TOWN OF OCEAN VIEW, DELAWARE

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2026

TOWN OF OCEAN VIEW, DELAWARE

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Council
Town of Ocean View, Delaware

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Ocean View, Delaware, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the Town of Ocean View, Delaware's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Town of Ocean View, Delaware, as of April 30, 2026, 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ocean View, Delaware and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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.

PKS CERTIFIED PUBLIC ACCOUNTANTS & INVESTMENT ADVISORS

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Ocean City
Lewes

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Responsibilities of Management for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2026, on our consideration of the Town of Ocean View, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ocean View, Delaware's internal control over financial reporting and compliance.

PKS & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
September 8, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

TOWN OF OCEAN VIEW, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2026

The management team of the Town of Ocean View, Delaware (the "Town") is pleased to present to the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended April 30, 2026. We encourage readers to consider the information presented here in conjunction with the annual budgets found on the Town's website at www.oceanviewde.gov.

FINANCIAL HIGHLIGHTS

- As of April 30, 2026, governmental activity assets exceeded liabilities by $31,677,977. Of this amount, $4,575,102 or just over 14% was unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

- As of April 30, 2026, there was no business-type (proprietary) asset or liability activity to report. All assets were transferred to the Town's governmental fund with the water fund being dissolved due to the sale of the water supply distribution system.

- The Town's net position increased by $1,974,462 with the transfer of the water fund to the general fund.

Overall, the Town is in good financial standing and has policies and a determined focus to maintain strong fiscal responsibility for long-term stability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Ocean View's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplementary information, which includes this document. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Ocean View's finances, in a manner similar to a private sector business. The government-wide statements include two statements: (1) the Statement of Net Position and (2) the Statement of Activities.

The Statement of Net Position presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that caused the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, uncollected property taxes are reported as assets, even though the Town has not received the actual cash from those levies.

Both of the above government-wide financial statements distinguish functions of the Town that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the Town that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the Town include general administration, planning & zoning, public safety, and public works. The business-type activity of the Town was the water supply distribution system which was sold in FY25.

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All funds of the Town can be divided into two categories: (1) governmental funds and (2) proprietary fund.

Governmental Fund: The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and government-wide activities.

The Town maintains one major governmental fund, the General Fund, and adopts an annual appropriated budget for the General Fund. To demonstrate compliance, a budgetary comparison statement is presented for the General Fund.

The basic governmental fund financial statements can be found on pages 17 - 20 of this report.

Proprietary Fund**:** The Town maintained one type of proprietary fund, an enterprise fund. Enterprise funds are those that provide goods or services to the public for a fee. They are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town used a proprietary fund to account for its water supply distribution system until the system was sold in FY25 and the fund dissolved in FY26.

The basic proprietary fund financial statements can be found on pages 21 - 23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 - 42 of this report.

Required Supplementary Information

Other required supplementary information, in addition to this discussion and analysis, are the comparison of the general fund budget to actual (pages 43 – 47) and the Town's proportionate share of the net pension and contributions related to the Delaware Public Employees' Retirement System (pages 48 – 49).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the **government-wide statement of net position** compared to the prior year:

	Governmental Activities		Business-type Activities		Total Government	
	2026	2025	2026	2025	2026	2025
Current and other assets	$ 12,265,504	$ 8,791,063	$ -	$ 2,134,505	$ 12,265,504	$ 10,925,568
Capital assets	19,895,440	19,476,393	-	-	19,895,440	19,476,393
Total assets	32,160,944	28,267,456	-	2,134,505	32,160,944	30,401,961
Deferred Charges - refunding debt				-	-	-
Deferred Outflows - retirement	846,186	1,125,702	-	-	846,186	1,125,702
Total deferred outflows	846,186	1,125,702	-	-	846,186	1,125,702
Current and other liabilities	270,577	705,681	-	7,408	270,577	713,089
Long-term liabilities	517,745	581,120	-	-	517,745	581,120
Total liabilities	788,322	1,286,801	-	7,408	788,322	1,294,209
Deferred Inflows - grants	377,956	355,486	-	-	377,956	355,486
Deferred Inflows - retirement	162,875	174,453	-	-	162,875	174,453
Total Deferred Inflows	540,831	529,939	-	-	540,831	529,939
Net position:						
Net investments in capital assets	19,882,053	19,471,116	-	-	19,882,053	19,471,116
Restricted	7,220,822	3,781,832	-	-	7,220,822	3,781,832
Unrestricted	4,575,102	4,323,470	-	2,127,097	4,575,102	6,450,567
Total net position	$ 31,677,977	$ 27,576,418	$ -	$ 2,127,097	$ 31,677,977	$ 29,703,515

As noted earlier, net position may serve over time as a useful indicator of the government-wide financial position. In the case of the Town of Ocean View, the net position as of April 30, 2026, was $31,677,977.

A significant portion of the Town's net position, $19,882,053 (63%), represents investments in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment). This investment is net of any related debt that was used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and apart from business type assets, they do not generate direct revenue for the Town. They do represent, however, an obligation on the part of the Town to maintain these assets in the future. Although the Town's investment in its 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.

Of the remaining $11,795,924 in net position**,** $291,287 is restricted by either the grantor ($215,547) or the contributor ($75,740). Additionally, $6,929,535 of the net position is held in four (4) trust funds established by ordinances, three (3) funded with realty transfer tax revenues, the use of which is restricted to cases of emergency, capital asset repair and replacement, and street repair and maintenance as described in the ordinances and a fourth established as an effort to offset any necessary increase to the Town's property tax rate up to one-cent in any given year. The unrestricted funds of $4,575,102 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following table is a summary of the **government-wide statement of activities** compared to the prior year:

	Governmental Activities		Business-type Activities		Total Government	
	2026	2025	2026	2025	2026	2025
Revenues:						
Program Revenues						
Charges for services	$ 1,942,577	$ 1,698,269	$ 190	$ 621,150	$ 1,942,767	$ 2,319,419
Operating grants and contributions	355,178	392,180	-	-	355,178	392,180
Capital grants and contributions	200,943	194,304	-	-	200,943	194,304
General revenue						
Property taxes	3,606,757	3,259,746	-	-	3,606,757	3,259,746
Transfer taxes	2,086,883	1,436,401	-	-	2,086,883	1,436,401
Rental gross receipts taxes	806,822	670,174	-	-	806,822	670,174
Investment income	99,228	115,212	39,588	49,477	138,816	164,689
Miscellaneous	2,999	3,000	606	-	3,605	3,000
Sale of assets	90,076	-	-	-	90,076	-
Transfers	2,120,381	-	(2,120,381)	650,305	-	650,305
Total revenues	11,311,844	7,769,286	(2,079,997)	1,320,932	9,231,847	9,090,218
Expenses:						
General government	1,472,130	1,369,242	-	-	1,472,130	1,369,242
Planning and Zoning	889,883	832,443	-	-	889,883	832,443
Public safety	3,418,190	3,030,679	-	-	3,418,190	3,030,679
Public works	1,430,082	1,872,734	-	-	1,430,082	1,872,734
Water system	-	-	47,100	812,101	47,100	812,101
Total expenses	7,210,285	7,105,098	47,100	812,101	7,257,385	7,917,199
Increase in net position	4,101,559	664,188	(2,127,097)	508,831	1,974,462	1,173,019
Net position - Beginning, as restated	27,576,418	26,912,230	2,127,097	1,618,266	29,703,515	28,530,496
Net position - Ending	$31,677,977	$27,576,418	$ -	$2,127,097	$31,677,977	$29,703,515

Total government net position increased by $1,974,462 during fiscal year 2026.

