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CERTIFIED PUBLIC ACCOUNTANTS

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FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITOR

TOWN OF ELSMERE
Elsmere, Delaware

Years Ended June 30, 2024 and 2023

TOWN OF ELSMERE, DELAWARE

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Report of Independent Auditor

Mayor and Town Council
Town of Elsmere
Elsmere, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Elsmere [the Town], Delaware, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Town's 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, each major fund, and the aggregate remaining fund information of the Town of Elsmere, as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Elsmere and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Elsmere'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, which raise substantial doubt about the Town of Elsmere'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 the budgetary comparison information, reflected on pages 4 through 12 and pages 44 through 46, respectively, along with the schedules of net pension liability and the schedules of pension contributions, reflected on pages 47 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elsmere's financial statements. The supplementary information, reflected on pages 51 through 52, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of management, members of Council, others within the entity, the Office of the Governor, the Office of Controller General, Office of Attorney General, Office of Management and Budget, Secretary of Finance, Office of Auditor of Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record, and its distribution is not limited.

Whisman Giordano & Associates, LLC

Newark, Delaware
July 8, 2025

Management's Discussion and Analysis [MD&A] Section

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

INTRODUCTION

This section of the annual financial report for the Town of Elsmere [the Town] presents a narrative overview and analysis of the Town's financial performance for the fiscal year ended June 30, 2024. We recommend that it be read in conjunction with the accompanying financial statements and notes in order to obtain a thorough understanding of the Town's financial condition at June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of four sections:

- Management's Discussion and Analysis [MD&A] Section [this section],
- Basic Financial Statements [including notes to the basic financial statements] Section,
- Required Supplementary Information [RSI] Section, and
- Supplementary Information Section.

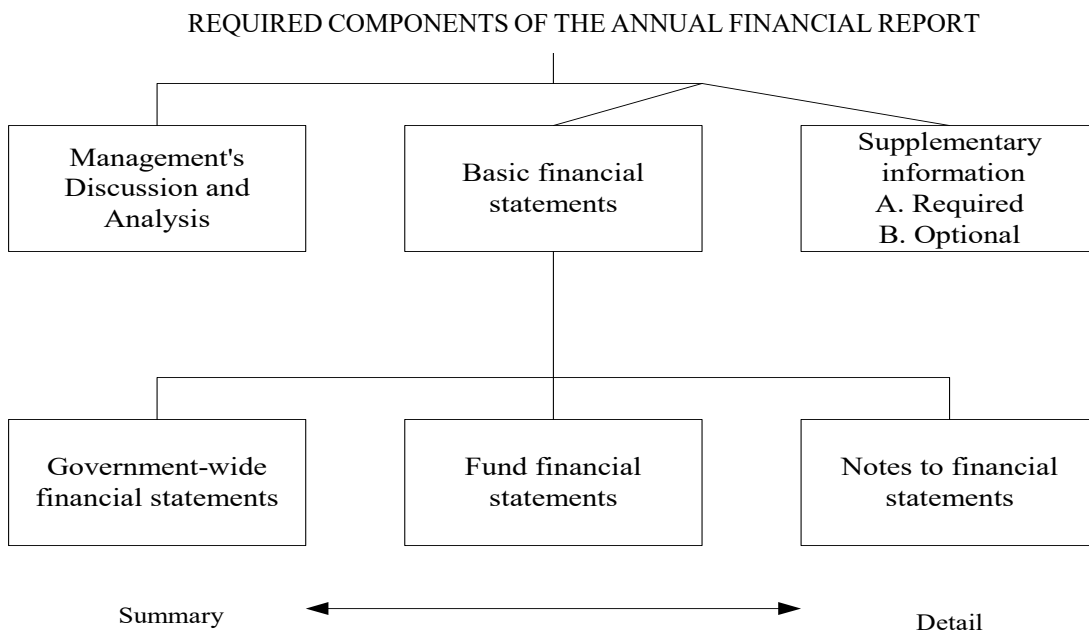
Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the Town government. The financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and the fund financial statements.

