearing accounts, certificates of deposit, direct obligations of the United States Government, U.S. Government Agencies and obligations of the State of Delaware. Deposits exceeding the FDIC insurance limit must be collateralized by U.S. Government obligations, U.S. Government agency obligations or State of Delaware obligations. The value of the collateral must exceed 102 percent of the ledger balance of the accounts. The City receives monthly collateralization reports that include the amounts and type of securities collateralizing deposits.

The City maintains a cash and investment pool that is available for use by all funds. This pool is displayed on the balance sheet and the statement of net position as cash and cash equivalents. Deposits and investments of governmental and proprietary funds are reported at fair value.

Cash and cash equivalents in the water fund (\$4,549,242) and the sewer fund (\$2,502,133) represent funds dedicated to future capacity-related expenses.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At March 31, 2024, the carrying amount of the City's deposits was \$21,259,096, and the bank balance was \$22,293,319. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$22,083,660 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE D INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of March 31, 2024 is as follows:

<u>Due from</u>		<u>Due to</u>	
General Fund	\$3,609,525	Water Fund	\$4,208,506
Wastewater Fund	2,747,604	Wastewater Fund	2,029,662
Nonmajor Governmental Funds	<u>880</u>	Nonmajor Governmental Funds	<u>119,841</u>
	<u>\$6,358,009</u>		<u>\$6,358,009</u>

Interfund balances between funds result mainly from the time lag between when reimbursable expenditures occur and payments between the funds have been made. The balances generally are paid shortly after year end.

NOTE E PROPERTY, PLANT, AND EQUIPMENT, NET - GOVERNMENTAL ACTIVITIES

Capital asset activity for the year ended March 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being:				
depreciated/amortized:				
Land	\$ 2,814,959	\$ -	\$ -	\$ 2,814,959
Construction-in-progress	459,302	979,689	-	1,438,991
Total Capital Assets Not Being				
Depreciated/amortized	<u>3,274,261</u>	<u>979,689</u>	<u>-</u>	<u>4,253,950</u>
Capital assets being				
depreciated/amortized:				
Infrastructure and land improvements	57,408,955	1,307,552	-	58,716,507
Buildings and improvements	29,302,789	152,516	-	29,455,305
Machinery and equipment	10,011,579	70,284	-	10,081,863
Vehicles	1,953,242	180,789	-	2,134,031
Right to use assets	<u>1,182,039</u>	<u>340,209</u>	<u>-</u>	<u>1,522,248</u>
Total Capital Assets Being				
Depreciated/amortized	<u>99,858,604</u>	<u>2,051,350</u>	<u>-</u>	<u>101,909,954</u>
Less accumulated				
Depreciation for:				
Infrastructure and land	43,814,570	1,053,227	-	44,867,797
improvements				
Buildings and improvements	8,566,233	1,100,252	-	9,666,485
Machinery and equipment	7,584,640	719,201	-	8,303,841
Vehicles	<u>1,686,356</u>	<u>104,470</u>	<u>-</u>	<u>1,790,826</u>
Less accumulated depreciation	<u>61,651,799</u>	<u>2,977,150</u>	<u>-</u>	<u>64,628,949</u>
Less accumulated amortization	<u>675,033</u>	<u>206,968</u>	<u>-</u>	<u>882,001</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE E PROPERTY, PLANT, AND EQUIPMENT, NET - GOVERNMENTAL ACTIVITIES (cont'd)

(cont'd)	Beginning Balance	Increases	Decreases	Ending Balance
Total Capital Assets Being Depreciated/Amortization, Net	37,531,772	(1,132,768)	-	36,399,004
Governmental Activities Assets, Net	<u>\$40,806,033</u>	<u>\$ (153,079)</u>	<u>\$ -</u>	<u>\$40,652,954</u>

Depreciation/amortization expense was charged to the functions as follows:

Governmental Activities:			
General government			\$ 219,863
Public safety			169,835
Public works			2,689,382
Recreation and culture			<u>105,038</u>
Total Depreciation/Amortization Expense - Governmental Activities			<u>\$ 3,184,118</u>

NOTE F PROPERTY, PLANT, AND EQUIPMENT, NET - BUSINESS-TYPE ACTIVITIES

Capital asset activity for the year ended March 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 192,936	\$ -	\$ -	\$ 192,936
Construction-in-progress	1,188,232	5,094,916	-	6,283,148
Total Capital Assets Not Being Depreciated	<u>1,381,168</u>	<u>5,094,916</u>	<u>-</u>	<u>6,476,084</u>
Capital assets being depreciated:				
Buildings, infrastructure, Improvements	106,257,767	225,829	-	106,483,596
Machinery and equipment	3,659,051	403,261	-	4,062,312
Vehicles	1,101,363	-	71,940	1,029,423
Total Capital Assets Being Depreciated	<u>111,018,181</u>	<u>629,090</u>	<u>71,940</u>	<u>111,575,331</u>
Less accumulated depreciation for:				
Buildings, infrastructure, and Improvements	41,525,271	3,177,542	-	44,702,813
Machinery and equipment	2,453,721	256,753	-	2,710,474
Vehicles	728,919	111,453	71,940	768,432
Total accumulated depreciation	<u>44,707,911</u>	<u>3,545,748</u>	<u>71,940</u>	<u>48,181,719</u>
Total Capital Assets Being Depreciated, Net	<u>66,310,270</u>	<u>(2,916,658)</u>	<u>-</u>	<u>63,393,612</u>
Business-type Activities, Assets, Net	<u>\$ 67,691,438</u>	<u>\$2,178,258</u>	<u>\$ -</u>	<u>\$ 69,869,696</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE F PROPERTY, PLANT, AND EQUIPMENT, NET - BUSINESS-TYPE ACTIVITIES (cont'd)

Depreciation expense was charged to the functions as follows:

Business-type Activities:	
Water	\$ 730,890
Sewer	<u>2,814,858</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,545,748</u>

NOTE G LONG-TERM DEBT

Debt outstanding as of March 31, 2024 is composed of the following:

Governmental Activities

In January 2022, the City refinanced the balances on the USDA loans with JP Morgan Chase. The bond matures on January 15, 2037 at an interest rate of 1.6%. The USDA loan was obtained for the construction of the new City Hall that was completed in 2017.

