

**TOWN OF OCEAN VIEW, DELAWARE**

**FINANCIAL STATEMENTS**

**YEAR ENDED APRIL 30, 2025**

# **TOWN OF OCEAN VIEW, DELAWARE**

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## **INDEPENDENT AUDITORS' REPORT**

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## 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, 2025, 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, 2025, 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.

## **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 9, 2025, 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 9, 2025

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



**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

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, 2025. We encourage readers to consider the information presented here in conjunction with the annual budget found on the Town’s website at [www.oceanviewde.gov](http://www.oceanviewde.gov).

**FINANCIAL HIGHLIGHTS**

- As of April 30, 2025, governmental activity assets exceeded liabilities by \$27,576,418. Of this amount, \$4,323,470 or 16% was unrestricted and may be used to meet the Town’s ongoing obligations to citizens and creditors.
- As of April 30, 2025, business-type activity assets exceeded liabilities by \$2,127,097. Of this amount, \$2,127,097 or 100% was unrestricted and may be used to meet the Town’s ongoing obligations of the Town’s water supply distribution system until the fund is dissolved due to the sale of the water distribution system.
- The Town’s net position for governmental and business-type activities increased by \$1,173,019 during the year.

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.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 is the water supply distribution system.

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.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

**Proprietary Fund:** The Town maintains 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 uses a proprietary fund to account for its water supply distribution system.

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 - 43 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 44 – 48) and the Town’s proportionate share of the net pension liabilities and contributions related to the Delaware Public Employees’ Retirement System (pages 49 – 50).

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 8,791,063	\$ 9,034,746	\$ 2,134,505	\$ 1,538,592	\$ 10,925,568	\$ 10,573,338
Capital assets	19,476,393	18,333,063	-	3,901,999	19,476,393	22,235,062
<b>Total assets</b>	<b>28,267,456</b>	<b>27,367,809</b>	<b>2,134,505</b>	<b>5,440,591</b>	<b>30,401,961</b>	<b>32,808,400</b>
Deferred Charges - refunding debt				110,943	-	110,943
Deferred Outflows - retirement	1,125,702	1,066,157	-	-	1,125,702	1,066,157
<b>Total deferred outflows</b>	<b>1,125,702</b>	<b>1,066,157</b>	<b>-</b>	<b>110,943</b>	<b>1,125,702</b>	<b>1,177,100</b>
Current and other liabilities	705,681	436,357	7,408	32,013	713,089	468,370
Long-term liabilities	581,120	576,596	-	3,901,255	581,120	4,477,851
<b>Total liabilities</b>	<b>1,286,801</b>	<b>1,012,953</b>	<b>7,408</b>	<b>3,933,268</b>	<b>1,294,209</b>	<b>4,946,221</b>
Deferred Inflows - grants	355,486	256,757	-	-	355,486	256,757
Deferred Inflows - retirement	174,453	169,349	-	-	174,453	169,349
<b>Total Deferred Inflows</b>	<b>529,939</b>	<b>426,106</b>	<b>-</b>	<b>-</b>	<b>529,939</b>	<b>426,106</b>
Net position:						
Net investments in						
capital assets	19,471,116	18,317,454	-	17,420	19,471,116	18,334,874
Restricted	3,781,832	4,455,675	-	-	3,781,832	4,455,675
Unrestricted	4,323,470	4,221,778	2,127,097	1,600,846	6,450,567	5,822,624
<b>Total net position</b>	<b>\$ 27,576,418</b>	<b>\$ 26,994,907</b>	<b>\$ 2,127,097</b>	<b>\$ 1,618,266</b>	<b>\$ 29,703,515</b>	<b>\$ 28,613,173</b>

**Note:** Total net position for FY 2024 Governmental Activities is restated with the implementation of GASB 101, Compensated Absences. See Prior Period adjustment/change in accounting principal footnote on page 43.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

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, 2025, was \$29,703,515.

A significant portion of the Town's net position, \$19,471,116 (66%), 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 \$10,232,399 in net position, \$250,694 is restricted by either the grantor (\$203,414) or the contributor (\$47,280). Additionally, \$3,531,138 of the net position is held in three (3) trust funds established by ordinances, 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. The unrestricted funds of \$6,450,567 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:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,698,269	\$ 1,190,656	\$ 621,150	\$ 629,564	\$ 2,319,419	\$ 1,820,220
Operating grants and contributions	392,180	343,317	-	-	392,180	343,317
Capital grants and contributions	194,304	1,191,427	-	-	194,304	1,191,427
<b>General revenue</b>						
Property taxes	3,259,746	3,187,069	-	-	3,259,746	3,187,069
Transfer taxes	1,436,401	1,134,700	-	-	1,436,401	1,134,700
Rental gross receipts taxes	670,174	668,950	-	-	670,174	668,950
Investment income	115,212	170,090	49,477	34,532	164,689	204,622
Miscellaneous	3,000	3,001	-	-	3,000	3,001
Sale of assets	-	3,929	650,305	-	650,305	3,929
<b>Total revenues</b>	<b>7,769,286</b>	<b>7,893,139</b>	<b>1,320,932</b>	<b>664,096</b>	<b>9,090,218</b>	<b>8,557,235</b>
<b>Expenses:</b>						
General government	1,369,242	1,313,439	-	-	1,369,242	1,313,439
Planning and Zoning	832,443	733,436	-	-	832,443	733,436
Public safety	3,030,679	2,858,698	-	-	3,030,679	2,858,698
Public works	1,872,734	1,547,114	-	-	1,872,734	1,547,114
Water system	-	-	812,101	711,959	812,101	711,959
<b>Total expenses</b>	<b>7,105,098</b>	<b>6,452,687</b>	<b>812,101</b>	<b>711,959</b>	<b>7,917,199</b>	<b>7,164,646</b>
<b>Increase in net position</b>	<b>664,188</b>	<b>1,440,452</b>	<b>508,831</b>	<b>(47,863)</b>	<b>1,173,019</b>	<b>1,392,589</b>
<b>Net position - Beginning</b>	<b>26,912,230</b>	<b>25,554,455</b>	<b>1,618,266</b>	<b>1,666,129</b>	<b>28,530,496</b>	<b>27,220,584</b>
<b>Net position - Ending</b>	<b>\$ 27,576,418</b>	<b>\$ 26,994,907</b>	<b>\$ 2,127,097</b>	<b>\$ 1,618,266</b>	<b>\$ 29,703,515</b>	<b>\$ 28,613,173</b>