The basic financial statements present two different views of the Town:

- *Government-wide financial statements*, the first two statements, provide information about the Town's overall financial status.
- *Fund financial statements*, the remaining statements, focus on individual parts of Town government. They provide more detail on operations than the government-wide financial statements. The Town reports on the following fund type financial statements:
 - **General fund** reflects general government services such as general services, public safety, code enforcement, public works, and parks and recreation and how these activities are financed.
 - **Special revenue fund** reflects resources and payments of activities derived from earmarked sources.
 - **Fiduciary fund** reflects the activity of the Town's single-employer defined-benefit pension plan.

Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the Town's Annual Financial Report



TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Table A-2 summarizes the major features of the Town's financial statements, including the area of activities they cover and the types of information they contain.

Table A-2: Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity [except fiduciary funds]	Day-to-day operating activities of the Town, such as public safety and courts	Activities which the Town may engage in that may be "business-like" in nature. The Town currently has no such activities.	Instances in which the Town administers resources on behalf of others.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash Flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter and no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; normally these funds do not contain capital assets although they can
Type of inflows and outflows information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and the fund financial statements.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-Wide Financial Statements

Government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all of the Town's assets and liabilities [except fiduciary funds] with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector company.
- The statement of activities focuses on how the Town's net position changed during the year. Because it separates program revenue [revenue generated by function through charges for services, grants and contributions] from general revenue [revenue provided by property taxes and other sources not tied to a particular function], it shows to what extent each function has to rely on property taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned, and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Town's financial position. Over time, increases or decreases in the Town's net position are one indicator of whether the Town's financial position is improving or deteriorating. However, other non-financial factors such as changes in the Town's real property tax base and general economic conditions must be considered to assess the overall position of the Town.

Generally, there are two categories of activities for a primary government:

- ***Governmental activities*** include the Town's basic services such as general and judicial administration, public safety, code enforcement, public works, health, and welfare. Property taxes and state grants finance most of these activities.
- ***Business-type activities*** - Activities which may be established that will charge a fee to customers to help cover the costs of goods and services to be provided. The Town does not presently have such activities.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources [money] are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlay for capital assets,
- Report long-term debt obligations as liabilities,
- Depreciate capital assets and allocate the depreciation to the proper program/activities, when possible,
- Calculate revenue and expenses using the economic resources measurement focus and the accrual basis of accounting, and
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of related debt obligations,
 - Restricted net position is resources with constraints placed on the use by external sources [creditors, grantors, contributors, and laws or regulations of governments] or imposed by law through constitutional provisions or enabling legislation, and
 - Unrestricted net position is resources that do not meet any of the above restrictions.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements

Fund financial statements provide more detailed information on the Town's funds. Funds are accounting devices, i.e., a group of related accounts, used by the Town to keep track of specific sources of funding and spending for a particular purpose. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual basis of accounting established by the Government Accounting Standards Board [GASB] for government units.

The Town can potentially have three kinds of funds:

- ***Governmental funds*** include most of the Town's basic services and focus on: (1) the inflows and outflows of cash and other financial assets that can readily be converted into cash, and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, and a current financial resources measurement focus. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the Town's activities.

The relationship between governmental activities [reported in the statement of net position and the statement of activities] and governmental funds is described in a reconciliation that is included as part of the financial statements.

The Town adopts an annual budget for the general fund as required by Town ordinances and State law. Budgets for special revenue funds are based on a grant-by-grant basis.

- ***Proprietary funds*** report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting. The Town does not presently have such activities.
- ***Fiduciary funds*** are funds for which the Town is the trustee or fiduciary. These include certain agency funds or clearing accounts for assets held by the Town in its role as custodian until the funds are allocated to private parties, organizations, or government agencies to which they belong, and assets held in trust for pension benefits. The Town is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

The Town's total assets and deferred outflows are \$8.64 million at June 30, 2024. Of this amount, \$3.97 million consist of capital assets, including infrastructure. Historically, infrastructure [roads, bridges, etc.] have not been reported or depreciated in governmental financial statements. Infrastructure assets have been capitalized and depreciated since fiscal year 2003.