\$ 13,067,495

Total Governmental Activities

\$ 13,067,495

Business-type Activities

In January 2022, the City refinanced the balances on the General Obligation Note of 2007 with JP Morgan Chase. While JP Morgan Chase combined this loan payoff with the payoff of the USDA loan, creating a single GON debt obligation, the portion representing the Lynch Well obligation is being amortized with same maturity, October 15, 2027, as of the 2007 State of Delaware loan that was paid off. The interest is at a rate of 1.6%.

\$ 1,643,938

General Obligation Bond of 2017 A, issued by the Delaware Department of Natural Resources and Environmental Control, to finance capital improvements in connection with the Ocean Outfall Disposal Project. The bond matures on March 1, 2043 and bears interest at 1% with an additional 1% administrative fee; payable on March 1 and September 1.

34,668,927

General Obligation Bond of 2017 B, issued by the Delaware Department of Natural Resources and Environmental Control, to finance capital improvements in connection with the Ocean Outfall Disposal Project. The bond matures on March 1, 2043 and bears interest at 1% with an additional 1% administrative fee; payable on March 1 and September 1.

7,660,543

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE G LONG-TERM DEBT (cont'd)

Sussex County Loan A was obtained from Sussex County Government at the completion of the wastewater improvement project shared with the County. In accordance with the agreement, the County shared 50% of the \$6,000,000 cost of the project and loaned the City its 50% share, \$3,000,000, at 0% interest. The loan matures on December 31, 2032. 2,625,000

Sussex County Loan B was obtained from Sussex County Government at the completion of the wastewater improvement project shared with the County. In accordance with the agreement, the County shared 48% of the \$3,000,000 cost of the project and loaned the City its 52% share, \$1,560,00, at 2% interest. The loan matures on December 31, 2032. 1,381,590

Sussex County Loan C was obtained from Sussex County Government at the completion of the wastewater improvement project shared with the County. In accordance with the agreement, the County shared 48% of the \$1,500,000 cost of the project and loaned the City its 52% share, \$780,000, at 2% interest. The loan matures on December 31, 2032. 690,795

Total Business-type Activities \$ 48,670,793

Annual requirements to retire long-term debt of all funds, including un-drawn upon portions of debt, at March 31, 2024 are as follows:

March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 911,298	\$ 204,903	\$ 2,893,411	\$ 870,098
2026	926,104	190,142	3,386,619	935,413
2027	941,105	175,142	3,440,410	875,196
2028	956,348	159,898	3,495,283	813,796
2029	971,839	144,408	3,140,275	752,668
2030 - 2034	5,100,475	480,757	14,564,925	2,812,815
2035 - 2039	3,260,326	85,871	13,701,075	1,533,950
2040 - 2043	-	-	8,388,252	380,154
Less undrawn portion	-	-	(4,339,457)	-
Total	<u>\$ 13,067,495</u>	<u>\$ 1,441,121</u>	<u>\$ 48,670,793</u>	<u>\$ 8,974,090</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE G LONG-TERM DEBT (cont'd)

Lease Liability

The City has lease obligations for thirty-one vehicles ranging in expiration dates from fiscal year 2025 through fiscal year 2029.

The total principal and interest maturities are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 208,813	\$ 41,705	\$ 250,518
2026	154,087	30,775	184,862
2027	117,006	23,369	140,375
2028	113,081	18,825	131,906
2029	38,347	9,412	47,759
Totals	<u>\$ 631,334</u>	<u>\$ 124,086</u>	<u>\$ 755,420</u>

NOTE H CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activity and balances for the City for the year ended March 31, 2024:

	<u>Balance</u> <u>April 1, 2023</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>March 31, 2024</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Notes and bonds payable	\$ 14,162,766	\$ -	\$ 1,095,271	\$ 13,067,495	\$ 911,298
Net OPEB liability	3,918,296	-	300,551	3,617,745	-
Net pension liability	-	182,660	-	182,660	-
Compensated absences	468,124	357,169	-	825,293	-
Lease liability	497,367	340,209	206,242	631,334	208,813
Total	<u>\$ 19,046,553</u>	<u>\$ 880,038</u>	<u>\$ 1,602,064</u>	<u>\$ 18,324,527</u>	<u>\$ 1,120,111</u>

	<u>Balance</u> <u>April 1, 2023</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>March 31, 2024</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Notes and bonds payable	\$ 48,523,768	\$ 1,828,315	\$ 1,681,290	\$ 48,670,793	\$ 2,893,411
Net OPEB liability	916,652	-	70,313	846,339	-
Compensated absences	77,219	78,850	-	156,069	-
Total	<u>\$ 49,517,639</u>	<u>\$ 1,907,165</u>	<u>\$ 1,751,603</u>	<u>\$ 49,673,201</u>	<u>\$ 2,893,411</u>

Governmental activities long-term liabilities are anticipated to be liquidated by the general fund. Business-type activities long-term liabilities are anticipated to be liquidated by the water and sewer funds.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE I RETIREMENT PLANS

Thrift Plan

The City offers its employees, excluding uniformed police officers, a Thrift Plan adopted and created to meet all requirements for profit-sharing calculation under the Internal Revenue Code. The plan is administered by Empower Retirement. Participation in the plan is voluntary and is available to all full-time employees completing six months of service. The plan permits employees to defer two percent to eight percent of their pretax compensation. Employees also have the option to contribute an additional two to twelve percent; however, the deferral is made from after-tax earnings.