Note: Net Position - Ending for FY 2024 is restated with the implementation of GASB 101, Compensated Absences. See Prior Period adjustment/change in accounting principal footnote on page 43.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

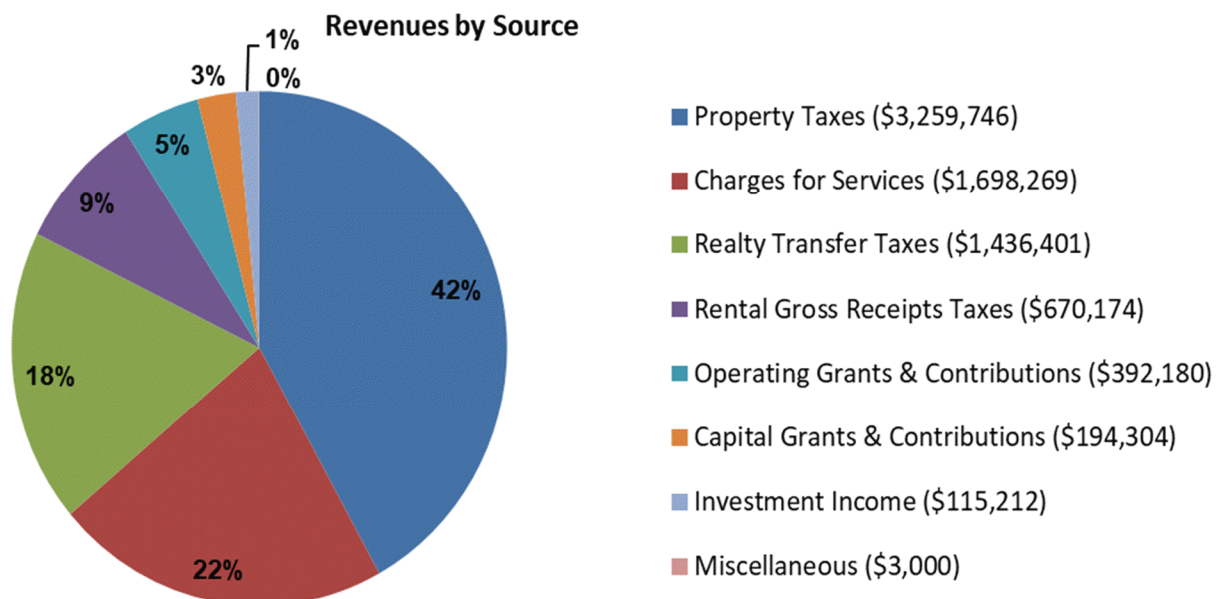
Total government net position increased by \$1,173,019 during fiscal year 2025.

Property taxes, realty transfer taxes, and rental gross receipts taxes received during fiscal year 2025 totaled \$3,259,746, \$1,436,401 and \$670,174, respectively.

**2025 Revenues - Governmental Activities**

- Property tax revenues increased by \$72,677 from the prior fiscal year. There was no change to the tax rate and, in fiscal year 2025, the Town Council again granted a one percent (1%) discount for early payment, resulting in 2,700 property owners taking advantage of the early payment discount for a savings of \$27,496.
- Realty transfer tax revenues saw an increase of \$301,701 over the prior fiscal year, as anticipated due to the final stages of new construction in 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 and is still 29% lower than the peak in fiscal year 2021. Transfer tax sales were from 28.7% new construction, 8.7% land sales and 62.6% 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 42% of the total revenue (\$7,769,286), followed by charges for services of 22% and realty transfer taxes of 18%, and the remaining 18% from other sources including rental gross receipts, capital & operating grants / contributions, investment income and miscellaneous.



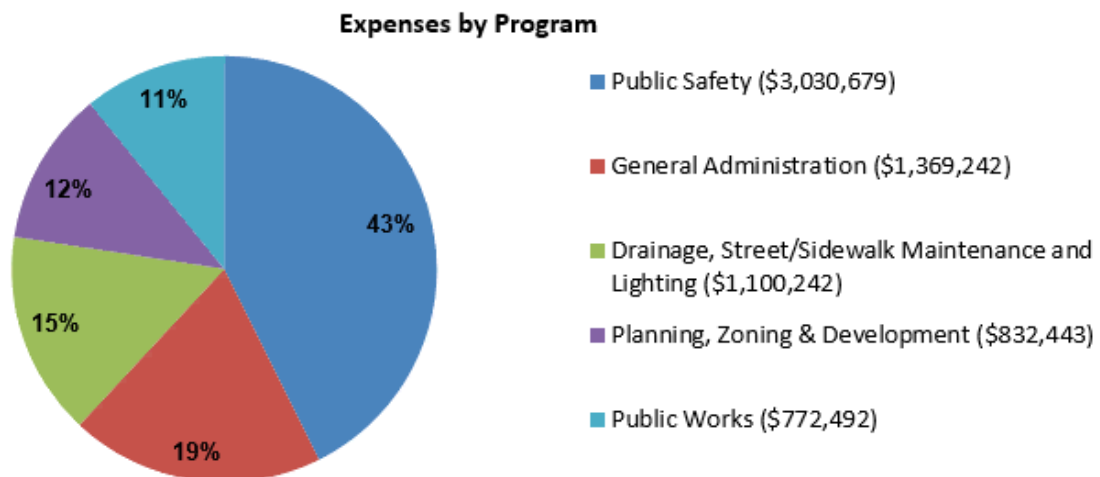
**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

Other notable changes from fiscal year 2024 to fiscal year 2025 include:

- Charges for services increased \$507,613 in fiscal year 2025. 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.
- Capital Grants / Contributions decreased from \$1,191,427 in fiscal year 2024 to \$194,304 in fiscal year 2025 with the completion of the Berzins Natural Area design which was funded with the TAP (Transportation Alternative Program) Grant. Projects funded with the ARPA (American Rescue Plan Act) are also winding down with all remaining funds obligated as of December 31, 2024.