The Governmental Accounting Standards Board [GASB] requires that all capital assets, including infrastructure, to be valued and reported within the column of the governmental activities of the government-wide financial statements. The Town believes it has included all the required infrastructure assets in the financial statements.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Net Position (continued)

Table A-3 summarizes the Town's net position for the current year and compares it to the preceding year.

Table A-3: Condensed Comparative Statement of Net Position

	Governmental Activities	
	2024	2023
Current and other assets		
Current assets	\$ 4,234,485	\$ 3,854,310
Capital assets, net of depreciation	4,110,459	3,897,886
Deferred outflows of resources and other	432,690	267,944
Total assets and deferred outflows of resources	<u>8,777,634</u>	<u>8,020,140</u>
Liabilities		
Current liabilities	2,359,849	2,204,289
Noncurrent liabilities	2,498,026	2,043,840
Deferred inflows of resources and other	(6,654)	(337,774)
Total liabilities and deferred inflows of resources	<u>4,851,221</u>	<u>3,910,355</u>
Net position		
Invested in capital assets	3,969,494	3,897,886
Restricted	456,444	456,426
Unrestricted (deficit)	<u>(640,490)</u>	<u>(244,527)</u>
Total net position	<u>\$ 3,785,448</u>	<u>\$ 4,109,785</u>

The Town has an unrestricted net position of (\$640,490), reflected above in Table A-3, to meet future operating activities. The Town is also pleased to report positive balances in total net position, both for the government as a whole as well as its separate governmental fund activities.

Change in Net Position

The Statement of Activities represents change in net position for the year ended June 30, 2024. It shows revenues by source and expenses by function for the governmental activities and for the government as a whole.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Change in Net Position (continued)

Table A-4 reflects the Town's revenue by funding source and the expenses by function.

Table A-4: Statement of Change in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Property taxes	\$ 3,231,012	\$ 2,791,282
Franchise taxes	78,934	84,202
Investment earnings and rents	186,208	77,374
Other revenues	60,520	305,456
Total general revenues	<u>3,556,674</u>	<u>3,258,314</u>
Program revenues:		
Charges for services	931,044	523,715
Grants and contribution revenue	1,014,138	1,542,076
Total revenues	<u>5,501,856</u>	<u>5,324,105</u>
Expenses		
General government	1,053,695	920,286
Public safety-police	2,483,896	2,066,199
Code enforcement	271,686	283,114
Public works-streets	644,584	287,494
Public works-sanitation	776,232	693,064
Parks and recreation	136,611	124,044
Depreciation-unallocated	459,489	400,209
Total expenses	<u>5,826,193</u>	<u>4,774,410</u>
Change in net position	<u>\$ (324,337)</u>	<u>\$ 549,695</u>

Net position of the Town's governmental activities decreased by (\$324,337); and unrestricted net position reflects a negative balance of (\$640,490) [as reflected in Table A-3].

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS (continued)

Net Program Costs

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. General revenues which include property taxes, grant revenue, investment earnings and rents, and other non-program revenues must support the net cost of the Town's activities.

Table A-5 reflects the cost of program services and the net cost of those services after considering the program revenues for governmental activities.

Table A-5: Program Services Cost (Benefit)

	Program Services			
	2024		2023	
	Total Cost	Net Cost	Total Cost	Net Cost
Governmental activities				
General government	\$ 1,053,695	\$ 846,711	\$ 920,286	\$ 905,216
Public safety-police	2,483,896	1,322,635	2,066,199	1,254,374
Code enforcement	271,686	(98,533)	283,114	(72,982)
Public works-streets	644,584	437,866	287,494	100,093
Public works-sanitation	776,232	776,232	693,064	693,064
Parks and recreation	136,611	136,611	124,044	(571,355)
Depreciation-unallocated	459,489	459,489	400,209	400,209
Program services cost	<u>\$ 5,826,193</u>	<u>\$ 3,881,011</u>	<u>\$ 4,774,410</u>	<u>\$ 2,708,619</u>

Net program services cost column indicates the amount of support required from property taxes and other general revenues for a given function of the government. In 2024, property taxes brought in \$3.23 million. The reliance on general revenues to support governmental activities is indicated by the net services cost columns which reflect the need for general support.