Employee contributions are matched at a rate of 75 percent by the City, not to exceed six percent. All employee contributions are 100 percent vested at the time of contribution; and employer contributions vest at the rate of 20 percent per year starting after two years of service and become fully vested after six years of service. For the years ended March 31, 2024, 2023, and 2022, the City's employer contributions totaled \$192,038, \$167,096, and \$150,583, respectively.

Delaware County and Municipal Police/Firefighter Pension Plan

Plan Description

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

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

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

Separately issued financial statements for DPERS are available from the pension office at the McArdle Building, Suite No. 1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402 and the Office of Pensions-State of Delaware website.

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

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE I RETIREMENT PLANS (cont'd)

Plan Description and Eligibility: The Plan covers police officers and firefighters employed by a county or municipality of the State that have joined the Plan. The City's proportionate share of the Plan's net pension asset is 1.2706 percent at June 30, 2023, a decrease of 0.1029 percent from June 30, 2022.

Service Benefits: Final average monthly compensation of 2.5 percent multiplied by years of credited service up to 20 years, plus 3.5 percent 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 service.

Retirement: Age 62 with five 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 percent of final average compensation plus 10 percent for each dependent not to exceed 25 percent for all dependents.
- **Duty – Partial Disability** – Calculated the same as Service Benefits, subject to minimum of 50 percent of final average compensation.

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

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

Employer Contributions

The City's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended March 31, 2024, the rate of the employer contributions was 21.92 percent of covered payroll. The City's contribution to the Plan for the year ended March 31, 2024 was \$385,222.

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE I RETIREMENT PLANS (cont'd)

total pension liability to June 30, 2023. These actuarial valuations used the following actuarial assumptions:

- Investment rate of return – 7.0%
- Projected salary increases – 2.5% + merit
- Cost of living adjustments – 0.0%

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	33.8%	5.7%
International equity	15.9%	5.7%
Fixed income	25.2%	2.0%
Alternative investments	19.3%	7.8%
Cash equivalents	5.8%	-
	<u>100.00%</u>	

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE I RETIREMENT PLANS (cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board, as actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset), calculated using the discount rate of 7.0 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate (in thousands).

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City's proportionate share of the net pension liability (asset)	\$ 1,299,064	\$ 182,660	\$ (730,424)

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

For the year ended March 31, 2024, the City recognized pension expense of \$461,664. At March 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 335,395	\$ -
Changes in proportions	49,158	4,794
Changes in assumptions	36,048	89,598
Difference between employer contributions and proportionate share of total contributions	404,386	75,154
Differences between expected and actual experience	359,383	42,969
Contributions subsequent to the date of measurement	385,222	-
	<u>\$1,569,592</u>	<u>\$ 212,515</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE I RETIREMENT PLANS (cont'd)

An amount of \$385,222 is reported as deferred outflows of resources resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended March 31, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2025	\$ (120,273)
2026	(136,038)
2027	(136,038)
2028	(136,038)
2029	(57,214)
Thereafter	<u>1,557,456</u>
	<u>\$ 971,855</u>

NOTE J LEASES RECEIVABLE

The City is currently involved in the following lease arrangement:

The City leases certain property designated as Lot 22, Rehoboth Avenue, Rehoboth Beach, Delaware. The lease expired on December 31, 2020, and has been renewed for an additional four-year period ending December 31, 2025. The lease calls for rental income to be adjusted each January and is paid in three installments due July 1, August 1, and September 1 of each year.

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 66,528	\$ 9,072	\$ 75,600
2026	<u>67,584</u>	<u>9,216</u>	<u>76,800</u>
Total	<u>\$ 134,112</u>	<u>\$ 18,288</u>	<u>\$ 152,400</u>

NOTE K CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The City participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE K CONTINGENCIES AND COMMITMENTS (cont'd)

Litigation

Certain litigation claims are pending against the City. In the opinion of City management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

Construction Commitments

At March 31, 2024, the City reported \$1,438,991 in construction-in-progress costs for projects without ongoing construction commitments in the governmental activities. At March 31, 2024, the City reported \$6,283,148 in construction-in-progress costs in the Wastewater Fund. Construction commitments completed to date for the Wastewater Fund are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed 03/31/2024</u>	<u>Commitment</u>
Plant Upgrades:			
GHD	\$ 852,000	\$ 635,048	\$ 216,952
Michael Ronca & Sons	<u>7,641,000</u>	<u>3,053,576</u>	<u>4,587,424</u>
Total Commitments Related to Construction-in-progress	<u>\$ 8,493,000</u>	<u>\$ 3,688,624</u>	<u>\$ 4,804,376</u>

The remaining \$4,033,515 of construction costs are without ongoing construction commitments.

NOTE L RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for worker's compensation, for which the City participates in the Delaware Founders Insurance Trust pool.

For insured programs, there were no significant changes in insurance coverages during the year. Settlement amounts have not exceeded insurance coverage for the current year or the prior three years.