**2025 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.



Payroll and related personnel costs such as payroll taxes, employee retirement contributions, health insurance, and workers compensation premiums total \$3,697,678 or approximately 52% of the total program expenses of \$7,105,098. Approximately 32% of the remaining \$3,407,420 total governmental expenditure relates to expenditures for drainage, street and sidewalk maintenance and street lighting.

Other notable changes from fiscal year 2024 to fiscal year 2025 include:

- For fiscal year 2025, the Council adopted a 3.901% cost-of-living adjustment (COLA) based on the December 2023 Consumer Price Index for the mid-Atlantic region and negotiated COLA of .401% for Contractual employees (Chief of Police and Town Manager). All sworn officers, not including the Chief of Police, were each given a \$5,000 salary adjustment in lieu of COLA bringing the starting salary to \$65,000 as a retention and competitive measure.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

- The fiscal year 2025 included a significant increase to related employee expenses in association with the State of Delaware 26.9% increase to health insurance premiums and the Delaware Family & Medical Leave Insurance Program.
- Department of Public Works had an increase in costs for street repair and replacement of 29% with the completion of 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 2025 with a decrease to its governmental fund balance of \$528,616 to \$7,711,087. The unassigned fund balance component of the General Fund increased by \$562,828 to \$2,564,871, and finally, the restricted fund balance decreased by \$673,843 to \$3,781,832 (after funding all annual contributions required to our trusts) as a direct result of our commitment to infrastructure improvement projects within the community (streets, drainage, etc.).

Several projects were funded in fiscal year 2025 but not completed by year-end April 30, 2025. From fiscal year 2025, an encumbered amount of the purchase orders (\$16,952) 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 2025 with an increase to its net position of \$508,831 to \$2,127,097.



**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

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 2025 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 \$1,001,330 of which revenues available for operations increased by \$918,930. The largest increases to the original budget were Transfer Taxes (\$436,400) and Grant Proceeds (\$407,940) while the only significant decrease to the original budget was for Real Estate Tax, Penalties and Discount (\$58,200) which is a result of a delay in the new construction of two (2) developments.

Budgeted expenditure increased by \$1,003,755 (increase of \$918,930 in Operating and increase of \$94,825 in Capital) providing the purchase of police equipment and a simulator. Administration had no increase to the adopted budget. Planning and Zoning increased in total by \$143,585 for reimbursable engineering reviews, business insurance and professional services (legal and engineering) because of the updates to the Town Code and Charter. Public Safety increased in total by \$201,000. The most significant impact was the increase to Salary and Related Employee Expense (\$116,180) of which overtime was covered by unanticipated grants that were applied for and awarded during the year and the addition of the part-time PAC Coordinator approved by the Council. Public Works increased in total by \$574,345 which included an increase to Street Repair for the FY24 street paving project that was not completed until May 2024 (\$466,800). The winter storms of 2025 caused a short fall of \$92,000 on the Storm Response line item as well as repairs to HVAC and lighting in the Maintenance Building. Also in FY25, DPW overall was evaluated and restructured, adding two (2) part-time staff to better serve the community.

Budget to Actual – Revenues

General Fund revenues exceeded the amended budget by \$223,383. Building permits and fees exceeded the amended budget by \$114,843 as well as the Business/Rental license fee in the amount of \$33,481, and expense reimbursements in the amount of \$142,037 while seeing a negative variance in General and Administrative Grants of \$110,738.

A comparison of budgeted to actual revenues is provided on page 44 of this report.



**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

**Budget to Actual – Expenditures**

Total current expenditures were under the amended budget at \$592,046. The largest variances are related to Professional Fees (\$52,286), Drainage (\$39,363) and Supplies (\$31,475).

A comparison of budgeted to actual expenditures is provided on pages 44 - 48 of this report.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Town’s investment in capital assets for its governmental and business-type activities as of April 30, 2025 was \$19,476,393 (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:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Land	\$ 2,299,263	\$ 2,299,263	\$ -	\$ -	\$ 2,299,263	\$ 2,299,263
Construction in progress	4,456,417	4,620,298	-	-	4,456,417	4,620,298
Buildings and improvements	3,575,766	3,703,024	-	-	3,575,766	3,703,024
Vehicles and equipment	982,656	926,439	-	-	982,656	926,439
Infrastructure	8,158,705	6,770,366	-	-	8,158,705	6,770,366
Right-to-use assets	3,586	13,673	-	-	3,586	13,673
Water distribution system	-	-	-	3,901,999	-	3,901,999
<b>Total</b>	<b>\$ 19,476,393</b>	<b>\$ 18,333,063</b>	<b>\$ -</b>	<b>\$ 3,901,999</b>	<b>\$ 19,476,393</b>	<b>\$ 22,235,062</b>

**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, 2025 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 2025.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Fiscal year 2026 Revenue and Appropriation Budgetary Highlights

Budgeted revenue for fiscal year 2026 decreased 11.3% (\$333,535) under the amended fiscal year 2025 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 2025 decreased \$411,660 under the amended fiscal year 2025 budget because of the reduction to the fiscal year 2026 budget associated with the completion of a significant portion of the street paving projects and as with the revenues, not budgeting for expenses associated with grants not yet awarded.

Capital outlay budgeted for fiscal year 2026 is \$1,623,640 and includes funding for Berzins Natural Area, drainage projects, upgrades to 32 West Avenue Community Center, 201 Central Avenue and the purchase of a dump truck.

The Town had several significant changes to personnel and personnel related costs in the fiscal year 2026 budget. A cost-of-living adjustment (COLA), approved by the council, in the amount of 3% was given to non-contractual employees and contractual salary increases were negotiated for the Town Manager and Chief of Police. Along with the COLA, sworn officers (non-contractual) were given a \$3,000 salary adjustment bringing the starting salary to \$68,000 for new recruits. Also, based on information from the State Office of Benefits, health insurance was budgeted at an increase of 4.1% affecting the Town as well as the employee share.

**ACHIEVEMENTS / AWARDS**

The Town’s Police Department following a reaccreditation process in fiscal year 2025 was formally reaccredited by the Delaware Accreditation Commission and was awarded the Lexipol Gold Award for excellence in policy and training development for policing for the 5th consecutive year. The Town has again been recognized as one of the safest towns to live in Delaware.