Property taxes are based on the assessed value of real property. Changes in the assessed valuation affect tax revenues. The changes in assessed valuation have been minimal due to the lack of a county-wide reassessment, and the lack of suitable building space within the corporate limits of the Town. The Town also receives a transfer tax of 1.50% levied on the sales price of real estate transactions occurring in the corporate limits of the Town. The transfer tax is, by law, designated to fund the operations of the Town's Public Safety Department.

Capital Assets

The Town's investment in capital assets at June 30, 2024, net of accumulated depreciation of \$5.39 million, is \$3.97 million. Capital assets consist primarily of land, buildings, equipment, and infrastructure assets. Detailed information about the Town's capital assets can be found in the notes to the financial statements.

Long-Term Debt

The Town's long-term debt obligation generally consists of only compensated absences.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

GOVERNMENTAL FUNDS

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. Governmental funds are presented before incorporating accounting changes required by GASB Statement No. 34. Therefore, some amounts will be different in the fund statements than the government-wide statements; these differences are explained within the body of the financial statements.

The Town's governmental funds include the general fund and special revenue funds. The general fund is the operating fund of the Town and special revenue funds are restricted to specific legislated use. The major funds are shown on the statement of revenues, expenditures, and changes in fund balances in the fund financial statements.

Governmental Fund Balances

The ending fund balances for the governmental funds at June 30, 2024 are shown in the balance sheet of the accompanying financial statements. The Town's governmental funds reported a combined fund balance of \$1.80 million and \$1.54 million at June 30, 2024 and 2023, respectively. Of the total, \$0.74 million and \$0.45 million, respectively, in unassigned fund balance, is available to meet the Town's current and future needs. The remaining amount is either nonspendable, assigned, committed, or restricted as to use, and not available for use in meeting the Town's current and future needs.

The general fund is the operating fund of the Town. At June 30, 2024, the total fund balance of the general fund is \$1.58 million, which increased by \$0.27 million from the fund balance of the preceding year. The increase is due to a number of factors, but primarily from increases in property transfer tax revenues, intergovernmental revenues, interest, a decrease in public safety expenses, offset by increases in administrative expenses and capital outlay.

Governmental Fund Revenues

Governmental fund revenues by source for the year ended June 30, 2024 are shown in the statement of revenues, expenditures, and changes in fund balances of the financial statements. Governmental fund revenues totaled \$5.45 million and \$5.32 million for the years ended June 30, 2024 and 2023, respectively. The comparison data is presented in the accompanying fund financial statements.

Governmental Fund Expenditures

Governmental fund expenditures by function for the year ended June 30, 2024 are shown in the statement of revenues, expenditures, and changes in fund balances of the accompanying financial statements. Governmental fund expenditures totaled \$5.19 million and \$5.49 million for the years ended June 30, 2024 and 2023, respectively. The comparison data is presented in the accompanying fund financial statements.

Budgetary Highlights

The Town Council revises the budget on an as-needed basis. There are two kinds of revisions:

- Allocations are made to specific line items from other line items or from contingency funds established in the budget.
- New appropriations are budgeted when received, and the anticipated related expenditure is budgeted at the same time.

Because the Town is reliant on the State of Delaware and from time to time the federal government for grant funds, it is difficult to know what grants will be forthcoming to the Town. Many revenue variances are due to budgeting for grants not received. Other revenue variances are based on revenue received, but not anticipated during the budgeting process.

TOWN OF ELSMERE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Market Impact on Investment Income

The State restricts the Town's investments to government secured funds and certificates of deposit. The Town has been responsive to the changing financial environment, monitors rates, and currently invests most of its funds in accounts which are yielding a higher interest rate. Management monitors the changing rate environment to maximize the investment earnings of the Town's funds.

Government Funding

The Town relies on federal and state funding for certain capital projects. As federal and state funding becomes available for projects, the Town will take the necessary steps to apply for those funds.