NOTE M OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in the preceding notes, the City has established benefits for eligible employees to have healthcare benefits provided after retirement.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE M OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Description of Plan

The City's postemployment healthcare plan is a single employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses and families. The Board of Commissioners assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

The City provides postretirement benefits to all employees who retire on or after attaining age 60 and who have been employed by the City for a minimum of 25 continuous years prior to the date of retirement. Coverage is based on a formula that is based on years of completed service. The City also provides health insurance benefits for up to two years for those employees who are on disability.

Duration of Medical Benefits

All benefits are provided until the retiree attains Medicare age. Upon reaching Medicare age, Medicare becomes the primary health insurance provider with coverage continued as excess to Medicare.

Funding Policy

The contribution requirements of the plan's members are established and may be amended by the City Commissioners. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the City Commissioners. Member contributions are not required under the plan.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of April 1, 2023 was determined by rolling forward the plan's total OPEB liability as of April 1, 2022 to April 1, 2023. The actuarial cost method uses entry age normal.

Participants

As of April 1, 2023, the plan had 104 participants, consisting of 88 active participants, zero vested former participants, and 16 retired participants.

Discount Rate

The discount rate used to measure the total OPEB liability was three percent based on the 20-Year High Municipal Rate Index at April 1, 2023.

The discount rate changed from 3.39 percent to 4.05 percent. The trend and mortality assumptions were updated.

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE M OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 2.50 percent.

Withdrawal

The table below shows rates of withdrawal at selected ages.

Age	Rate	Age	Rate
25	9.6742%	45	6.3540%
30	9.3031%	50	4.2247%
35	8.7062%	55	1.5488%
40	7.7543%	60	0.1465%

Mortality

Safety: PubS-2010 Mortality Tables
Non-safety: PubG-2010 Mortality Tables

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Retirement

Retirement is assumed at 25 percent for age 60-61, 50 percent for ages 62-64, 95 percent for age 65, 50 percent for ages 66-79, and 100 percent for age 80.

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of employees are assumed to elect medical coverage until age sixty-five.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE M OTHER POSTEMPLOYMENT BENEFITS (cont'd)

<u>Age</u>	<u>Males</u>	<u>Females</u>
45 - 49	\$ 7,250	\$ 10,471
50 - 54	\$ 9,602	\$ 11,834
55 - 59	\$ 11,695	\$ 12,383
60 - 64	\$ 15,261	\$ 14,225
65+	\$ 5,821	\$ 5,821

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

Healthcare Cost Trend Rate

The healthcare cost trend rate is 7.0 percent in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 4.05 percent, as well as what the net OPEB 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 3.05%</u>	<u>Current Discount Rate 4.05%</u>	<u>1% Increase 5.05%</u>
Total OPEB liability	\$ 5,201,981	\$ 4,464,084	\$ 3,873,662
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 5,201,981</u>	<u>\$ 4,464,084</u>	<u>\$ 3,873,662</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate of 5.5 percent decreasing to 4.7 percent, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,892,039	\$ 4,464,084	\$ 5,200,748
Fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,892,039</u>	<u>\$ 4,464,084</u>	<u>\$ 5,200,748</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE M OTHER POSTEMPLOYMENT BENEFITS (cont'd)

Changes in Total OPEB Liability

Total OPEB liability as of April 1, 2022	\$ 4,834,947
Service cost	212,398
Interest on OPEB obligation	168,421
Changes of assumptions	(605,503)
Benefit payments	<u>(146,179)</u>
Total OPEB liability as of April 1, 2023	<u>\$ 4,464,084</u>

The amount of OPEB expense recognized by the City was \$295,234 for the year ended March 31, 2024.

At March 31, 2024, the City reported deferred outflows and inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 716,597
Changes of assumptions	526,846	903,364
Contributions subsequent to measurement date	<u>160,694</u>	<u>-</u>
Total	<u>\$ 687,540</u>	<u>\$ 1,619,961</u>

Excluding contributions subsequent to the measurement date which will be recognized in the year ended March 31, 2024, deferred inflows and outflows of resources will be recognized in OPEB expense as follows:

Year Ending March 31,

2025	\$ (85,585)
2026	(85,585)
2027	(85,585)
2028	(111,045)
2029	(123,028)
Thereafter	<u>(602,287)</u>
	<u>\$ (1,093,115)</u>

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE N FUND BALANCES

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for City. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of March 31, 2024, fund balances are composed of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Prepaid expenditures	\$ 48,389	\$ -	\$ 48,389
Inventory	20,641	-	20,641
Restricted:			
Police expenditures	-	154,541	154,541
Public works expenditures	-	115,407	115,407
Unassigned	<u>23,810,007</u>	<u>-</u>	<u>23,810,007</u>
Total Fund Balances	<u>\$ 23,879,037</u>	<u>\$ 269,948</u>	<u>\$ 24,148,985</u>

NOTE O EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended March 31, 2024:

General government – buildings and licenses	\$ 296,473
General government – buildings and grounds	\$ 67,589
Public works – parking	\$ 194,140
Recreation and culture – museum	\$ 12,938

CITY OF REHOBOTH BEACH
NOTES TO FINANCIAL STATEMENTS

NOTE O EXCESS OF EXPENDITURES OVER APPROPRIATIONS (cont'd)

Recreation and culture – main street	\$	3,460
Recreation and culture – recreation and tennis	\$	2,374
Recreation and culture – sister cities	\$	1,753
Recreation and culture – bandstand	\$	2,317

The excess of expenditures over appropriations was financed with positive budget variances in other functions and revenues in excess of budgeted amounts.