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 2026 beginning May 1, 2025. 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 third Distinguished Budget Presentation Award received by the Town. In addition to receiving the award, the Town’s budget received recognition for the Capital Program which is given when all reviewers give the highest possible score in a particular category.

**TOWN OF OCEAN VIEW, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2025**

**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 of two installments 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:

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## **BASIC FINANCIAL STATEMENTS**

# TOWN OF OCEAN VIEW, DELAWARE

## STATEMENT OF NET POSITION

**APRIL 30, 2025**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,986,806	\$ 1,446,257	\$ 5,433,063
Receivables, net			
Taxes	12,680		12,680
Water usage		35,275	35,275
Other	321,693	652,973	974,666
Prepaid insurance	76,448		76,448
Restricted assets			
Cash and cash equivalents	4,388,880		4,388,880
Other receivables	4,556		4,556
Capital assets, net of depreciation			
Land, improvements, and construction in progress	6,755,680		6,755,680
Other capital assets, net of depreciation	12,720,713		12,720,713
Total assets	<u>28,267,456</u>	<u>2,134,505</u>	<u>30,401,961</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred financing outflows - retirement	<u>1,125,702</u>		<u>1,125,702</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	606,507	7,408	613,915
Accrued liabilities	99,174		99,174
Long-term liabilities			
Accrued compensated absences, leases payable, and bonds payable, due within one year	11,143		11,143
Accrued compensated absences, leases payable, and bonds payable, due in more than one year	422,506		422,506
Net pension liability	147,471		147,471
Total liabilities	<u>1,286,801</u>	<u>7,408</u>	<u>1,294,209</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred financing inflows - grants	355,486		355,486
Deferred financing inflows - retirement	174,453		174,453
Total deferred inflows of resources	<u>529,939</u>		<u>529,939</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,471,116		19,471,116
Restricted	3,781,832		3,781,832
Unrestricted	4,323,470	2,127,097	6,450,567
Total net position	<u>\$ 27,576,418</u>	<u>\$ 2,127,097</u>	<u>\$ 29,703,515</u>

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

**TOWN OF OCEAN VIEW, DELAWARE**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED APRIL 30, 2025**

		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
<b>FUNCTIONS/PROGRAMS</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 1,369,242	\$ 1,585,736	\$	\$ 104,085	\$ 320,579	\$	\$ 320,579
Planning and zoning	832,443				(832,443)		(832,443)
Public safety	3,030,679	112,433	264,040	90,219	(2,563,987)		(2,563,987)
Public works	1,872,734	100	128,140		(1,744,494)		(1,744,494)
Total governmental activities	7,105,098	1,698,269	392,180	194,304	(4,820,345)		(4,820,345)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water fund	812,101	621,150				(190,951)	(190,951)
Total primary government	\$ 7,917,199	\$ 2,319,419	\$ 392,180	\$ 194,304	(4,820,345)	(190,951)	(5,011,296)
<b>GENERAL REVENUES</b>							
Taxes							
Property taxes					3,259,746		3,259,746
Transfer taxes - realty					1,436,401		1,436,401
Rental gross receipts					670,174		670,174
Investment income					115,212	49,477	164,689
Miscellaneous					3,000		3,000
Gain on sale of assets						650,305	650,305
Total general revenues					5,484,533	699,782	6,184,315
Change in net position					664,188	508,831	1,173,019
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>					26,912,230	1,618,266	28,530,496
<b>NET POSITION, END OF YEAR</b>					\$ 27,576,418	\$ 2,127,097	\$ 29,703,515

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

**TOWN OF OCEAN VIEW, DELAWARE**

**BALANCE SHEET  
GOVERNMENTAL FUND**

**APRIL 30, 2025**

**ASSETS**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,986,806
Taxes receivable	12,680
Accounts receivable, other	321,693
Prepaid insurance	76,448
Restricted assets	
Cash and cash equivalents	4,388,880
Other receivables	4,556
Total assets	<u>\$ 8,791,063</u>

**LIABILITIES**

Accounts payable	\$ 606,507
Accrued liabilities	99,174
Accrued compensated absences	5,866
Total liabilities	<u>711,547</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenues	
Property taxes	12,943
Grants	355,486
Total deferred inflows of resources	<u>368,429</u>

**FUND BALANCES**

Nonspendable	
Prepaid insurance	76,448
Restricted	3,781,832
Committed	1,218,436
Assigned	69,500
Unassigned	2,564,871
Total fund balances	<u>7,711,087</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,791,063</u>

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, 2025**

Total fund balances, governmental fund	\$ 7,711,087
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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.	19,476,393
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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	1,125,702
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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	12,943
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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	(427,783)
Deferred financing inflows - retirement	(174,453)
Net pension liability	<u>(147,471)</u>

Net position of governmental activities in the Statement of Net Position	<u><u>\$ 27,576,418</u></u>
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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, 2025**

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes	\$ 5,355,968
Intergovernmental revenues	568,585
Charges for services	1,465,952
Fines and forfeitures	30,599
Interest	294,799
Miscellaneous	43,030
Total revenues	<u>7,758,933</u>
<b>EXPENDITURES</b>	
Current	
General government	1,301,208
Planning and zoning	833,340
Public safety	2,710,337
Public works	1,575,524
Capital outlay	1,856,262
Debt service - leases	10,878
Total expenditures	<u>8,287,549</u>
Excess of expenditures over revenues	(528,616)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>8,239,703</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 7,711,087</u></u>

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, 2025**

Net change in fund balance, governmental fund	\$ (528,616)
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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	1,856,262	
Depreciation expense	<u>(705,608)</u>	1,150,654

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. (7,324)

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	(36,405)
Change in deferred outflows of resources - retirement	59,545

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	10,353
Change in deferred inflows of resources - retirement	(5,104)
Change in net pension liability	10,753

Governmental funds report repayment of debt principal as an expenditure. In  
contrast, the Statement of Activities treats such repayments as a reduction in  
long-term liabilities.