The Town Council did not change the property tax rate [millage] for fiscal 2024 and 2023.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning this financial information or requests for additional information should be directed to:

Town of Elsmere
Office of Finance
11 Poplar Street
Elsmere, DE 19805

Phone: 302-998-2215

Email: smartin@townofelsmere.com

Basic Financial Statements Section

TOWN OF ELSMERE, DELAWARE
STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023

	2024	2023
	Primary	Primary
	Government	Government
	Governmental	Governmental
	Activities	Activities
ASSETS		
Current assets		
Cash and equivalents	\$ 3,905,070	\$3,658,919
Receivables, net of allowances:		
Property taxes	105,825	99,492
Other	23,852	10,316
Lease receivable	135,458	53,075
Due from other governments	64,280	6,300
Prepayments and other assets	-	26,208
Total current assets	4,234,485	3,854,310
Noncurrent assets		
Capital assets, net of depreciation:		
Nondepreciable	778,097	1,174,928
Depreciable	3,191,397	2,722,958
Lease receivable, net of current	140,965	-
Total noncurrent assets	4,110,459	3,897,886
TOTAL ASSETS	8,344,944	7,752,196
DEFERRED OUTFLOWS OF RESOURCES		
Deferred contributions and changes in proportion related to pension activity	291,725	267,944
LIABILITIES		
Current liabilities		
Accounts payable and other	377,080	73,783
Deferred lease revenue	135,458	53,075
Refundable advances	1,847,311	2,077,431
Total current liabilities	2,359,849	2,204,289
Noncurrent liabilities		
Compensated absences liability	100,826	118,068
Deferred lease revenue, net of current	140,965	-
Net pension liability	2,256,235	1,925,772
Total noncurrent liabilities	2,498,026	2,043,840
TOTAL LIABILITIES	4,857,875	4,248,129
DEFERRED INFLOWS OF RESOURCES		
Deferred investment earnings related to pension activity	(6,654)	(337,774)
NET POSITION		
Net investment in capital assets	3,969,494	3,897,886
Restricted for:		
Specific programs	218,991	229,773
Contingency reserve	237,453	226,653
Unrestricted	1,317,366	1,075,527
Pension commitment	(1,957,856)	(1,320,054)
TOTAL NET POSITION	\$ 3,785,448	\$4,109,785

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Grants and Contributions		Revenue and
			Operating	Capital	Changes in Net Position
					Governmental Activities
					Primary Government
GOVERNMENTAL ACTIVITIES					
General government:					
Administration	\$ 662,081	\$ -	\$ -	\$ 206,984	\$ (455,097)
Finance office	313,777	-	-	-	(313,777)
Council	23,558	-	-	-	(23,558)
Legal services	54,279	-	-	-	(54,279)
Public safety-police	2,483,896	560,825	217,659	382,777	(1,322,635)
Code enforcement	271,686	370,219	-	-	98,533
Public works-streets	644,584	-	114,521	92,197	(437,866)
Public works-sanitation	776,232	-	-	-	(776,232)
Parks and recreation	136,611	-	-	-	(136,611)
Depreciation-unallocated	459,489	-	-	-	(459,489)
TOTAL PRIMARY GOVERNMENT	\$ 5,826,193	\$ 931,044	\$ 332,180	\$ 681,958	(3,881,011)
GENERAL REVENUES AND TRANSFERS					
Property taxes levied for general purposes					3,231,012
Franchise taxes levied for general purposes					78,934
Investment earnings and rents					186,208
Miscellaneous revenues					60,520
Total general revenues and transfers					3,556,674
CHANGES IN NET POSITION					(324,337)
NET POSITION					
Beginning of year					4,109,785
End of year					\$ 3,785,448