NOTE P SUPPORT DONATED TO OTHER ENTITIES

The City provided the following financial support to local non-profit organizations, including the Rehoboth Beach Volunteer Fire Company, the Rehoboth Beach Public Library, Rehoboth Beach Main Street, and the Rehoboth Beach Historical Society during the year ended March 31, 2024.

<u>Organization</u>	<u>Donation</u>	<u>Expenses Paid on Behalf of Organization</u>	<u>Total</u>
Rehoboth Beach Volunteer Fire Company	\$ 150,000	\$ -	\$ 150,000
Rehoboth Beach Main Street	60,000	2,773	62,773
Rehoboth Beach Historical Society	30,000	32,938	62,938
Rehoboth Beach Public Library	75,000	-	75,000
Total	<u>\$ 315,000</u>	<u>\$ 35,711</u>	<u>\$ 350,711</u>

NOTE Q SUBSEQUENT EVENTS

In May 2024, the City purchased a home for the City Manager as a part of his compensation package. After four years of service, ending May 22, 2028, the City will begin relieving the City Manager's repayment obligation annually until May 22, 2031, when the entire balance of \$750,000 is extinguished.

The City has evaluated all subsequent events through October 25, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF REHOBOTH BEACH
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2024**

	Original and Final Appropriated Budget	Actual (GAAP Basis)	Variance Positive (Negative)
REVENUES			
Taxes:			
Property tax	\$ 2,042,800	\$ 2,045,938	\$ 3,138
Rental tax	2,900,000	3,035,980	135,980
Transfer tax	1,200,000	2,133,904	933,904
Construction tax	80,000	42,994	(37,006)
Hotel accommodations tax	1,543,672	1,539,802	(3,870)
Penalties and interest	4,000	82	(3,918)
Total Taxes	<u>7,770,472</u>	<u>8,798,700</u>	<u>1,028,228</u>
Licenses and permits:			
Mercantile licenses	614,000	568,518	(45,482)
Building permits	1,250,000	864,654	(385,346)
Other	68,400	82,900	14,500
Total Licenses and Permits	<u>1,932,400</u>	<u>1,516,072</u>	<u>(416,328)</u>
Franchise fees	180,000	163,200	(16,800)
Intergovernmental revenues:			
General government	517,329	668,912	151,583
Public works	1,000	-	(1,000)
Public safety	289,145	412,568	123,423
Recreation and culture	-	111,414	111,414
Total Intergovernmental Revenues	<u>807,474</u>	<u>1,192,894</u>	<u>385,420</u>
Charges for services:			
Parking meters	6,353,200	6,667,578	314,378
Parking permits	1,155,700	1,282,058	126,358
Waste collection	805,100	800,436	(4,664)
Total Charges for Services	<u>8,314,000</u>	<u>8,750,072</u>	<u>436,072</u>
Fines and forfeitures:			
Parking	922,000	993,020	71,020
Court	88,000	78,614	(9,386)
Police	202,000	243,974	41,974
Total Fines and Forfeitures	<u>1,212,000</u>	<u>1,315,608</u>	<u>103,608</u>
Investment earnings	375,960	793,668	417,708
Rents and concessions	508,755	482,650	(26,105)
Contributions and donations	29,280	-	(29,280)
Sale of property and supplies	30,000	195,340	165,340
Miscellaneous revenues	90,920	158,950	68,030
TOTAL REVENUES	<u>21,251,261</u>	<u>23,367,154</u>	<u>2,115,893</u>
EXPENDITURES			
General government:			
Mayor and Commissioners	373,814	205,606	168,208
Treasurer	2,784	1,343	1,441
Administrative	2,669,906	2,563,594	106,312
Alderman Court	106,562	102,456	4,106
Buildings and licensing	507,312	803,785	(296,473)
Information technology	636,235	604,943	31,292
Buildings and grounds	624,315	691,904	(67,589)
Communications	191,568	173,281	18,287
Total General Government	<u>5,112,496</u>	<u>5,146,912</u>	<u>(34,416)</u>

Continued on next page.

**CITY OF REHOBOTH BEACH
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2024**

	Original and Final Appropriated Budget	Actual (GAAP Basis)	Variance Positive (Negative)
EXPENDITURES (cont'd)			
Public safety:			
Police	3,542,471	3,505,523	36,948
Dispatch	1,065,561	1,051,922	13,639
Volunteer fire	150,800	150,240	560
Beach patrol	833,335	832,873	462
Total Public Safety	<u>5,592,167</u>	<u>5,540,558</u>	<u>51,609</u>
Public works:			
Fleet services	247,940	222,016	25,924
Streets and refuse	2,786,380	2,585,433	200,947
Parking	1,504,698	1,698,838	(194,140)
Total Public Works	<u>4,539,018</u>	<u>4,506,287</u>	<u>32,731</u>
Recreation and culture:			
Comfort stations	336,300	322,270	14,030
Parks	454,411	422,265	32,146
Library	75,000	75,000	-
Museum	50,000	62,938	(12,938)
Main Street	60,000	63,460	(3,460)
Recreation and tennis	50,368	52,742	(2,374)
Sister cities	-	1,753	(1,753)
Bandstand	220,030	222,347	(2,317)
Total Recreation and Culture	<u>1,246,109</u>	<u>1,222,775</u>	<u>23,334</u>
Debt service:			
Interest and principal	1,318,836	1,316,753	2,083
Capital outlays	4,507,800	2,846,780	1,661,020
TOTAL EXPENDITURES	<u>22,316,426</u>	<u>20,580,065</u>	<u>1,736,361</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,065,165)</u>	<u>2,787,089</u>	<u>3,852,254</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,065,165)</u>	2,787,089	<u>\$ 3,852,254</u>
FUND BALANCE, BEGINNING OF YEAR		<u>21,091,948</u>	
FUND BALANCE, END OF YEAR		<u>\$ 23,879,037</u>	