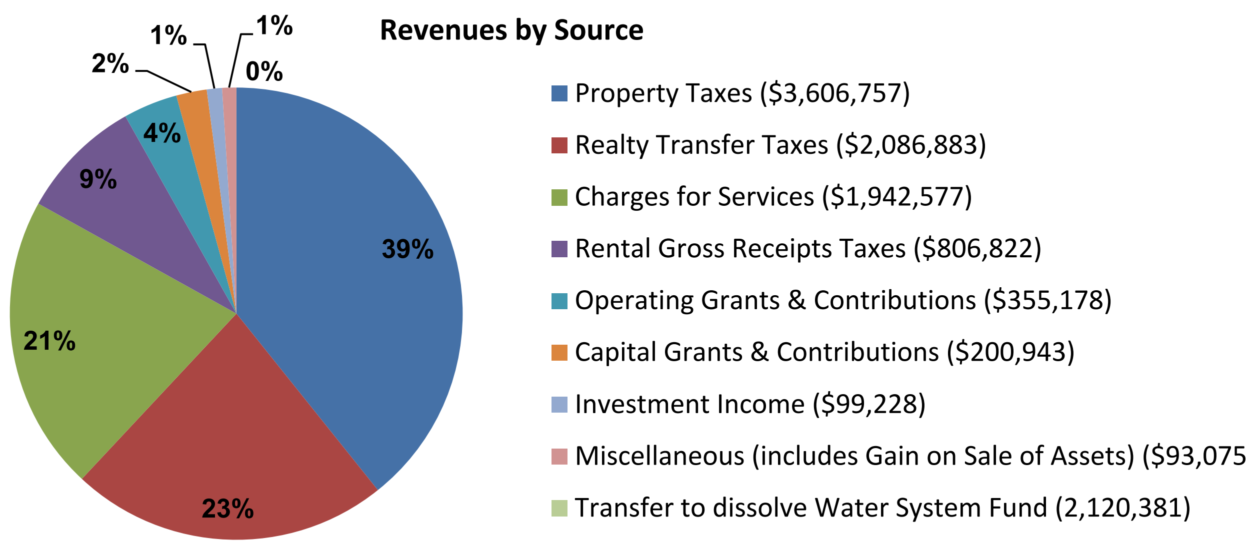
Property taxes, realty transfer taxes, and rental gross receipts taxes received during fiscal year 2026 totaled $3,606,757, $2,086,883 and $806,822, respectively.

2026 Revenues - Governmental Activities

Property tax revenues increased by $347,011 from the prior fiscal year. A two-cent increase to the tax rate was adopted and, in FY26, the Town Council again granted a one percent (1%) discount for early payment, resulting in 2,793 property owners taking advantage of the early payment discount for a savings of $30,660.

Realty transfer tax revenues saw an increase of $650,482 over the prior fiscal year, as anticipated due to the final stages of new construction in the Silver Woods Community. Although we saw an increase in Transfer Tax, the Town is still anticipating a decline once the communities still in their construction phase (Silver Woods Community and Shore Vista Community) are completed. Realty Transfer Tax had a 3% increase over the previous peak in fiscal year 2021. Transfer tax revenues were from 47.4% new construction, 8.1% land sales and 44.5% resales of existing homes. Realty transfer taxes fund our restricted trusts including the Capital Replacement Trust, Street Repair and Replacement Trust and Emergency Reserve Trust and are not used for operations of the Town.

The following chart shows property taxes as the largest source of governmental revenue comprising 39% of the total revenue (not including the transfer from the Water System Fund), followed by realty transfer taxes of 23% and charges for services of 21%, and the remaining 17% from other sources including rental gross receipts, capital & operating grants / contributions, investment income and miscellaneous.

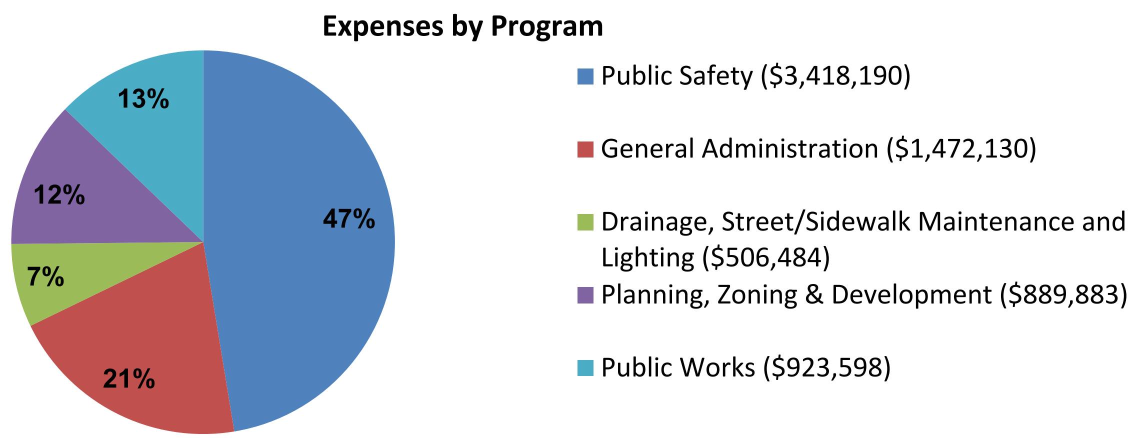


Other notable changes from fiscal year 2025 to fiscal year 2026 include:

- Charges for services increased $244,308 in fiscal year 2026. The additional revenue is primarily a result of the construction of the communities mentioned above with increases in permitting and fees as well as business licenses.
- Rental Gross Receipts Tax increased $136,648 in fiscal year 2026. This tax rate was increased from 5% to 6% as of January 1, 2025 with FY26 being the first full fiscal year with the new rate.

2026 Expenses - Governmental Activities

During the fiscal year, the Town continued to provide a fully staffed professional police department focused on community policing (24 hours, 7 days a week). The Town also continued to provide street maintenance of Town owned streets and street lighting for both Town owned streets and for limited number of streets owned by the State of Delaware in association with improved safety. The following chart shows the governmental expenses by program.



- For fiscal year 2026, the Council adopted a 3% cost-of-living adjustment (COLA) and renegotiated salary for the Chief of Police (which affected the Town Manager salary as well). All sworn officers, not including the Chief of Police, were each given a $3,000 salary adjustment bringing the starting salary to $68,000 as a retention and competitive measure and six (6) officers received the 6% reclassification increase. Several other staff were given increases ranging from 6% to 8% in lieu of COLA for either increased responsibilities, reclassification or performance.
- The fiscal year 2026 included an increase to related employee expenses in association with the State of Delaware 4.2% increase to health insurance premiums and the mandated Delaware Family & Medical Leave Insurance Program.
- Department of Public Works had a decrease in costs for street repair and replacement of 54% with the fiscal year 2024 scheduled paving projects that were completed in fiscal year 2025.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

Governmental fund accounting provides information on available or spendable resources. This information is useful in assessing the Town's financing requirements for operations. The unassigned fund balance may serve as a useful measure of the Town's net resources available for spending and for future needs and provides a reserve for emergencies and working capital to pay the Town's bills.

The Town ended fiscal year 2026 with an increase to its governmental fund balance of $3,627,264 to $11,338,351. The unassigned fund balance component of the General Fund decreased by $335,313 to $2,229,558, and finally, the restricted fund balance increased by $3,438,990 to $7,220,822 (after funding all annual contributions required to our trusts) as a direct result of sale of the Water Distribution Utility in late FY25 and increased Realty Transfer Tax which funds three (3) trusts.

Several projects were funded in fiscal year 2026 but not completed by year-end April 30, 2026. From fiscal year 2026, an encumbered amount of the purchase orders ($120,096) is committed for use in fiscal year 2026 which is reflected in the Town's fund balance.

The only governmental fund is the General Fund. The General Fund includes Town general administration, planning, zoning and development, public safety, and public works including capital expense funding for the nonproprietary fund (non-water projects), such as improvements to Town buildings, equipment, and vehicles, public works equipment and projects, community events and John West Park improvements.

Proprietary Funds

The Town's proprietary funds include one enterprise fund – water fund - which provides the same type of information found in the government-wide financial statements, but in more detail.

The proprietary fund (Town's water supply distribution system) ended fiscal year 2026 with a decrease to its net position of $2,127,097 to $0 because of the water fund being dissolved.

The Town sold the water distribution system to Tidewater Utilities Inc. on April 1, 2025 in the amount of $4,607,660. All debt (Principal and Interest) associated with the Delaware General Obligation Bonds Series of 2018 was paid in full with the sale proceeds as well as the grant recapture amount determined by the USDA and costs associated with the sale of the asset.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fiscal year 2026 Budget attempted to position our community to address near and long-term projects and initiatives as well as maintain a high level of service delivery from our dedicated staff.