	<u>10,332</u>
Change in net position of governmental activities	<u><u>\$ 664,188</u></u>

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

**TOWN OF OCEAN VIEW, DELAWARE**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND**

**APRIL 30, 2025**

	<u>Water Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,446,257
Receivables	
Water usage, net	35,275
Other	<u>652,973</u>
Total assets	<u>2,134,505</u>
 <b>LIABILITIES</b>	
Accounts payable	<u>7,408</u>
 <b>NET POSITION</b>	
Unrestricted	<u>2,127,097</u>
Total net position	<u><u>\$ 2,127,097</u></u>

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, 2025**

	Water Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 578,582
<b>OPERATING EXPENSES</b>	
Advertising	783
Bank fees	70
Depreciation	136,519
Dues and subscriptions	375
Insurance expense	3,700
Meter reading charges	33,414
Miscellaneous	1,849
Payroll taxes and benefits	26,656
Payroll wages	67,697
Professional fees	96,131
Repairs and maintenance	27,564
Water charges	168,987
Water inspection	261
Water management fee	38,638
Total operating expenses	602,644
Operating loss	(24,062)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Connection and inspection fees	10,250
Gain on sale of assets	650,305
Interest income	49,477
Miscellaneous income	32,318
Interest expense	(209,457)
Net non-operating revenues	532,893
Change in net position	508,831
<b>NET POSITION, BEGINNING OF YEAR</b>	1,618,266
<b>NET POSITION, END OF YEAR</b>	\$ 2,127,097

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, 2025**

	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 612,794
Payments to suppliers	(396,377)
Payments to employees	(94,353)
Net cash provided by operating activities	<u>122,064</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Inspection and connection fees	10,250
Principal payments on long-term liabilities	(3,884,579)
Interest paid on long-term liabilities	(115,190)
Proceeds from sale of capital assets	3,763,812
Net cash used by capital and related financing activities	<u>(225,707)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Non-operating revenue	<u>32,318</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>49,477</u>
Net decrease in cash and cash equivalents	(21,848)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,468,105</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,446,257</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (24,062)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	136,519
(Increase) decrease in assets	
Accounts receivable	34,212
Increase (decrease) in liabilities	
Accounts payable	(24,605)
Net cash provided by operating activities	<u><u>\$ 122,064</u></u>

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

## **TOWN OF OCEAN VIEW, DELAWARE**

### **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

#### **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.

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.

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Basic financial statements - government-wide financial statements (continued)

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.

##### Basic financial statements - fund financial statements

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 major proprietary fund:

## **TOWN OF OCEAN VIEW, DELAWARE**

### **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

#### **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.

##### 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.



## **TOWN OF OCEAN VIEW, DELAWARE**

### **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

#### **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 liability (asset), 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.

# **TOWN OF OCEAN VIEW, DELAWARE**

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by an allowance for doubtful accounts. An allowance is recorded based on historical collection experience for the Town. As of April 30, 2025, the balance of the allowance for doubtful accounts for the proprietary fund is \$1,555.

#### 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 \$2,500 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.

## **TOWN OF OCEAN VIEW, DELAWARE**

### **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### Compensated absences (continued)

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.

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.

# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

### 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	\$	21,642
Capital replacement		1,326,448
Emergency reserve		1,185,156
Municipal street aid		159,221
SALLE / EIDE grant		17,064
Street repair and replacement		936,506
ARPA		8,833
Emerging projects		83,028
Recreation/open space		25,638
Violent crime grant		6,711
Criminal justice council		2,465
SLEAF grant		9,120
	\$	<u>3,781,832</u>

- *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.

# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

### 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	\$ 1,201,484
Subsequent year's expenditures	16,952
	<u>\$ 1,218,436</u>

- *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, 2025, there was \$69,500 of assigned funds related to the FY26 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.

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### 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. 101, *Compensated Absences*

Effective May 1, 2024, the Town adopted the new accounting guidance in GASB Statement No. 101, *Compensated Absences*. The new guidance requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the Town considered relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. As a result of this adoption, salaries and related expenses increased with a corresponding increase in compensated absences liability. See **PRIOR PERIOD ADJUSTMENT/CHANGE IN ACCOUNTING PRINCIPAL** footnote on page 44.

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### CASH AND CERTIFICATES OF DEPOSIT

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.

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, 2025, the carrying amount of the Town's deposits was \$9,821,943 and the bank balance was \$9,757,824.

As of April 30, 2025, \$7,818,356 of the Town's bank balances of \$9,757,824 was exposed to custodial risk. Of this amount, \$5,453,956 was not covered by 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 \$2,364,400 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 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	\$ 5,433,063
Cash and cash equivalents - restricted	4,388,880
Total cash and cash equivalents	<u>\$ 9,821,943</u>

# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

### 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, 2025, based on assessments, was \$0.2378 per \$100 of assessed valuation. The total assessed value of all taxable real property and improvements at May 1, 2024 was \$1,378,973,400. 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, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated</i>				
Land	\$ 2,299,263	\$	\$	\$ 2,299,263
Construction in progress	4,620,298	1,020,688	(1,184,569)	4,456,417
Total capital assets not being depreciated	<u>6,919,561</u>	<u>1,020,688</u>	<u>(1,184,569)</u>	<u>6,755,680</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	5,650,254	27,195		5,677,449
Equipment	1,473,301	142,096	(15,250)	1,600,147
Vehicles	1,295,077	207,553		1,502,630
Infrastructure	8,803,778	1,635,975		10,439,753
Right-to-use assets	30,262			30,262
Total capital assets being depreciated	<u>17,252,672</u>	<u>2,012,819</u>	<u>(15,250)</u>	<u>19,250,241</u>
Less accumulated depreciation for:				
Buildings and improvements	1,947,230	154,453		2,101,683
Equipment	1,066,269	105,564	(15,250)	1,156,583
Vehicles	775,670	187,868		963,538
Infrastructure	2,033,412	247,636		2,281,048
Right-to-use assets	16,589	10,087		26,676
Total accumulated depreciation	<u>5,839,170</u>	<u>705,608</u>	<u>(15,250)</u>	<u>6,529,528</u>
Total capital assets being depreciated, net	<u>11,413,502</u>	<u>1,307,211</u>	<u>-</u>	<u>12,720,713</u>
Governmental activities capital assets, net	<u>\$ 18,333,063</u>	<u>\$ 2,327,899</u>	<u>\$ (1,184,569)</u>	<u>\$ 19,476,393</u>



# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

### CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<i>Capital assets</i>				
Water distribution system	\$ 6,309,701	\$	\$ (6,309,701)	\$
Less accumulated depreciation for the Water distribution system	<u>2,407,702</u>	<u>136,519</u>	<u>(2,544,221)</u>	<u></u>
Business-type activities capital assets, net	<u><u>\$ 3,901,999</u></u>	<u><u>\$ (136,519)</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 67,844
Planning and zoning	3,852
Public safety	327,206
Public works	306,706
Total governmental activities	<u><u>\$ 705,608</u></u>

Business-type activities:

Water fund	<u><u>\$ 136,519</u></u>
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### SALE OF WATER DISTRIBUTION SYSTEM

After four (4) years of negotiations, the Town signed an APA (Asset Purchase Agreement) in June 2024 with Tidewater Utilities, Inc. for the sale of the Water Supply Distribution/Conveyance System. At the July 2024 Town Council meeting, the Mayor and Council voted unanimously in favor of the sale of its Water Supply Distribution/Conveyance System. The Town finalized the sale on April 1, 2025. The remaining balance owed to the Town from sale, after payoff of the general obligation bond and the costs of sale, of \$651,973 is reported in Other Receivables in the Government-wide and Proprietary fund's Statements of Net Position.

In fiscal year 2026, the Town Council will be given recommendations for the use of the unrestricted fund balance in the proprietary fund (water fund) which will be dissolved and redistributed per Town Council's final decision.

# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

**APRIL 30, 2025**

### LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended April 30, 2025, are as follows:

	April 30, 2024	Increases	Decreases	April 30, 2025	Due within one year
Governmental activities:					
Compensated absences*	\$ 386,100	\$ 42,271	\$	\$ 428,371	\$ 5,866
Leases payable	15,609		(10,332)	5,277	5,277
Total governmental activities	<u>\$ 401,709</u>	<u>\$ 42,271</u>	<u>\$ (10,332)</u>	<u>\$ 433,648</u>	<u>\$ 11,143</u>
Business-type activities:					
General obligation bonds	\$ 3,860,000	\$	\$ (3,860,000)	\$	\$
Bond premium	24,579		(24,579)		
Total business-type activities	<u>\$ 3,884,579</u>	<u>\$</u>	<u>\$ (3,884,579)</u>	<u>\$</u>	<u>\$</u>

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

\*The beginning balances were restated to reflect the implementation of GASB Statement No. 101, *Compensated Absences*.

#### Governmental activities

The Town is leasing four copiers under non-cancellable lease agreements expiring in 2026. The asset and liability are recorded at the present value of the future lease payments of \$5,277. 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

Year Ending April 30,	Governmental Activities		
	Leases Payable		
	Principal	Interest	Totals
2026	<u>\$ 5,277</u>	<u>\$ 83</u>	<u>\$ 5,360</u>

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### 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, 2024. 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.

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### 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 1/60<sup>th</sup> 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, 2025, the Town received \$103,248.

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

At April 30, 2025, the Town reported a liability of \$147,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. Update procedures were used to roll forward the total pension asset to June 30, 2024. The Town's proportion of the net pension liability was based on the percentage of actual employee contributions. At June 30, 2024, the Town's proportion for the Police Plan was .9804% and for the General Plan was 1.3839%.

# TOWN OF OCEAN VIEW, DELAWARE

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

### RETIREMENT AND PENSION PLANS (Continued)

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

For the year ended April 30, 2025, the Town recognized pension expense of \$180,624. At April 30, 2025, 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	\$ 20,754	\$ 59,571
Changes to proportion	120,283	84,390
Difference between expected and actual experience	388,433	30,492
Net difference between projected and actual earnings on pension plan investments	186,170	
Contributions subsequent to measurement date	410,062	
	<u>\$ 1,125,702</u>	<u>\$ 174,453</u>

The Town's contribution of \$410,062 subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability 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 2025 amounts. The following table shows the amortization of these balances:

Year Ending April 30,	Amortization
2026	\$ 100,390
2027	156,590
2028	97,465
2029	45,882
2030	58,638
Thereafter	82,222
	<u>\$ 541,187</u>

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### RETIREMENT AND PENSION PLANS (Continued)

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

*Actuarial assumptions.* The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.0%
Projected salary increases	2.5% + merit
Inflation	0.0%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2024. 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.

## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### RETIREMENT AND PENSION PLANS (Continued)

Pension liabilities, 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, 2024 are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.6%	5.7%
International equity	13.9%	5.7%
Fixed income	25.3%	2.0%
Alternative investments	21.7%	7.8%
Cash and equivalents	5.5%	
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 liability to changes in the discount rate:* The following presents the collective net pension liability of the plan, calculated using the discount rate of 7.0%, as well as what the plan's net pension (asset) liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (6.0%)	\$	882,154
Current discount rate (7.0%)	\$	147,471
1% Increase (8.0%)	\$	(527,485)

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

## **TOWN OF OCEAN VIEW, DELAWARE**

### **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2025**

#### **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 percentage of their salaries. Previously, the Town was contributing an equal amount of each employee's contribution up to a maximum of 3% of the employee's base salary. 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.

#### **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 the Delaware League of Local Governments, DeLea Founders Insurance Trust (DFIT) municipal workers compensation coverage. Starting in September 2014, DFIT began operations as a 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.



## TOWN OF OCEAN VIEW, DELAWARE

### NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2025

#### 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 has 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 will determine if we 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, 2025, 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. 102, *Certain Risk Disclosures*, will be effective for the Town beginning with the year ending April 30, 2026. This statement establishes requirements to disclose certain risks faced by governments.

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.