CITY OF REHOBOTH BEACH
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
Delaware Public Employees' Retirement System (DPERS)
County and Municipal Police and Firefighters' Pension Plan

	MEASUREMENT DATE								
	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
City's proportion of the net pension asset (liability)	1.2706%	1.3735%	1.4236%	1.3535%	1.3752%	1.4058%	1.3791%	1.4716%	1.4716%
City's proportion of the net pension asset (liability) - dollar value	\$ (182,660)	\$ 144,409	\$ 1,958,924	\$ (208,009)	\$ (395,001)	\$ (323,763)	\$ (139,030)	\$ (248,287)	\$ 77,560
City's covered employee payroll	1,604,997	1,602,320	1,486,194	1,312,202	1,062,087	1,032,042	1,130,652	1,237,682	1,298,035
City's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-11.38%	9.01%	131.81%	-15.85%	-37.19%	-31.37%	-12.30%	-20.06%	5.98%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.58%	101.95%	128.19%	96.67%	93.25%	94.10%	97.00%	94.70%	101.97%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

CITY OF REHOBOTH BEACH
SCHEDULE OF CITY PENSION CONTRIBUTIONS
Delaware Public Employees' Retirement System (DPERS)
County and Municipal Police and Firefighters' Pension Plan

	<u>MARCH 31, 2024</u>	<u>MARCH 31, 2023</u>	<u>MARCH 31, 2022</u>	<u>MARCH 31, 2021</u>	<u>MARCH 31, 2020</u>	<u>MARCH 31, 2019</u>	<u>MARCH 31, 2018</u>	<u>MARCH 31, 2017</u>	<u>MARCH 31, 2016</u>
Contractually required contribution	\$ 385,222	\$ 350,121	\$ 386,825	\$ 387,559	\$ 347,246	\$ 125,220	\$ 121,112	\$ 142,832	\$ 169,967
Contributions in relation to the contractually required contribution	<u>385,222</u>	<u>350,121</u>	<u>386,825</u>	<u>387,559</u>	<u>347,246</u>	<u>125,220</u>	<u>121,112</u>	<u>142,832</u>	<u>169,967</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,757,730	\$ 1,604,997	\$ 1,602,320	\$ 1,486,194	\$ 1,312,202	\$ 1,062,087	\$ 1,013,490	\$ 1,244,181	\$ 1,234,328
Contributions as a percentage of covered employee payroll	21.92%	21.81%	24.14%	26.08%	26.46%	11.79%	11.95%	11.48%	13.77%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

CITY OF REHOBOTH BEACH
SCHEDULE OF THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS

	MEASUREMENT DATE					
	APRIL 1, 2023	APRIL 1, 2022	APRIL 1, 2021	APRIL 1, 2020	APRIL 1, 2019	APRIL 1, 2018
TOTAL OPEB LIABILITY						
Service cost	\$ 212,398	\$ 212,354	\$ 224,367	\$ 171,567	\$ 177,815	\$ 106,656
Interest on total OPEB liability	168,420	178,551	171,038	153,700	147,737	176,884
Difference between expected and actual experience	-	(48,910)	-	(685,462)	-	(698,032)
Effect of change in assumptions	(605,503)	(407,064)	-	247,282	-	1,047,003
Benefit payments	<u>(146,179)</u>	<u>(190,498)</u>	<u>(159,008)</u>	<u>(141,039)</u>	<u>(106,282)</u>	<u>(118,313)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(370,864)	(255,567)	236,397	(253,952)	219,270	514,198
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>4,834,948</u>	<u>5,090,515</u>	<u>4,854,118</u>	<u>5,108,070</u>	<u>4,888,800</u>	<u>4,374,602</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 4,464,084</u>	<u>\$ 4,834,948</u>	<u>\$ 5,090,515</u>	<u>\$ 4,854,118</u>	<u>\$ 5,108,070</u>	<u>\$ 4,888,800</u>
CITY'S NET OPEB LIABILITY	<u>\$ 4,464,084</u>	<u>\$ 4,834,948</u>	<u>\$ 5,090,515</u>	<u>\$ 4,854,118</u>	<u>\$ 5,108,070</u>	<u>\$ 4,888,800</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 5,186,938	\$ 5,186,938	\$ 5,299,068	\$ 5,169,822	\$ 4,598,121	\$ 4,485,972
City's net OPEB liability as a percentage of covered payroll	86.06%	93.21%	96.06%	93.89%	111.09%	108.98%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**CITY OF REHOBOTH BEACH
SCHEDULE OF CITY OPEB CONTRIBUTIONS**

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a Percentage of Payroll
2019	\$ -	\$ -	\$ -	\$ 4,485,972	0.00%
2020	\$ -	\$ -	\$ -	\$ 4,598,121	0.00%
2021	\$ -	\$ -	\$ -	\$ 5,169,822	0.00%
2022	\$ -	\$ -	\$ -	\$ 5,299,068	0.00%
2023	\$ -	\$ -	\$ -	\$ 5,186,938	0.00%
2024	\$ -	\$ -	\$ -	\$ 5,186,938	0.00%

Notes to Schedule:

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Valuation Date: April 1, 2022

Methods and Assumptions Used:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	4.05%
Healthcare trend rates	6% in 2023 gradually reducing to 3.9% in 2075 and later.