Revenue and Appropriation Budget

The Town made revisions, based on year-to-date experience, to the original appropriations approved by the Town Council. Overall, these changes resulted in an increase in budgeted revenues of $1,583,090, of which revenues available for operations increased by $418,090. The largest increases to the original budget were Transfer Taxes ($905,000), Grant Proceeds ($282,015) and Impact Fees from New Construction permits ($195,000) with no significant decreases to the original budget.

Budgeted expenditure increased by $641,870 (increase of $360,045 in Operating and increase of $281,825 in Capital) providing the purchase of police vehicles and equipment, keyless access control and a salt spreader. Administration increased in total by $44,500 for legal services and the additional grant funding awarded by Council at the March 10th meeting to Millville Volunteer Fire Company (MVFC). Planning and Zoning increased in total by $40,000 for reimbursable engineering reviews. Public Safety increased in total by $195,545. The most significant impact was the increase to Salary and Related Employee Expense ($105,000) of which overtime was covered by unanticipated grants that were applied for and awarded during the year. Public Works increased in total by $80,000 which included an increase to drainage repair / maintenance for the unexpected pipe repairs in several developments and an increase in health insurance due to an employee coverage change during open enrollment. The winter storms of 2026 caused a short fall of $130,715 on the Storm Response line item.

Budget to Actual – Revenues

General Fund revenues exceeded the amended budget by $434,250. Building permits and fees exceeded the amended budget by $249,812 as well as the Interest in the amount of $42,006, Impact Fees in the amount of $35,907 and Gross Rental Receipts tax in the amount of $32,122 while seeing a negative variance in Real Estate Taxes, penalties and discount in the amount of $23,716 and expense reimbursements in the amount of $19,315.

A comparison of budgeted to actual revenues is provided on page 43 of this report.

Budget to Actual – Expenditures

Total current expenditures, including capital, were under the amended budget at $888,979 ($193,483 Operating and $695,496 Capital/Debt Service) prior to transfers into the general fund from the trusts. The largest variances are related to Payroll and Personnel Related Costs ($96,103), Street Maintenance ($122,496) and Sidewalk Maintenance ($80,690).

A comparison of budgeted to actual expenditures is provided on pages 44 - 47 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of April 30, 2026 was $19,895,440 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, infrastructure, vehicles and equipment. Significant capital additions for the year include the completion of drainage and sidewalk improvements and the purchase of a dump truck. Fiscal Year 2025 reflects the sale of the Town's fully outsourced water supply distribution system.

The following table is a summary of the governmental and business-type capital assets compared to the prior year:

	Governmental Activities		Business-type Activities		Total Government	
	2026	2025	2026	2025	2026	2025
Land	$ 2,299,263	$ 2,299,263	$ -	$ -	$ 2,299,263	$ 2,299,263
Construction in progress	1,614,418	4,456,417	-	-	1,614,418	4,456,417
Buildings and improvements	3,489,788	3,575,766	-	-	3,489,788	3,575,766
Vehicles and equipment	919,088	982,656	-	-	919,088	982,656
Infrastructure	11,532,861	8,158,705	-	-	11,532,861	8,158,705
Right-to-use assets	40,022	3,586	-	-	40,022	3,586
Water distribution system	-	-	-	-	-	-
Total	$ 19,895,440	$ 19,476,393	$ -	$ -	$ 19,895,440	$19,476,393

Long-term Debt

With the sale of the Town's fully outsourced water supply distribution system, the Town's long-term debt on April 30, 2026 had no remaining principal balance on the general obligation bonds used to finance a portion of the water supply distribution system. No new debt was issued during 2026.

The Town is leasing five (5) copiers under agreements expiring in 2029. The present value of the future lease payments is $40,095.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Fiscal year 2027 Revenue and Appropriation Budgetary Highlights

Budgeted revenue for fiscal year 2027 decreased 12.8% ($1,123,505) under the amended fiscal year 2026 budget. The primary factor is that the Town continues to be fiscally conservative with projections of grant proceeds and only budgets for grants that are awarded annually and not for grants that the Town intends to apply for during the fiscal year such as the TAP (Transportation Alternative Program) grant, ORPT (Outdoor Recreation, Parks and Trails Program) grant, DEMA (Homeland Security Program) grant and the Delaware CRF (Community Reinvestment Fund) grant.

Budgeted appropriations for fiscal year 2027 increased $327,500 over the amended fiscal year 2026 budget in association with the Town's 5-year property tax revaluation ($175,000), the implementation of a Police Salary Scale and with the retirement of the Town's solicitor in November 2025 and the appointment of the new solicitor, the Town anticipation of an increase in legal fees.

Capital outlay budgeted for fiscal year 2027 is $3,900,150 and includes funding for Berzins Nature Park, 8 Oakwood Ave parking lot, police vehicles, drainage and sidewalk projects and upgrades to John West Park. Funding sources for the budgeted capital outlay are coming from general fund, trust funds and financing. In the fall of 2026, the Town will go to bond sale to finance FY27 and future projects.

The Town had several significant changes to personnel salaries in the fiscal year 2027 budget. A cost-of-living adjustment (COLA), approved by the council, of 3% was given to non-contractual employees and a contractual negotiated COLA of 3.5% for the Chief of Police and Town Manager. The FY27 Police department salary budget includes the implementation of a pay scale based on rank and years of service. Along with a 1.5% COLA, sworn officers (non-contractual) were given a $4,000 salary adjustment bringing the starting salary to $72,000 for new recruits and a salary adjustment for placement on the pay scale.

ACHIEVEMENTS / AWARDS

The Town's Police Department following a reaccreditation process in fiscal year 2025 was formally reaccredited by the Delaware Accreditation Commission in April 2025 and was awarded the Lexipol Gold Award for excellence in policy and training development for policing for the 6th consecutive year. The Town has again been recognized as one of the safest towns in Delaware to live in.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Ocean View for its Annual Budget for the fiscal year 2027 beginning May 1, 2026. In order to receive this award, a government unit must publish a budget document that meets the program criteria as a policy document, as a financial plan, as an operations guide, and as a communication device. This is the fourth Distinguished Budget Presentation Award received by the Town.

AMERICAN RESCUE PLAN ACT

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was signed into law to provide economic relief during the coronavirus pandemic. The Town of Ocean View was allocated $1.18 million and received the first installment on June 14, 2021 and the second installment on June 23, 2022. All ARPA funds were obligated by December 31, 2024 and must be spent by December 31, 2026.

REQUEST FOR INFORMATION

This Financial Report is intended to provide an overview of the Town of Ocean View's finances. Questions concerning this report, or requests for additional information, please contact:

Carol S. Houck
Town Manager
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BASIC FINANCIAL STATEMENTS

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF NET POSITION

APRIL 30, 2026

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,252,147	$	$ 4,252,147
Receivables, net			
Taxes	21,182		21,182
Other	199,673		199,673
Prepaid insurance	95,321		95,321
Restricted assets			
Cash and cash equivalents	7,451,591		7,451,591
Other receivables	3,034		3,034
Capital assets, net of depreciation			
Land, improvements, and construction in progress	3,913,681		3,913,681
Other capital assets, net of depreciation	15,981,759		15,981,759
Net pension asset	242,556		242,556
Total assets	32,160,944		32,160,944
DEFERRED OUTFLOWS OF RESOURCES			
Deferred financing outflows - retirement	846,186		846,186
LIABILITIES			
Accounts payable and other current liabilities	232,904		232,904
Accrued liabilities	37,673		37,673
Long-term liabilities			
Accrued compensated absences, leases payable, and bonds payable, due within one year	33,409		33,409
Accrued compensated absences, leases payable, and bonds payable, due in more than one year	484,336		484,336
Total liabilities	788,322		788,322
DEFERRED INFLOWS OF RESOURCES			
Deferred financing inflows - grants	377,956		377,956
Deferred financing inflows - retirement	162,875		162,875
Total deferred inflows of resources	540,831		540,831
NET POSITION			
Net investment in capital assets	19,882,053		19,882,053
Restricted	7,220,822		7,220,822
Unrestricted	4,575,102		4,575,102
Total net position	$ 31,677,977	$	$ 31,677,977