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Grants and Contributions		Governmental
			Operating	Capital	Activities
					Primary Government
GOVERNMENTAL ACTIVITIES					
General government:					
Administration	\$ 505,661	\$ -	\$ 5,950	\$ 9,120	\$ (490,591)
Finance office	324,583	-	-	-	(324,583)
Council	12,497	-	-	-	(12,497)
Legal services	77,545	-	-	-	(77,545)
Public safety-police	2,066,199	167,619	398,697	245,509	(1,254,374)
Code enforcement	283,114	356,096	-	-	72,982
Public works-streets	287,494	-	115,422	71,979	(100,093)
Public works-sanitation	693,064	-	-	-	(693,064)
Parks and recreation	124,044	-	-	695,399	571,355
Depreciation-unallocated	400,209	-	-	-	(400,209)
TOTAL PRIMARY GOVERNMENT	\$ 4,774,410	\$ 523,715	\$ 520,069	\$ 1,022,007	(2,708,619)
GENERAL REVENUES AND TRANSFERS					
Property taxes levied for general purposes					2,791,282
Franchise taxes levied for general purposes					84,202
Investment earnings and rents					77,374
Miscellaneous revenues					305,456
Transfers between governmental activities					-
Total general revenues and transfers					3,258,314
CHANGES IN NET POSITION					549,695
NET POSITION					
Beginning of year					3,560,090
End of year					\$ 4,109,785

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE
BALANCE SHEETS-GOVERNMENTAL FUNDS
As of June 30, 2024 and 2023

	2024			2023		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Totals	General	Special Revenue	Totals
ASSETS						
ASSETS						
Cash and equivalents	\$3,625,237	\$ 279,833	\$3,905,070	\$3,352,596	\$ 306,323	\$3,658,919
Receivables, net of allowance:						
Property taxes	105,825	-	105,825	99,492	-	99,492
Other	23,852	-	23,852	10,316	-	10,316
Due from other governments	21,299	42,981	64,280	-	6,300	6,300
Prepayments and other assets	-	-	-	26,208	-	26,208
Interfund receivable (payable)	(441,926)	441,926	-	(443,149)	443,149	-
TOTAL ASSETS	<u>\$3,334,287</u>	<u>\$ 764,740</u>	<u>\$4,099,027</u>	<u>\$3,045,463</u>	<u>\$ 755,772</u>	<u>\$3,801,235</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and other	\$ 334,194	\$ 42,886	\$ 377,080	\$ 73,783	\$ -	\$ 73,783
Unearned revenues	7,000	-	7,000	45,567	-	45,567
Refundable advances	1,344,448	502,863	1,847,311	1,551,432	525,999	2,077,431
Total liabilities	<u>1,685,642</u>	<u>545,749</u>	<u>2,231,391</u>	<u>1,670,782</u>	<u>525,999</u>	<u>2,196,781</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	69,435	-	69,435	69,435	-	69,435
FUND BALANCES						
Nonspendable-prepayments and other assets	-	-	-	26,208	-	26,208
Restricted-specific programs	-	218,991	218,991	-	229,773	229,773
Committed-contingency reserve	237,453	-	237,453	226,653	-	226,653
Assigned-long-term planning	606,626	-	606,626	606,298	-	606,298
Assigned-encumbrances	-	-	-	-	-	-
Unassigned	735,131	-	735,131	446,087	-	446,087
Total fund balances	<u>1,579,210</u>	<u>218,991</u>	<u>1,798,201</u>	<u>1,305,246</u>	<u>229,773</u>	<u>1,535,019</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,334,287</u>	<u>\$ 764,740</u>	<u>\$4,099,027</u>	<u>\$3,045,463</u>	<u>\$ 755,772</u>	<u>\$3,801,235</u>

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE**RECONCILIATION OF THE BALANCE SHEETS OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF NET POSITION
As of June 30, 2024 and 2023**

	2024	2023
Amounts reported for the governmental activities in the statement of net position are different because:		
Total fund balances-governmental funds	\$ 1,798,201	\$ 1,535,019
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of capital assets is \$9,357,404 and \$8,863,663 and the related accumulated depreciation is \$5,387,910 and \$4,965,777 for the periods presented.	3,969,494	3,897,886
Property taxes receivable that will not be collected for the period presented and are not available soon enough to pay current expenditures, and are therefore deferred in the fund financial statements.	69,435	69,435
Other receivables that will not be collected for period presented and are not available soon enough to pay current expenditures, and are therefore reflected as unearned revenues in the fund financial statements.	7,000	45,567
Compensated absences not due and payable within period presented are not reported in the governmental funds.	(100,826)	(118,068)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the fund financial		
Net pension liability	(2,256,235)	(1,925,772)
Deferred outflows and inflows or resources related to pension activity are applicable to future periods and, therefore, are not reported in the fund financial statements:		
Deferred outflows of resources related to pension activity of \$291,725 and \$267,944 consists of \$129,198 and \$103,366 of deferred outflows of resources pension expense and \$162,527 and \$164,578 of deferred outflows of 2024 and 2023 employer contributions related to the pension activity.	291,725	267,944
Deferred inflows of resources related to pension	6,654	337,774
Total net position-governmental activities	\$ 3,785,448	\$ 4,109,785