#### PRIOR PERIOD ADJUSTMENT/CHANGE IN ACCOUNTING PRINCIPAL

The net position in the governmental activities at April 30, 2024 has been restated to reflect the implementation of GASB 101, *Compensated Absences*:

Governmental Activities	
Net position at April 30, 2024, as originally reported	\$ 26,994,907
Adjustment for GASB 101, <i>Compensated Absences</i>	(82,677)
Net position at April 30, 2025, as restated	<u>\$ 26,912,230</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF OCEAN VIEW, DELAWARE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**

**YEAR ENDED APRIL 30, 2025**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
<b>REVENUES</b>				
Taxes:				
Real estate taxes, penalties, and discount	\$ 3,317,650	\$ 3,259,450	\$ 3,249,394	\$ (10,056)
Realty transfer taxes	1,000,000	1,436,400	1,436,400	
Rental gross receipts tax	650,000	650,000	670,174	20,174
Intergovernmental revenues:				
General and administrative grants		185,960	75,222	(110,738)
State municipal street aid	130,000	128,140	128,140	
Public safety grants	35,000	256,980	261,975	4,995
Police pension grant	110,000	103,200	103,248	48
Charges for services:				
Building and sign permits	177,000	302,000	313,800	11,800
Impact fees	137,120	137,120	240,163	103,043
Business and rental licenses	212,500	212,500	245,981	33,481
Cable TV franchise fee	80,000	77,900	77,936	36
Zoning and other fees	20,000	20,000	30,735	10,735
Millville ambulance fee	155,000	151,300	151,300	
Expense reimbursements	264,000	264,000	406,037	142,037
Other revenue sources:				
Public safety fines	30,000	30,000	30,599	599
Interest	181,850	287,850	294,799	6,949
Donations	3,500	14,150	15,283	1,133
Miscellaneous, including				
sale of fixed assets	30,600	18,600	27,747	9,147
Total revenues	<u>6,534,220</u>	<u>7,535,550</u>	<u>7,758,933</u>	<u>223,383</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,449,665	1,449,665	1,301,208	148,457
Planning and zoning	802,450	946,035	833,340	112,695
Public safety	2,550,230	2,751,230	2,710,337	40,893
Public works	1,067,900	1,642,245	1,575,524	66,721
Capital outlay	1,995,595 *	2,090,420 *	1,856,262	234,158
Debt service - leases			10,878	(10,878)
Total expenditures	<u>7,865,840</u>	<u>8,879,595</u>	<u>8,287,549</u>	<u>592,046</u>
Excess of revenues over (under)				
expenditures	(1,331,620)	(1,344,045)	(528,616)	<u>\$ 815,429</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to/from Trust Funds	<u>1,331,620</u>	<u>1,344,045</u>		
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>\$ (528,616)</u>	

\*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, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
<b>GENERAL GOVERNMENT</b>				
Payroll wages	\$ 460,950	\$ 460,950	\$ 454,242	\$ 6,708
Payroll wages - council	6,845	6,845	5,670	1,175
Payroll wages - overtime and bonus	6,200	6,200	5,900	300
Payroll taxes	37,715	37,715	35,696	2,019
Payroll and taxes	511,710	511,710	501,508	10,202
Employee retirement	25,425	25,425	24,862	563
Medical, dental and life insurance	85,110	85,110	80,178	4,932
Workers compensation insurance	500	500	452	48
Personnel related costs	622,745	622,745	607,000	15,745
Advertising	18,000	19,200	19,214	(14)
Communications - telephone and internet	21,800	22,400	21,244	1,156
Computer software, updates, and website	44,650	46,550	45,273	1,277
Contracted labor	10,500	10,500	10,987	(487)
Dues and subscriptions	6,000	6,000	4,722	1,278
Education and training	15,000	21,000	20,774	226
Grant award - restricted funds	135,000	80,000	79,284	716
Insurance - business	27,300	27,300	23,181	4,119
Maintenance and repairs	33,200	44,450	35,641	8,809
Mileage	1,500	1,500	1,611	(111)
Millville ambulance fees	155,000	155,000	151,300	3,700
Miscellaneous	8,260	8,260	5,595	2,665
Non-capital equipment	6,000	6,000	3,186	2,814
Postage, printing and office supplies	29,500	29,500	15,818	13,682
Professional fees	65,000	85,000	64,760	20,240
Property assessment	75,000	75,000	56,416	18,584
Public relations	73,000	78,700	62,147	16,553
Realty transfer tax fees	12,000	12,000	12,128	(128)
Supplies	64,910	73,260	41,785	31,475
Uniforms	500	500	49	451
Utilities	23,300	23,300	18,619	4,681
Vehicles and equipment - fuel	1,500	1,500	474	1,026
<b>TOTAL GENERAL GOVERNMENT</b>	<b>1,449,665</b>	<b>1,449,665</b>	<b>1,301,208</b>	<b>148,457</b>

**TOWN OF OCEAN VIEW, DELAWARE**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND BY DEPARTMENT**

**YEAR ENDED APRIL 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
<b>PLANNING AND ZONING</b>				
Payroll wages	\$ 372,120	\$ 372,120	\$ 357,460	\$ 14,660
Payroll wages - overtime and bonus	7,000	7,000	6,073	927
Payroll taxes	30,890	30,890	27,787	3,103
Payroll and taxes	410,010	410,010	391,320	18,690
Employee retirement	20,395	20,395	20,318	77
Medical, dental and life insurance	87,795	87,795	86,136	1,659
Workers compensation insurance	1,000	1,000	886	114
Personnel related costs	519,200	519,200	498,660	20,540
Advertising	7,500	7,500	4,006	3,494
Communications - telephone and internet	1,200	1,200	1,200	
Computer programming	5,300	5,300	2,806	2,494
Council and committees	5,000	5,000	2,010	2,990
Dues and subscriptions	2,500	2,500	2,270	230
Education and training	10,000	10,000	4,171	5,829
Insurance - business	11,500	26,500	26,273	227
Maintenance and repairs	8,000	8,000	3,523	4,477
Mileage	750	750	1,379	(629)
Non-capital equipment	2,500	2,500		2,500
Postage, printing and office supplies	11,500	11,500	7,765	3,735
Professional fees	200,500	329,085	276,799	52,286
Public relations	1,000	1,000		1,000
Supplies	500	500	14	486
Uniforms	500	500		500
Vehicles and equipment - fuel	15,000	15,000	2,464	12,536
<b>TOTAL PLANNING AND ZONING</b>	<b>802,450</b>	<b>946,035</b>	<b>833,340</b>	<b>112,695</b>