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

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2026

		Program Revenues			Net Revenue (Expense) and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
GOVERNMENTAL ACTIVITIES							
General government	$ 1,472,130	$ 1,787,396	$ 8,005	$ 108,685	$ 431,956	$	$ 431,956
Planning and zoning	889,883				(889,883)		(889,883)
Public safety	3,418,190	154,967	220,822	92,258	(2,950,143)		(2,950,143)
Public works	1,430,082	214	126,351		(1,303,517)		(1,303,517)
Total governmental activities	7,210,285	1,942,577	355,178	200,943	(4,711,587)		(4,711,587)
BUSINESS-TYPE ACTIVITIES							
Water fund	47,100	190				(46,910)	(46,910)
Total primary government	$ 7,257,385	$ 1,942,767	$ 355,178	$ 200,943	(4,711,587)	(46,910)	(4,758,497)
GENERAL REVENUES							
Taxes							
Property taxes					3,606,757		3,606,757
Transfer taxes - realty					2,086,883		2,086,883
Rental gross receipts					806,822		806,822
Investment income					99,228	39,588	138,816
Miscellaneous					2,999	606	3,605
Gain on sale of assets					90,076		90,076
TRANSFERS					2,120,381	(2,120,381)	
Total general revenues					8,813,146	(2,080,187)	6,732,959
Change in net position					4,101,559	(2,127,097)	1,974,462
NET POSITION, BEGINNING OF YEAR					27,576,418	2,127,097	29,703,515
NET POSITION, END OF YEAR					$ 31,677,977	$	$ 31,677,977

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

TOWN OF OCEAN VIEW, DELAWARE

BALANCE SHEET
GOVERNMENTAL FUND

APRIL 30, 2026

ASSETS

		General Fund
ASSETS		
Cash and cash equivalents	$	4,252,147
Taxes receivable		21,182
Accounts receivable, other		199,673
Prepaid insurance		95,321
Restricted assets		
Cash and cash equivalents		7,451,591
Other receivables		3,034
Total assets	$	12,022,948
LIABILITIES		
Accounts payable	$	232,904
Accrued liabilities		37,673
Accrued compensated absences		20,022
Total liabilities		290,599
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues		
Property taxes		16,042
Grants		377,956
Total deferred inflows of resources		393,998
FUND BALANCES		
Nonspendable		
Prepaid insurance		95,321
Restricted		7,220,822
Committed		1,557,650
Assigned		235,000
Unassigned		2,229,558
Total fund balances		11,338,351
Total liabilities, deferred inflows of resources, and fund balances	$	12,022,948

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

TOWN OF OCEAN VIEW, DELAWARE

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

APRIL 30, 2026

Total fund balances, governmental fund	$ 11,338,351
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 are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	19,895,440
Some expenditures reported in the governmental fund require the use of current financial resources and these are not reported as expenses in the Statement of Activities.	
Deferred financing outflows - retirement	846,186
Certain revenues that do not provide current financial resources are reported as deferred inflows in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Position.	
Unavailable revenues - property taxes	16,042
Certain long-term liabilities, assets, and deferred inflows are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	
Compensated absences and leases payable	(497,723)
Deferred financing inflows - retirement	(162,875)
Net pension asset	242,556
Net position of governmental activities in the Statement of Net Position	$ 31,677,977

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

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

YEAR ENDED APRIL 30, 2026

		General Fund
REVENUES		
Taxes	$	6,497,363
Intergovernmental revenues		555,839
Charges for services		1,673,423
Fines and forfeitures		29,218
Interest		277,006
Miscellaneous		186,506
Total revenues		9,219,355
EXPENDITURES		
Current		
General government		1,464,283
Planning and zoning		906,898
Public safety		3,040,545
Public works		1,132,351
Capital outlay		1,202,965
Debt service - leases		7,004
Total expenditures		7,754,046
Excess of revenues over expenditures		1,465,309
OTHER FINANCING SOURCES		
Transfers in		2,120,381
Proceeds from leased equipment		41,574
Total other financing sources		2,161,955
Net change in fund balances		3,627,264
FUND BALANCE, BEGINNING OF YEAR		7,711,087
FUND BALANCE, END OF YEAR	$	11,338,351

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

TOWN OF OCEAN VIEW, DELAWARE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2026

Net change in fund balance, governmental fund		$ 3,627,264
Amounts reported for governmental activities in the Statement of Activities are different because:		
The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expense	1,202,965	
Depreciation expense	(752,928)	450,037
In the Statement of Activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of the assets sold.		(30,990)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental fund.		
Change in compensated absences		(35,122)
Change in deferred outflows of resources - retirement		(279,516)
The governmental fund does not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Change in unavailable revenues		3,099
Change in deferred inflows of resources - retirement		11,578
Change in net pension		390,027
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayment as a reduction in long-term liabilities.		(34,818)
Change in net position of governmental activities		$ 4,101,559

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

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF NET POSITION
PROPRIETARY FUND

APRIL 30, 2026

	Water Fund
ASSETS	
Cash and cash equivalents	$
Receivables	
Water usage, net	
Other	
Total assets	
LIABILITIES	
Accounts payable	
NET POSITION	
Unrestricted	
Total net position	$

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

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND

YEAR ENDED APRIL 30, 2026

	Water Fund
OPERATING REVENUES	
Charges for services	$ 190
OPERATING EXPENSES	
Bank fees	140
Miscellaneous	2,234
Payroll taxes and benefits	2,468
Payroll wages	35,122
Professional fees	7,136
Total operating expenses	47,100
Operating loss	(46,910)
NON-OPERATING REVENUES	
Interest income	39,588
Miscellaneous income	606
Net non-operating revenues	40,194
TRANSFERS TO GENERAL FUND	(2,120,381)
Change in net position	(2,127,097)
NET POSITION, BEGINNING OF YEAR	2,127,097
NET POSITION, END OF YEAR	$

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

TOWN OF OCEAN VIEW, DELAWARE

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

YEAR ENDED APRIL 30, 2026

		Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	35,465
Payments to suppliers		(16,918)
Payments to employees		(37,590)
Net cash used by operating activities		(19,043)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets		652,973
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Non-operating revenue		606
Transfers out		(2,120,381)
Net cash used by noncapital financing activities		(2,119,775)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		39,588
Net decrease in cash and cash equivalents		(1,446,257)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,446,257
CASH AND CASH EQUIVALENTS, END OF YEAR	$	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$	(46,910)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
(Increase) decrease in assets		
Accounts receivable		35,275
Increase (decrease) in liabilities		
Accounts payable		(7,408)
Net cash provided by operating activities	$	(19,043)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Ocean View, Delaware, (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the Town's significant accounting policies:

Reporting entity
The accompanying financial statements include the various departments and offices that are legally controlled by or dependent on the Town Council (the primary government). The Town's major operations include general government, planning and zoning, public safety, public works and water distribution. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. Based on criteria set forth by the GASB, the Town of Ocean View, Delaware has no component units.

Basic financial statements - government-wide financial statements
The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's governmental activities consist of general government, planning and zoning, public safety and public works. The Town's water distribution service is classified as a business-type activity. The water system was sold in fiscal year 2025 and operations closed during 2026.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (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.

Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific function.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Basic financial statements - government-wide financial statements (continued)</u>
The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

<u>Basic financial statements - fund financial statements</u>
The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary - are presented. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. The Town does not have any non-major funds. The following fund types are used by the Town:

Governmental Fund: The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports the following major governmental fund:

- General Fund - the general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

Proprietary Fund: The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses consist of charges for services and the costs of providing those services, including depreciation, and excluding interest cost. All other revenues and expenses are reported as non-operating. The Town reports the following proprietary fund:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic financial statements - fund financial statements (continued)

- Water fund - accounts for water services provided to customers on the Town's water distribution system. Activities of the enterprise fund include administration, operations and maintenance of the water distribution system.

Effective March 2026, the water fund was closed and all assets, liabilities, fund balance, and operating activities of the water fund were transferred to the general fund.

Basis of accounting and measurement focus
Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide and proprietary fund financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus concentrating on an entity or fund's net position. All transactions and events that affect the total economic resources during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time an obligation (liability) is incurred, regardless of the timing of related cash inflows and outflows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are presented on the modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered available if collected within 60 days after year end. The Town reports deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Property taxes, interest revenue, intergovernmental, and miscellaneous revenue are the primary revenue sources subject to accrual. Property taxes are reported as receivable and a deferred inflow of resources when an enforceable lien on the property exists. The Town bills and collects its own property taxes.