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Years Ended June 30, 2024 and 2023

	2024			2023		
	Governmental Fund Types			Governmental Fund Types		
	General	Special Revenue	Totals	General	Special Revenue	Totals
REVENUES						
Taxes:						
Property taxes	\$2,815,386	\$ -	\$2,815,386	\$2,481,121	\$ -	\$2,481,121
Property transfer taxes	415,626	-	415,626	310,161	-	310,161
Cable franchise taxes	78,934	-	78,934	84,202	-	84,202
Licenses and permits	370,219	-	370,219	356,096	-	356,096
Intergovernmental revenues-Federal	206,984	197,414	404,398	1,035,471	105,801	1,141,272
Intergovernmental revenues-State and Local	134,443	475,297	609,740	33,567	367,237	400,804
Police fines court fees and vac	548,645	-	548,645	459,779	-	459,779
Charges for services-extra duty	12,180	-	12,180	6,695	-	6,695
Interest and rents	185,896	312	186,208	77,360	14	77,374
Miscellaneous revenues	6,450	-	6,450	601	-	601
Total revenues	4,774,763	673,023	5,447,786	4,845,053	473,052	5,318,105
EXPENDITURES						
Current:						
General government:						
Administration	654,338	-	654,338	514,064	-	514,064
Finance office	330,950	-	330,950	317,057	-	317,057
Council	12,639	-	12,639	12,497	-	12,497
Legal services and related costs	54,279	-	54,279	77,545	-	77,545
Public safety-police	1,679,219	84,956	1,764,175	1,525,665	338,166	1,863,831
Public safety-extra duty	11,524	-	11,524	6,240	-	6,240
Code enforcement	268,552	-	268,552	277,568	-	277,568
Public works-streets	342,795	217,812	560,607	426,038	98,392	524,430
Public works-sanitation	776,232	-	776,232	693,064	-	693,064
Parks and recreation	136,611	-	136,611	124,044	-	124,044
Capital outlay	235,796	382,777	618,573	1,076,649	-	1,076,649
Total expenditures	4,502,935	685,545	5,188,480	5,050,431	436,558	5,486,989
EXCESS (DEFICIT) REVENUES OVER (UNDER) EXPENDITURES	271,828	(12,522)	259,306	(205,378)	36,494	(168,884)
OTHER FINANCING SOURCES (USES)						
Refund of prior years expenditures	3,876	-	3,876	-	-	-
Operating transfers in (out)	(1,740)	1,740	-	(1,820)	1,820	-
Total other financing sources (uses)	2,136	1,740	3,876	(1,820)	1,820	-
NET CHANGE IN FUND BALANCES	273,964	(10,782)	263,182	(207,198)	38,314	(168,884)
FUND BALANCES						
Beginning of year	1,305,246	229,773	1,535,019	1,512,444	191,459	1,703,903
End of year	\$1,579,210	\$ 218,991	\$1,798,201	\$1,305,246	\$ 229,773	\$1,535,019

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES**
Years Ended June 30, 2024 and 2023