COMBINING FUND STATEMENTS

**CITY OF REHOBOTH BEACH
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 MARCH 31, 2024**

	<u>Municipal Street Aid</u>	<u>State of Delaware Police Grants</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 127,817	\$ 34,700	\$ 162,517
Due from other funds	-	119,841	119,841
TOTAL ASSETS	<u>\$ 127,817</u>	<u>\$ 154,541</u>	<u>\$ 282,358</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 11,530	\$ -	\$ 11,530
Due to other funds	880	-	880
TOTAL LIABILITIES	<u>12,410</u>	<u>-</u>	<u>12,410</u>
FUND BALANCES			
Restricted:			
Police expenditures	-	154,541	154,541
Public works expenditures	115,407	-	115,407
TOTAL FUND BALANCES	<u>115,407</u>	<u>154,541</u>	<u>269,948</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 127,817</u>	<u>\$ 154,541</u>	<u>\$ 282,358</u>

**CITY OF REHOBOTH BEACH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Municipal Street Aid</u>	<u>State of Delaware Police Grants</u>	<u>Total</u>
REVENUES			
Intergovernmental	\$ 124,518	\$ 50,404	\$ 174,922
TOTAL REVENUES	<u>124,518</u>	<u>50,404</u>	<u>174,922</u>
EXPENDITURES			
Public safety	-	14,253	14,253
Public works	161,632	-	161,632
TOTAL EXPENDITURES	<u>161,632</u>	<u>14,253</u>	<u>175,885</u>
CHANGE IN FUND BALANCES	(37,114)	36,151	(963)
FUND BALANCES, BEGINNING OF YEAR	<u>152,521</u>	<u>118,390</u>	<u>270,911</u>
FUND BALANCES, END OF YEAR	<u>\$ 115,407</u>	<u>\$ 154,541</u>	<u>\$ 269,948</u>

CITY OF REHOBOTH BEACH
COMBINING STATEMENT OF NET POSITION - SEWER FUNDS
MARCH 31, 2024

	Sewer Fund	Sewer Capital Projects Fund	Interfund Eliminations	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,502,133	\$ -	\$ -	\$ 2,502,133
Investments	6,372,902	-	-	6,372,902
Accounts receivable	523,256	-	-	523,256
Due from other funds	683,310	2,029,662	(683,310)	2,029,662
Prepaid expenses	71,945	-	-	71,945
Inventory	127,947	-	-	127,947
Noncurrent Assets:				
Capital assets, net of depreciation	61,496,714	-	-	61,496,714
TOTAL ASSETS	<u>71,778,207</u>	<u>2,029,662</u>	<u>(683,310)</u>	<u>73,124,559</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to net OPEB liability	82,144	-	-	82,144
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>82,144</u>	<u>-</u>	<u>-</u>	<u>82,144</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 71,860,351</u>	<u>\$ 2,029,662</u>	<u>\$ (683,310)</u>	<u>\$ 73,206,703</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,218,334	\$ 683,097	\$ -	\$ 1,901,431
Accrued salaries and benefits	19,803	-	-	19,803
Accrued interest	74,941	-	-	74,941
Contingency reserve	100,008	-	-	100,008
Due to other funds	2,747,604	683,310	(683,310)	2,747,604
Notes and bonds payable	2,567,218	-	-	2,567,218
Noncurrent Liabilities:				
Notes and bonds payable	44,459,637	-	-	44,459,637
Net OPEB liability	533,349	-	-	533,349
Compensated absences	117,377	-	-	117,377
TOTAL LIABILITIES	<u>51,838,271</u>	<u>1,366,407</u>	<u>(683,310)</u>	<u>52,521,368</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows relating to net OPEB liability	193,546	-	-	193,546
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>193,546</u>	<u>-</u>	<u>-</u>	<u>193,546</u>
NET POSITION				
Net investment in capital assets	14,469,859	-	-	14,469,859
Unrestricted	5,358,675	663,255	-	6,021,930
TOTAL NET POSITION	<u>19,828,534</u>	<u>663,255</u>	<u>-</u>	<u>20,491,789</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 71,860,351</u>	<u>\$ 2,029,662</u>	<u>\$ (683,310)</u>	<u>\$ 73,206,703</u>

**CITY OF REHOBOTH BEACH
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - SEWER FUNDS
FOR THE YEAR ENDED MARCH 31, 2024**

	Sewer Fund	Sewer Capital Projects Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 5,271,128	\$ -	\$ 5,271,128
Other operating revenues	4,151	-	4,151
Total Operating Revenues	5,275,279	-	5,275,279
OPERATING EXPENSES			
Salaries and benefits	1,180,411	-	1,180,411
Materials and supplies	543,929	-	543,929
Administration expenses	17,787	-	17,787
Contractual services	116,954	-	116,954
Land and equipment rental	82,552	-	82,552
Repairs and maintenance	366,843	-	366,843
Utilities	429,581	-	429,581
Insurance	85,208	-	85,208
Depreciation	2,814,858	-	2,814,858
Total Operating Expenses	5,638,123	-	5,638,123
OPERATING INCOME (LOSS)	(362,844)	-	(362,844)
NONOPERATING REVENUES (EXPENSES)			
Sewer impact fees	23,770	-	23,770
Investment income	355,344	-	355,344
Interest expense	(859,602)	-	(859,602)
Intergovernmental grants	25,000	-	25,000
Total Nonoperating Revenues (Expenses)	(455,488)	-	(455,488)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(818,332)	-	(818,332)
Capital contributions	982,060	-	982,060
Transfers in	17,744	-	17,744
CHANGE IN NET POSITION	181,472	-	181,472
NET POSITION, BEGINNING OF YEAR	19,647,062	663,255	20,310,317
NET POSITION, END OF YEAR	\$ 19,828,534	\$ 663,255	\$ 20,491,789