Under the modified accrual basis of accounting, governmental fund liabilities (and expenses) should be accrued in the absence of applicable modifications. Such modifications exist for long-term indebtedness, compensated absences, claims and judgments and special termination benefit liabilities. These liabilities are accrued in the governmental funds only to the extent they are due.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting and measurement focus (continued)
Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided in the fund financial statement.

The Proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Deferred inflows of resources
The Town's governmental fund Balance Sheet and government-wide Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The Town has three types of items that qualify for reporting in this category: deferred property taxes, which are not recognized in the governmental funds until available (collected not later than 60 days after the end of the Town's fiscal year), deferred grants, which are not recognized until available and all eligibility requirements have been met, and deferred inflows related to retirement, which are not recognized until a future event occurs.

Deferred outflows of resources
The Town reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide Statement of Net Position. The Town has one type of item that qualifies for reporting in this category: deferred outflows related to retirement.

Pensions
For purposes of measuring the net pension, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Delaware Public Employees' Retirement System (DPERS), and additions to/deductions from DPERS's fiduciary net position have been determined on the same basis as they are reported by DPERS.

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

Restricted cash
Restricted cash mainly consists of amounts held by the Town for the proceeds from grant programs and realty transfer tax.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes

Property taxes are levied in May and are due and payable by August 31. All unpaid property taxes become delinquent on September 1 of the current year. Property tax revenues are recognized when levied.

Capital assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure consists of streets and drainage projects. The Town has elected to not capitalize infrastructure acquired prior to May 1, 2004.

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

Asset Class	Estimated Useful Lives
Building and improvements	5 - 40 years
Equipment	3 - 40 years
Vehicles	5 years
Infrastructure	15 - 40 years
Leased equipment (Right-to-use)	Life of lease

Compensated absences

Employees are granted vacation and sick leave in varying amounts. The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. In the event of termination or retirement, an employee may be reimbursed for accumulated vacation days up to a maximum of 240 hours for non-police personnel employees and 252 hours for sworn officers. At the end of each calendar year, employees with more than ten days of sick leave accrued may opt to be paid for days ranging from five to fifteen, based on years of service.

Upon separation from employment, non-police personnel with five to nine years of service may be reimbursed for a maximum of 80 hours of unused sick time, and non-police personnel with ten plus years of experience may be reimbursed for a maximum of 160 hours of unused sick time. Sworn officers with five to nine years of service may be reimbursed for a maximum of 120 hours of unused sick time; whereas, sworn officers with ten plus years of service may be reimbursed for a maximum of 240 hours of unused sick time.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences (continued)
Long-term compensated absences for governmental funds are a reconciling item between the fund and government-wide presentations.

Revenues
Program revenues include charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are charges to customers for providing services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

Government-wide and proprietary fund net position
Government-wide and proprietary fund net position is divided into three major categories:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted – net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for expenditures, it will be the responsibility of the Finance Director to determine which resources should generally be spent first.

- Unrestricted – all other not reported in the above categories.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund balances
In the fund financial statements, governmental funds report amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form such as prepaid items or inventories; or (2) legally or contractually required to be maintained intact. It is the responsibility of the Finance Director to categorize these funds as defined.

The spendable portion of the fund balance comprises the remaining four classifications:

- *Restricted fund balance*— this classification reflects the constraints imposed on resources either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance includes the following:

Bear Trap easement	$	22,260
Capital replacement		1,818,549
Emergency reserve		1,276,895
Municipal street aid		172,877
Realty transfer tax		558,669
SALLE / EIDE grant		11,753
Street repair and replacement		1,740,135
ARPA		9,970
Emerging projects		7,746
Recreation/open space		53,480
Tax rate stabilization		1,527,541
Violent crime grant		14,576
SLEAF grant		6,371
	$	7,220,822

- *Committed fund balance*— these amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolution by a majority vote of the Town Council, the government's highest level of decision-making authority. Those committed amounts cannot be used for any purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund balances (continued)

Committed fund balance includes the Emergency Service Enhancements Funding Program and any appropriation of fund balance for subsequent year's expenditures that has been committed through Town ordinance.

Emergency Service Enhancements	$	1,437,554
Subsequent year's expenditures		120,096
	$	1,557,650

- *Assigned fund balance*—this classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Council solely has the authority to specifically assign funds. As of the year ended April 30, 2026, there was $235,000 of assigned funds related to the FY27 budgeted use of prior year surplus.

- *Unassigned fund balance*—this fund balance is the residual classification for the General Fund. This represents the resources available for future spending.

The primary objective of establishing and maintaining a Fund Balance Policy is to enhance the usefulness of fund balance information by providing clear fund balance classifications that are consistently applied. It is the policy of the Town of Ocean View to maintain appropriate reserve funds. These funds are needed by the Town to manage its seasonal cash flows, maintain and update its infrastructure, fund future capital projects, and to withstand economic downturns, emergencies, or natural disasters.

The Town utilizes restricted resources to finance qualifying activities, to the extent permitted by laws, regulations, contracts and grants. When committed, assigned, and unassigned funds are available for expenditures, committed funds should generally be spent first, assigned funds second, and unassigned funds last; unless Town Council has provided otherwise in its commitment or assignment actions.

Interfund activity

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgetary data
Prior to April 30, the Town Manager and Finance Director, in conjunction with the Council, establish a budget. The budget must identify the specific level of service provision and describe how priorities have been established and incorporated into the budget. The recommended annual operating budget is presented to Council for approval.

The Council reviews the budget internally. Subsequently, the budget is adopted through legislation by the Council prior to May 1. The operating budget ordinance and related revenue ordinances are officially adopted when approved by the Town Council. The Town legally adopts an annual budget for the general fund.

The budget for the Town's general fund has been prepared on a basis materially consistent with accounting principles generally accepted in the United States of America (GAAP). Original and final budgeted amounts are as presented.

Adoption of GASB Statement No. 102, *Certain Risk Disclosures*
Effective May 1, 2025, the Town adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. The new guidance requires governments to disclose information regarding certain risks that may significantly affect the services the Town provides or the activities it performs, including concentrations, constraints, and other vulnerabilities.

The adoption of GASB No. 102, *Certain Risk Disclosures* did not have a significant impact on the Town's financial position, changes in financial position, or related note disclosures.

CASH AND CERTIFICATES OF DEPOSIT

All deposits are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At April 30, 2026, the carrying amount of the Town's deposits was $11,703,738 and the bank balance was $11,920,151.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town's investment policy requires collateralization by each financial institution with direct obligations of the U.S. government and requires collateral to be maintained at a third party.

As of April 30, 2026, $9,921,291 of the Town's bank balances of $11,920,151 was exposed to custodial risk. Of this amount, $7,475,794 was not covered by Federal Depository Insurance Corporation ("FDIC") but were collateralized with a line of credit on securities held by the pledging financial institution but not in the Town's name. The remaining $2,445,496 was invested in Goldman Sachs Financial Square Government Fund. This fund invests primarily in US Government Securities and US Treasury Securities but is not secured by the FDIC. Effectively the Town owns the assets that are held within the Cash Reserve Investment Management ("CRIM") accounts – those assets are not part of the Fulton Bank books or assets. Should the bank have financial distress the client would be entitled to 100% of the assets within their account.

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have any investments that are credit quality rated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town Council has authorized the following investments:

1. Certificates of deposit and other evidences of deposit of financial institutions;
2. United States government securities; and
3. Commercial paper that is rated A-1 by Standard & Poor's and/or P-1 by Moody's Investor Services.

Reconciliation of cash and cash equivalents to the government-wide Statement of Net Position:

Cash and cash equivalents	$ 4,252,147
Cash and cash equivalents - restricted	7,451,591
Total cash and cash equivalents	$ 11,703,738

ACCOUNTS RECEIVABLE – PROPERTY TAXES

The Town's property tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 1, the date levied. Taxes are payable under the following terms: May 1 through August 31, face amount; after August 31, a 1.5% penalty per month is charged on the unpaid balance due. Taxes paid prior to July 31st are eligible for a 1% discount. Property taxes are recognized as revenue in the budget year (beginning May 1 after the levy date) for which they are levied. The Town bills and collects its own taxes. The property tax rate for the year ended April 30, 2026, based on assessments, was $0.2578 per $100 of assessed valuation. The total assessed value of all taxable real property and improvements at May 1, 2025 was $1,393,798,400. The Town does not have an allowance for delinquent taxes because all taxes are considered collectible.

CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2026 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	$ 2,299,263	$	$	$ 2,299,263
Construction in progress	4,456,417	352,796	(3,194,795)	1,614,418
Total capital assets not being depreciated	6,755,680	352,796	(3,194,795)	3,913,681
Capital assets being depreciated				
Buildings and improvements	5,677,449	77,509		5,754,958
Equipment	1,600,147	100,484		1,700,631
Vehicles	1,502,630	156,251	(151,728)	1,507,153
Infrastructure	10,439,753	3,669,146		14,108,899
Right-to-use assets	30,262	41,574	(30,262)	41,574
Total capital assets being depreciated	19,250,241	4,044,964	(181,990)	23,113,215
Less accumulated depreciation for:				
Buildings and improvements	2,101,683	163,487		2,265,170
Equipment	1,156,583	121,397		1,277,980
Vehicles	963,538	167,916	(120,738)	1,010,716
Infrastructure	2,281,048	294,990		2,576,038
Right-to-use assets	26,676	5,138	(30,262)	1,552
Total accumulated depreciation	6,529,528	752,928	(151,000)	7,131,456
Total capital assets being depreciated, net	12,720,713	3,292,036	(30,990)	15,981,759
Governmental activities capital assets, net	$ 19,476,393	$ 3,644,832	$ (3,225,785)	$ 19,895,440

CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	$ 73,434
Planning and zoning	1,765
Public safety	318,779
Public works	358,950
Total governmental activities	$ 752,928

LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended April 30, 2026, are as follows:

	April 30, 2025	Increases	Decreases	April 30, 2026	Due within one year
Governmental activities:					
Compensated absences	$ 428,371	$ 49,279	$	$ 477,650	$ 20,022
Leases payable	5,277	41,574	(6,756)	40,095	13,387
Total governmental activities	$ 433,648	$ 90,853	$ (6,756)	$ 517,745	$ 33,409

For the governmental activities, compensated absences are primarily liquidated by the General Fund.

Governmental activities

The Town is leasing five copiers under non-cancellable lease agreements expiring in 2029. The asset and liability are recorded at the present value of the future lease payments of $40,095. The assets are amortized over the life of the lease using the straight-line method. Amortization of the assets under leases is included in depreciation expense.

Maturities of long-term debt

	Governmental Activities Leases Payable		
Year Ending April 30,	Principal	Interest	Totals
2027	$ 13,387	$ 1,301	$ 14,688
2028	13,908	780	14,688
2029	12,800	244	13,044
	$ 40,095	$ 2,325	$ 42,420

RETIREMENT AND PENSION PLANS

General information about the pension plans
Plan descriptions: The Town participates in two plans of the Delaware Public Employees' Retirement System (DPERS): the County & Municipal Police/Firefighters' Pension Plan (Police Plan) and the County & Municipal Other Employees' Pension Plan (General Plan).

Both Plans are cost sharing multiple-employer defined-benefit pension plans established in the Delaware Code. The General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board). The management of the plans 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 Plans are commingled with other plans for investment purposes, the plans' assets may be used for the payment of benefits to the members of the plans in accordance with the terms of the plans.

The following are brief descriptions of the plans in effect as of June 30, 2025. For a more complete description, please refer to the DPERS CAFR for each plan. Separately issued financial statements for DPERS are available from the pension office at: McArdle Building, Suite 1, 860 Silver Lake Blvd, Dover, DE 19904.

Benefits provided. The DPERS provide retirement, disability and death benefits. Eligibility and benefits vary depending on which plan the employee is enrolled in.

> Police Plan covers police officers and firefighters employed by a county or municipality of the state that have joined the Plan. Service benefits are based on 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan final average monthly compensation is the monthly average of the highest three consecutive years of compensation. Employees in the plan may retire after age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service. Benefits are vested after five years of credited service.
>
> Total disability benefits for duty officers are based on 75% of final average compensation plus 10% for each dependent but not to exceed 25% for all dependents. Partial disability benefits for duty officers are calculated the same as service benefits, subject to minimum of 50% of final average compensation. Disability benefits for non-duty officers are calculated the same as service benefits, total disability subject to a minimum of 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents with partial disability benefits subject to a minimum of 30% of final average monthly compensation.

RETIREMENT AND PENSION PLANS (Continued)

General information about the pension plans (continued)

For survivor benefits, if the employee is receiving a pension, then eligible survivor receives 50% of pension; if the employee is active, eligible survivor receives 75% 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% of the member's compensation.

General Plan covers employees of counties or municipalities that have joined the Plan. Services benefits are based on 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan average monthly compensation is the monthly average of the highest five years of compensation. Employees in the Plan may retire after age 62 with 5 years of credited service, age 60 with 15 years of credited service, or after 30 years of credited service. Benefits are vested after five years of credited service.

Disability benefits are the same as service benefits. Employee must have 5 years of credited service. For survivor benefits, if the employee is receiving a pension, then eligible survivor receives 50% of pension, if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions: Active members of the Police Plan are required to contribute to the Plan at the rate of 7% of their covered salary. Active members of the General Plan are required to contribute to the Plan at the rate of 3% of earnings in excess of $6,000. Employer contributions are determined by the Board of Pension Trustees.

In order to provide pension funding for sworn police officers, the State of Delaware collects a special tax equal to 1/4% of certain gross insurance premiums that are collected in the State. These collections are distributed to police agencies in the State based on the average number of paid, full-time sworn officers as of the end of each calendar year. During the year ended April 30, 2026, the Town received $118,462.

Pension, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At April 30, 2026, the Town reported an asset of $242,556 for its proportionate share of the net pension. The net pension was measured as of June 30, 2025, and the total pension used to calculate the net pension was determined by an actuarial valuation as of June 30, 2024. Update procedures were used to roll forward the total pension asset to June 30, 2025. The Town's proportion of the net pension was based on the percentage of actual employee contributions. At June 30, 2025, the Town's proportion for the Police Plan was .9647% and for the General Plan was 1.2977%.

RETIREMENT AND PENSION PLANS (Continued)

Pension, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)
For the year ended April 30, 2026, the Town recognized pension expense of $170,217. At April 30, 2026, the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes to assumptions	$ 9,123	$ 42,891
Changes to proportion	34,697	31,113
Difference between expected and actual experience	307,484	63,739
Net difference between projected and actual earnings on pension plan investments		25,132
Contributions subsequent to measurement date	494,882	
	$ 846,186	$ 162,875

The Town's contribution of $494,882 subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension in the year ended April 30, 2026.

Deferred financial inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience, and net difference in the projected and actual investment earnings. The deferred outflows and inflows related to non-investment activity are being amortized over the remaining service life ranging from 8 to 10 years. The net difference in investment earnings are being amortized over a closed five-year period. Changes in proportion are amortized over the average of the expected remaining service lives of all plan members which is 7 to 8 years for the 2026 amounts. The following table shows the amortization of these balances:

Year Ending April 30,	Amortization
2027	$ 274,780
2028	(33,229)
2029	(77,061)
2030	(30,670)
2031	39,085
Thereafter	11,940
	$ 184,845

RETIREMENT AND PENSION PLANS (Continued)

Pension, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Actuarial assumptions. The collective total pension for the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024, and update procedures were used to roll forward the total pension to June 30, 2025. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.0%
Projected salary increases	2.5% + merit
Inflation	2.5%

The total pension is measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2021. 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 were based on the Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants and disabled retirees and an adjusted version of MP-2020 mortality improvement scale on a fully generational basis.

Investments. 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.

RETIREMENT AND PENSION PLANS (Continued)

Pension, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)
Best estimates of geometric real rates of return for each major class included in the Plan's current and expected asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	34.2%	5.7%
International equity	14.2%	5.7%
Fixed income	25.1%	2.0%
Alternative investments	21.3%	7.8%
Cash and equivalents	5.2%	
Total	100.0%	

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

Sensitivity of the net pension to changes in the discount rate: The following presents the collective net pension of the plan, calculated using the discount rate of 7.0%, as well as what the plan's net pension 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:

1% Decrease (6.0%)	$	974,552
Current discount rate (7.0%)	$	(242,556)
1% Increase (8.0%)	$	(1,239,367)

Pension Plan Fiduciary Net Position: Detailed information about the Pension Plan's fiduciary net position is available in the separately issued DPERS financial reports.