**TOWN OF OCEAN VIEW, DELAWARE**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND BY DEPARTMENT**

**YEAR ENDED APRIL 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
<b>PUBLIC SAFETY</b>				
Payroll wages	\$ 1,363,980	\$ 1,415,980	\$ 1,417,766	\$ (1,786)
Payroll wages - overtime and bonus	129,320	162,700	192,449	(29,749)
Payroll taxes	119,910	126,410	123,351	3,059
Payroll and taxes	1,613,210	1,705,090	1,733,566	(28,476)
Employee retirement	192,750	192,750	190,618	2,132
Medical, dental and life insurance	286,770	300,670	298,080	2,590
Workers compensation insurance	33,950	44,350	44,275	75
Personnel related costs	2,126,680	2,242,860	2,266,539	(23,679)
Advertising	1,000	1,000	1,144	(144)
Ammunition	25,000	25,000	24,809	191
Communications - telephone and internet	22,000	22,000	19,098	2,902
Computer software, updates, and website	45,500	45,500	43,483	2,017
Contracted labor	10,500	10,500	10,830	(330)
Contracted services	500	500	387	113
Dues and subscriptions	6,500	6,500	6,512	(12)
Education and training	35,000	53,420	42,097	11,323
Insurance - business	70,000	55,000	45,127	9,873
Investigative expenses			1,239	(1,239)
K-9 supplies	6,000	6,000	5,681	319
Maintenance and repairs	26,550	35,450	34,593	857
Mileage	200	200	68	132
Non-capital equipment	30,000	100,000	90,432	9,568
Postage, printing and office supplies	5,300	5,300	1,803	3,497
Professional fees	11,000	11,000	8,647	2,353
Public relations	9,500	9,500	5,588	3,912
Supplies	10,000	10,000	7,189	2,811
Uniforms	15,000	17,500	17,415	85
Utilities	17,000	17,000	12,772	4,228
Vehicles and equipment - fuel	55,000	55,000	44,670	10,330
Vehicles and equipment - repairs	22,000	22,000	20,214	1,786
<b>TOTAL PUBLIC SAFETY</b>	<b>2,550,230</b>	<b>2,751,230</b>	<b>2,710,337</b>	<b>40,893</b>

**TOWN OF OCEAN VIEW, DELAWARE**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND BY DEPARTMENT**

**YEAR ENDED APRIL 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
<b>PUBLIC WORKS</b>				
Payroll wages	\$ 211,500	\$ 211,500	\$ 209,783	\$ 1,717
Payroll wages - overtime and bonus	17,380	17,380	7,901	9,479
Payroll taxes	18,950	18,950	17,313	1,637
Payroll and taxes	247,830	247,830	234,997	12,833
Employee retirement	13,500	13,500	10,020	3,480
Medical, dental and life insurance	84,320	84,320	73,925	10,395
Workers compensation insurance	9,500	9,500	6,537	2,963
Personnel related costs	355,150	355,150	325,479	29,671
Advertising	500	2,500	2,538	(38)
Communications - telephone and internet	5,800	5,800	5,118	682
Contracted labor	25,000	25,000	20,759	4,241
Drainage	75,000	75,000	35,637	39,363
Dues and subscriptions	300	300		300
Education and training	300	300	542	(242)
Insurance - business	29,400	29,400	26,273	3,127
Maintenance and repairs	3,350	9,050	8,909	141
Mileage	200	200		200
Mosquito control	13,000	13,000	13,841	(841)
Non-capital equipment	4,800	7,000	6,264	736
Park expense	25,000	26,400	26,315	85
Postage, printing and office supplies	300	300	629	(329)
Professional fees	500	500	613	(113)
Public relations	100	100		100
Sidewalk work, ADA	75,000	75,000	68,487	6,513
Street lighting	90,000	90,000	87,943	2,057
Street maintenance	135,000	239,800	239,636	164
Street paving and repair	190,000	644,000	668,539	(24,539)
Street signs	2,500	2,500	935	1,565
Supplies	5,000	5,900	5,894	6
Uniforms	1,200	2,200	2,291	(91)
Utilities	15,000	16,300	11,288	5,012
Vehicles and equipment - fuel	10,000	10,000	10,034	(34)
Vehicles and equipment - repairs	5,500	6,545	7,560	(1,015)
<b>TOTAL PUBLIC WORKS</b>	<b>1,067,900</b>	<b>1,642,245</b>	<b>1,575,524</b>	<b>66,721</b>
<b>CAPITAL OUTLAY</b>	<b>1,995,595</b>	<b>2,090,420</b>	<b>1,856,262</b>	<b>234,158</b>
<b>DEBT SERVICE - LEASES</b>			<b>10,878</b>	<b>(10,878)</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,865,840</b>	<b>\$ 8,879,595</b>	<b>\$ 8,287,549</b>	<b>\$ 592,046</b>

**TOWN OF OCEAN VIEW, DELAWARE**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY (ASSET)**

**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)
<u>County &amp; Municipal Police and Firefighters' Pension Plan</u>					
2016	0.6447%	\$ (33,979)	\$ 527,084	-6%	102.0%
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%
<u>County &amp; Municipal Other Employees' Pension Plan</u>					
2016	1.7735%	\$ 757	\$ 585,543	0%	99.9%
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%



**TOWN OF OCEAN VIEW, DELAWARE**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS**

**DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered payroll</u>	<u>Actual contribution as a percentage of covered payroll</u>
<u>County &amp; Municipal Police and Firefighters' Pension Plan</u>					
2016	\$ 64,908	\$ (64,908)	\$	\$ 527,084	-12%
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%
<u>County &amp; Municipal Other Employees' Pension Plan</u>					
2016	\$ 34,068	\$ (34,068)	\$	\$ 585,543	-6%
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%

***GOVERNMENT AUDITING STANDARDS* REPORT**

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 CERTIFIED PUBLIC ACCOUNTANTS

MARYLAND ASSOCIATION OF  
 CERTIFIED PUBLIC ACCOUNTANTS

DELAWARE SOCIETY OF  
 CERTIFIED PUBLIC ACCOUNTANTS

ALLINIAL GLOBAL

# **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 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, 2025, 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 9, 2025.

## **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.

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 9, 2025