**CITY OF REHOBOTH BEACH
COMBINING STATEMENT OF CASH FLOWS - SEWER FUNDS
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Sewer Fund</u>	<u>Sewer Capital Projects Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 6,247,527	\$ -	\$ 6,247,527
Cash paid for goods and services	(1,409,821)	666,057	(743,764)
Cash paid to employees	(1,101,160)	-	(1,101,160)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,736,546</u>	<u>666,057</u>	<u>4,402,603</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Advance from other funds	899,651	(666,057)	233,594
Transfers out	17,744	-	17,744
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>917,395</u>	<u>(666,057)</u>	<u>251,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital assets purchased	(5,084,021)	-	(5,084,021)
Proceeds received from capitalization and impact fees	23,770	-	23,770
Capital grants	25,000	-	25,000
Capital contributions	982,060	-	982,060
Proceeds from issuance of bonds	1,828,315	-	1,828,315
Principal paid on note payable	(1,543,565)	-	(1,543,565)
Interest paid on long-term debt	(859,602)	-	(859,602)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,628,043)</u>	<u>-</u>	<u>(4,628,043)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	414,802	-	414,802
Purchase of investments	(372,902)	-	(372,902)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>41,900</u>	<u>-</u>	<u>41,900</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,798	-	67,798
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,434,335</u>	<u>-</u>	<u>2,434,335</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,502,133</u>	<u>\$ -</u>	<u>\$ 2,502,133</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (362,844)	\$ -	\$ (362,844)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,814,858	-	2,814,858
(Increase) Decrease in assets:			
Accounts receivable	(81,942)	-	(81,942)
Inventory	1,893	-	1,893
Prepaid expenses	(239)	-	(239)
Deferred outflows of resources related to net OPEB liability	14,478	-	14,478
Increase (Decrease) in liabilities:			
Accounts payable	1,205,047	666,057	1,871,104
Contingency reserve	73,275	-	73,275
Accrued salaries and benefits	4,404	-	4,404
Accrued expenses	7,247	-	7,247
Net OPEB liability	(44,309)	-	(44,309)
Compensated absences	58,772	-	58,772
Deferred inflows of resources related to net OPEB liability	45,906	-	45,906
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,736,546</u>	<u>\$ 666,057</u>	<u>\$ 4,402,603</u>

OTHER REPORT



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

October 25, 2024

To the Honorable Mayor and Commissioners
City of Rehoboth Beach
Rehoboth Beach, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rehoboth Beach ("the City"), Rehoboth Beach, Delaware, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP



INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

October 25, 2024

To the Honorable Mayor and Commissioners
City of Rehoboth Beach
Rehoboth Beach, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rehoboth Beach's ("the City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended March 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

To the Honorable Mayor and Commissioners
City of Rehoboth Beach

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**CITY OF REHOBOTH BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2024**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS- THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	OUTSTANDING LOAN BALANCE
<u>U.S Environmental Protection Agency</u>						
<u>Passed through Delaware Department of Natural Resources and Environmental Conservation</u>						
Capitalization Grants for Clean Water State Revolving Funds	I	66.458	N/A	\$ 1,462,652	\$ -	\$ 42,329,470
TOTAL U.S ENVIRONMNETAL PROTECTION AGENCY				<u>1,462,652</u>	<u>-</u>	<u>42,329,470</u>
<u>U.S Department of Treasury</u>						
<u>Passed through Delaware Department of Transportation</u>						
COVID-19 ARPA Local Fiscal Recovery Fund	D	21.027	N/A	831,403	-	-
TOTAL U.S DEPARTMENT OF TREASURY				<u>831,403</u>	<u>-</u>	<u>-</u>
<u>U.S Department of Justice</u>						
<u>Passed through Drug Enforcement Administration</u>						
Edward Byrne Memorial Justice Assistance Grant Program	I	16.738	N/A	70,553	-	-
TOTAL U.S DEPARTMENT OF JUSTICE				<u>70,553</u>	<u>-</u>	<u>-</u>
<u>U.S Department of Transportation</u>						
Highway Planning and Construction	D	20.205	N/A	100,000	-	-
TOTAL U.S DEPARTMENT OF TRANSPORTATION				<u>100,000</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 2,464,608</u>	<u>\$ -</u>	<u>\$ 42,329,470</u>
TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER (CFDA # 66.458)				<u>\$ 1,462,652</u>	<u>\$ -</u>	<u>\$ 42,329,470</u>

Source Codes:

- I = Indirect Funding
- D = Direct Funding

CITY OF REHOBOTH BEACH

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Rehoboth Beach.

NOTE B BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE C INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. For the year ended March 31, 2024, there were no indirect costs included in the schedule of expenditures of federal awards.

NOTE D LOAN BALANCES INVOLVING FEDERAL FUNDS

During the year ended March 31, 2019, the City was awarded a \$52,481,085 loan from the Delaware Natural Resources and Environmental Control, which is funded by passed through federal funds. The loan balance originating from federal funds at March 31, 2024 was \$42,329,470.

CITY OF REHOBOTH BEACH
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ Yes X No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
21.027	COVID-19 ARPA Local Fiscal Recovery Fund
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

CITY OF REHOBOTH BEACH
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.