DEFERRED COMPENSATION PLANS

The Town has a Section 457(b) Deferred Compensation Plan, which is available to employees over the age of 21 with 1,000 hours of annual service. Under plan provision, employees are vested immediately in the Plan and can contribute a percentage of their salaries. The Town has no administrative duties in regards to the Plan and it is not presented in the financial statements. Nationwide Insurance Company is the agent on the Plan. The Town suspended contributions to the Plan on April 30, 2003. Prior to, the Town had contributed an equal amount of each employee's contribution up to a maximum of 3% of the employee's base salary.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance.

In May 2009, the Town of Ocean View joined a Delaware League of Local Governments sponsored municipal workers compensation coverage plan, DeLea Founders Insurance Trust (DFIT), a Group Retrospectively Rated Plan. Starting September 2014, DFIT began operations as a group self-insurance workers compensation program for 24 municipalities within the State of Delaware. This is a risk-sharing pool arrangement by which the participating municipalities pool risks and funds and share in the cost of losses. The Town pays an annual premium to DFIT for its workers compensation coverage that will be self-sustaining through those member premiums. A self-insurance bond obtained by DFIT will cover claims in excess of $750,000 for each insured event within the pool.

There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

DE FAMILY AND MEDICAL LEAVE ACT

In May of 2022, the Delaware Paid Family and Medical Leave (PFML) Insurance Plan became law statewide for businesses with 10 or more employees going into full effect January 1, 2026. The intent of the law as described by the State is to provide employees with "support during a health or family event, and for employers who want to attract and retain top-quality personnel." This unfunded mandate allows the employer to share the cost up to 50% with the employees. Employers throughout the State had the option of Opting-In the Delaware Paid Leave plan or Opting-Out, by choosing to provide coverage through a private plan, either a Department of Insurance (DOI) approved insurance policy, or a Department of Labor (DOL) approved self-insured plan. In November 2024, the Town Council approved for the Town Manager and Finance Director to move forward with Opting-Out option which was approved by the State of Delaware in December 2024.

DE FAMILY AND MEDICAL LEAVE ACT (Continued)

By choosing to Opt-Out of the State plan, the Town did not submit withholdings in January of 2025, instead will pay an annual premium to Guardian in January 2026. For the fiscal year 2026 budget, the Town budgeted to pay the 4 months of premium in full without cost share from the employees. During the fiscal year 2027 budget process, the Town determined that they will continue to pay the premium in full without cost share from the employees.

NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended April 30, 2026, that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the new standards may have on the financial statements.

GASB Statement No. 103, *Financial Reporting Improvements*, will be effective for the Town beginning with the year ending April 30, 2027. This statements will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Town beginning with the year ending April 30, 2027. The statement will provide guidance on how to disclose right-to-use assets resulting from leases, subscriptions and PPPs to promote consistency and comparability between governments. It also provides new disclosure requirements related to capital assets held for sale.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OCEAN VIEW, DELAWARE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Favorable (Unfavorable)
REVENUES				
Taxes:				
Real estate taxes, penalties, and discount	$ 3,627,375	$ 3,627,375	$ 3,603,659	$ (23,716)
Realty transfer taxes	1,180,000	2,085,000	2,086,882	1,882
Rental gross receipts tax	774,700	774,700	806,822	32,122
Intergovernmental revenues:				
General and administrative grants		79,000	104,211	25,211
State municipal street aid	128,140	128,140	126,351	(1,789)
Public safety grants		203,015	206,815	3,800
Police pension grant	110,000	110,000	118,462	8,462
Charges for services:				
Building and sign permits	252,000	252,000	501,812	249,812
Impact fees	181,650	376,650	412,557	35,907
Business and rental licenses	207,250	207,250	236,625	29,375
Cable TV franchise fee	80,000	80,000	70,289	(9,711)
Zoning and other fees	25,000	25,000	51,955	26,955
Millville ambulance fee	155,000	155,000	154,350	(650)
Expense reimbursements	235,150	265,150	245,835	(19,315)
Other revenue sources:				
Public safety fines	25,000	25,000	29,218	4,218
Interest	185,000	235,000	277,006	42,006
Donations	15,000	15,000	17,219	2,219
Miscellaneous, including sale of fixed assets	20,750	141,825	169,287	27,462
Total revenues	7,202,015	8,785,105	9,219,355	434,250
EXPENDITURES				
Current:				
General government	1,495,400	1,539,900	1,464,283	75,617
Planning and zoning	910,620	950,620	906,898	43,722
Public safety	2,863,200	3,058,745	3,040,545	18,200
Public works	1,108,295	1,188,295	1,132,351	55,944
Capital outlay	1,623,640 *	1,905,465 *	1,202,965	702,500
Debt service - leases			7,004	(7,004)
Total expenditures	8,001,155	8,643,025	7,754,046	888,979
Excess of revenues over (under) expenditures	(799,140)	142,080	1,465,309	$ 1,323,229
OTHER FINANCING SOURCES (USES)				
Transfers to/from Trust Funds	799,140	(142,080)		
Transfers in			2,120,381	
Proceeds from leased equipment			41,574	
Total other financing sources	799,140	(142,080)	2,161,955	
Net change in fund balance	$	$	$ 3,627,264	

*this budget includes the full capital budget, including amounts intended to be funded by other funds

TOWN OF OCEAN VIEW, DELAWARE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
GENERAL GOVERNMENT				
Payroll wages	$ 503,780	$ 503,780	$ 498,153	$ 5,627
Payroll wages - council	7,020	7,020	6,385	635
Payroll wages - overtime and bonus	6,050	6,050	3,085	2,965
Payroll taxes	41,095	41,095	39,123	1,972
Payroll and taxes	557,945	557,945	546,746	11,199
Employee retirement	27,940	27,940	28,391	(451)
Medical, dental and life insurance	103,930	103,930	96,608	7,322
Workers compensation insurance	500	500	433	67
Personnel related costs	690,315	690,315	672,178	18,137
Advertising	15,000	20,900	20,824	76
Communications - telephone and internet	22,400	22,400	23,579	(1,179)
Computer software, updates, and website	44,000	44,000	35,833	8,167
Contracted labor	10,815	10,815	11,072	(257)
Dues and subscriptions	5,000	5,000	4,561	439
Education and training	15,000	15,000	11,023	3,977
Grant award - restricted funds	80,000	84,500	84,443	57
Insurance - business	27,500	27,500	30,308	(2,808)
Maintenance and repairs	38,665	38,665	18,317	20,348
Mileage	2,000	2,000	1,144	856
Millville ambulance fees	155,000	155,000	154,350	650
Miscellaneous	7,940	7,940	4,630	3,310
Non-capital equipment	6,000	6,000	758	5,242
Postage, printing and office supplies	28,500	28,500	16,958	11,542
Professional fees	125,200	175,200	179,010	(3,810)
Property assessment	75,000	65,000	62,892	2,108
Public relations	65,915	60,015	52,968	7,047
Realty transfer tax fees	12,000	12,000	15,599	(3,599)
Supplies	45,550	45,550	43,483	2,067
Uniforms	300	300	21	279
Utilities	22,800	22,800	17,037	5,763
Vehicles and equipment - fuel	500	500	3,295	(2,795)
TOTAL GENERAL GOVERNMENT	1,495,400	1,539,900	1,464,283	75,617

TOWN OF OCEAN VIEW, DELAWARE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
PLANNING AND ZONING				
Payroll wages	$ 393,440	$ 393,440	$ 379,409	$ 14,031
Payroll wages - overtime and bonus	9,940	9,940	5,374	4,566
Payroll taxes	32,830	32,830	29,852	2,978
Payroll and taxes	436,210	436,210	414,635	21,575
Employee retirement	22,105	22,105	22,178	(73)
Medical, dental and life insurance	98,855	98,855	96,251	2,604
Workers compensation insurance	1,000	1,000	864	136
Personnel related costs	558,170	558,170	533,928	24,242
Advertising	6,000	6,000	5,506	494
Communications - telephone and internet	1,200	1,200	1,246	(46)
Computer programming	3,000	3,000	1,941	1,059
Council and committees	5,000	5,000	2,880	2,120
Dues and subscriptions	1,500	1,500	877	623
Education and training	7,500	7,500	5,941	1,559
Insurance - business	26,000	26,000	23,681	2,319
Maintenance and repairs	16,000	16,000	12,373	3,627
Mileage	750	750	268	482
Non-capital equipment	2,500	2,500	4,092	(1,592)
Postage, printing and office supplies	12,000	12,000	9,459	2,541
Professional fees	261,500	301,500	301,457	43
Public relations	1,000	1,000		1,000
Supplies	500	500		500
Uniforms	500	500	372	128
Vehicles and equipment - fuel	7,500	7,500	2,877	4,623
TOTAL PLANNING AND ZONING	910,620	950,620	906,898	43,722

TOWN OF OCEAN VIEW, DELAWARE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
PUBLIC SAFETY				
Payroll wages	$ 1,544,020	$ 1,569,020	$ 1,587,485	$ (18,465)
Payroll wages - overtime and bonus	155,635	235,635	233,811	1,824
Payroll taxes	135,675	145,925	142,892	3,033
Payroll and taxes	1,835,330	1,950,580	1,964,188	(13,608)
Employee retirement	234,690	234,690	228,228	6,462
Medical, dental and life insurance	330,350	330,350	332,160	(1,810)
Workers compensation insurance	45,000	52,100	52,063	37
Personnel related costs	2,445,370	2,567,720	2,576,639	(8,919)
Advertising	1,000	1,000	338	662
Ammunition	25,000	25,000	25,743	(743)
Communications - telephone and internet	22,000	22,000	21,097	903
Computer software, updates, and website	60,750	95,550	92,581	2,969
Contracted labor	10,815	10,815	10,736	79
Contracted services	500	500	1,078	(578)
Dues and subscriptions	6,500	6,500	9,228	(2,728)
Education and training	30,000	31,900	29,126	2,774
Insurance - business	55,000	61,500	61,515	(15)
K-9 supplies	6,000	6,000	3,660	2,340
Maintenance and repairs	32,265	32,265	16,251	16,014
Mileage	200	200	14	186
Miscellaneous			339	(339)
Non-capital equipment	30,000	56,695	69,358	(12,663)
Postage, printing and office supplies	5,300	5,300	3,649	1,651
Professional fees	11,000	11,000	12,841	(1,841)
Public relations	9,500	9,500	2,613	6,887
Supplies	10,000	10,000	9,463	537
Uniforms	15,000	15,000	13,466	1,534
Utilities	17,000	17,000	12,034	4,966
Vehicles and equipment - fuel	48,000	48,000	42,463	5,537
Vehicles and equipment - repairs	22,000	25,300	26,313	(1,013)
TOTAL PUBLIC SAFETY	2,863,200	3,058,745	3,040,545	18,200

TOWN OF OCEAN VIEW, DELAWARE

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND BY DEPARTMENT

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
PUBLIC WORKS				
Payroll wages	$ 237,610	$ 237,610	$ 216,576	$ 21,034
Payroll wages - overtime and bonus	11,540	11,540	13,569	(2,029)
Payroll taxes	20,010	20,010	19,309	701
Payroll and taxes	269,160	269,160	249,454	19,706
Employee retirement	13,655	13,655	13,509	146
Medical, dental and life insurance	67,380	79,380	78,090	1,290
Workers compensation insurance	9,500	9,500	6,871	2,629
Personnel related costs	359,695	371,695	347,924	23,771
Advertising	500	500	523	(23)
Communications - telephone and internet	5,800	5,800	5,539	261
Contracted labor	25,750	25,750	20,222	5,528
Drainage	75,000	137,500	137,332	168
Dues and subscriptions	300	300		300
Education and training	5,000	5,000	3,612	1,388
Insurance - business	29,400	29,400	25,649	3,751
Maintenance and repairs	4,350	4,350	1,946	2,404
Mileage	200	200		200
Mosquito control	13,000	13,000	12,911	89
Non-capital equipment	6,200	6,200	3,999	2,201
Park expense	25,000	25,000	19,118	5,882
Postage, printing and office supplies	300	300	526	(226)
Professional fees	500	500	158	342
Public relations	100	100		100
Sidewalk work, ADA	90,000	90,000	9,310	80,690
Street lighting	90,000	90,000	91,165	(1,165)
Street maintenance	135,000	135,000	257,496	(122,496)
Street paving and repair	200,000	200,000	148,513	51,487
Street signs	2,500	2,500	2,173	327
Supplies	5,000	5,000	4,747	253
Uniforms	1,200	1,200	1,196	4
Utilities	15,000	15,000	14,599	401
Vehicles and equipment - fuel	8,500	8,500	10,116	(1,616)
Vehicles and equipment - repairs	10,000	15,500	13,577	1,923
TOTAL PUBLIC WORKS	1,108,295	1,188,295	1,132,351	55,944
CAPITAL OUTLAY	1,623,640	1,905,465	1,202,965	702,500
DEBT SERVICE - LEASES			7,004	(7,004)
TOTAL EXPENDITURES	$ 8,001,155	$ 8,643,025	$ 7,754,046	$ 888,979

TOWN OF OCEAN VIEW, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)

Fiscal year/ measurement date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Town's proportionate share as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability (asset)
County & Municipal Police and Firefighters' Pension Plan					
2017	0.5602%	89,053	534,890	17%	94.7%
2018	0.6077%	61,268	615,010	10%	97.0%
2019	0.6568%	151,261	747,950	20%	94.1%
2020	0.7936%	227,942	813,071	28%	93.3%
2021	0.8169%	125,539	977,362	13%	96.7%
2022	0.8900%	(1,223,287)	1,035,286	-118%	128.2%
2023	0.9490%	(99,777)	1,117,401	-9%	102.0%
2024	0.9021%	129,684	1,279,738	10%	97.6%
2025	0.9804%	156,844	1,417,766	11%	97.6%
2026	0.9647%	(120,107)	1,587,485	-8%	101.8%
County & Municipal Other Employees' Pension Plan					
2017	1.7973%	111,359	553,888	20%	86.4%
2018	1.7750%	115,007	649,861	18%	87.6%
2019	1.8766%	59,054	709,650	8%	94.4%
2020	1.7440%	79,894	653,536	12%	92.7%
2021	1.5054%	31,964	699,440	5%	96.9%
2022	1.4906%	(312,208)	769,610	-41%	127.6%
2023	1.6009%	(10,865)	803,347	-1%	100.8%
2024	1.3805%	28,540	881,043	3%	97.8%
2025	1.3839%	(9,373)	1,021,485	-1%	100.6%
2026	1.2977%	(122,449)	1,094,138	-11%	108.2%

TOWN OF OCEAN VIEW, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (UNAUDITED)

Fiscal Year	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Town's covered payroll	Actual contribution as a percentage of covered payroll
County & Municipal Police and Firefighters' Pension Plan					
2017	56,529	(56,529)		534,890	-11%
2018	68,759	(68,759)		615,010	-11%
2019	62,290	(62,290)		747,950	-8%
2020	117,016	(117,016)		813,071	-14%
2021	125,426	(125,426)		977,362	-13%
2022	143,022	(143,022)		1,035,286	-14%
2023	158,341	(158,341)		1,117,401	-14%
2024	117,518	(117,518)		1,279,738	-9%
2025	150,044	(150,044)		1,417,766	-11%
2026	195,019	(195,019)		1,587,485	-12%
County & Municipal Other Employees' Pension Plan					
2017	37,338	(37,338)		553,888	-7%
2018	44,625	(44,625)		649,861	-7%
2019	53,028	(53,028)		709,650	-7%
2020	56,476	(56,476)		653,536	-9%
2021	53,710	(53,710)		699,440	-8%
2022	56,363	(56,363)		769,610	-7%
2023	65,824	(65,824)		803,347	-8%
2024	51,368	(51,368)		881,043	-6%
2025	56,098	(56,098)		1,021,485	-5%
2026	61,403	(61,403)		1,094,138	-6%

GOVERNMENT AUDITING STANDARDS REPORT

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

To the Honorable Mayor and Council
Town of Ocean View, 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, and each major fund of the Town of Ocean View, Delaware, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the Town of Ocean View, Delaware's basic financial statements, and have issued our report thereon dated September 8, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKS & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
September 8, 2026