		2024	2023
Amounts reported for the governmental activities in the statement of activities are different because:			
Net change in fund balance-total government funds		\$ 263,182	\$ (168,884)
<p>The governmental funds report capital outlays as expenditures. However, in the government-wide financial statements, capital assets with an initial individual cost of \$2,500 or more are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The following represents the amount by which capital outlays capitalized exceeds or is less than the depreciation expense for the periods presented.</p>			
Description	2024	2023	
Capital assets	\$ 531,097	\$ 1,313,721	
Depreciation expense	(459,489)	(400,209)	71,608 913,512
<p>Some expenses reported in the statement of activities do not require current financial resources, and are therefore, not reported as expenditures in the governmental funds.</p>			
<p>Because some property taxes and other revenues will not be collected for several months after the Town's year end, they are considered as "unavailable" revenues in the governmental funds. Deferred revenues and/or inflows increased (decreased) by this amount.</p>			
			50,194 6,000
<p>In the statement of activities, certain operating expenses such as compensated absences [vacation and personal days] are measured by amounts earned for the period. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used. This amount represents the difference between the amount used versus the amount earned for the periods presented.</p>			
			17,242 (17,480)
<p>The governmental funds report Town pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>			
Description	2024	2023	
Town pension contributions for the fiscal years 2024 and 2023	\$ 162,527	\$ 164,578	
Cost of benefits earned net of contributions [pension expense]	(889,090)	(348,031)	(726,563) (183,453)
Change in net position-governmental activities			\$ (324,337) \$ 549,695

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE**STATEMENTS OF FIDUCIARY NET POSITION-PENSION TRUST FUND [TEPPP]**

As of June 30, 2024 and 2023

	Pension Trust Fund	
	2024	2023
ASSETS		
Investments at fair value	\$ 2,310,026	\$ 2,264,247
Receivables-contributions	-	-
Receivables-participants	-	-
TOTAL ASSETS	<u>2,310,026</u>	<u>2,264,247</u>
LIABILITIES		
Accounts payable and other	21,203	21,203
Total liabilities	<u>21,203</u>	<u>21,203</u>
NET POSITION AVAILABLE FOR PENSION BENEFITS		
Held in trust for pension benefits [TEPPP]	<u>\$ 2,288,823</u>	<u>\$ 2,243,044</u>

Accompanying notes are an integral part of these financial statements

TOWN OF ELSMERE, DELAWARE**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION-PENSION TRUST FUND [TEPPP]**
Years Ended June 30, 2024 and 2023

	Pension Trust Fund	
	2024	2023
ADDITIONS		
Investment income:		
Interest and dividends earned	\$ 13,956	\$ 5,745
Net depreciation in fair value of investments	(306,369)	(95,443)
Total investment (loss)	(292,413)	(89,698)
Less: Investment management and other fees	(13,224)	(6,764)
Net investment (loss)	(305,637)	(96,462)
Employer contribution	661,931	197,256
Total additions	356,294	100,794
DEDUCTIONS		
Pension benefit payments	310,515	291,591
Professional fees	-	8,300
Total deductions	310,515	299,891
NET CHANGE IN NET POSITION	45,779	(199,097)
NET POSITION AVAILABLE FOR PENSION BENEFITS		
Beginning of year	2,243,044	2,442,141
End of year	<u>\$ 2,288,823</u>	<u>\$ 2,243,044</u>

Accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Elsmere, Delaware [the "Town"] have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereafter referred to as U.S. GAAP. The Governmental Accounting Standards Board [the "GASB"] is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

The Town of Elsmere is a municipal corporation governed by a seven-member governing body consisting of the Mayor who is elected at large and six district council representatives. In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's financial statements. According to the GASB, the Town is financially accountable if it appoints a voting majority of an organization's governing board and [1] it can impose its will on the organization or [2] there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the statement requires the Town to consider other organizations for which the nature and significance of their relationship are such that exclusion would cause the Town's [reporting entity] financial statements to be misleading or incomplete. The Town does not have a component unit meeting the above criteria.

Government-Wide and Fund Financial Statements

The Town's basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

The government-wide financial statements consist of two statements: the statement of net position and the statement of activities. As a general rule, the effects of interfund balances have been removed from the government-wide financial statements.

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues [governmental activities] from other functions that are intended to recover all or a significant portion of their costs through user fees and/or charges for services [business-type activities]. The Town's governmental activities include general government, public safety [police], code enforcement, public works [streets and sanitation], parks and recreation, and other general administrative support services.

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

Separate financial statements are presented for the governmental funds and the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the financial statements of the fiduciary fund. Revenues are recorded when earned, or, for property tax revenues, in the fiscal year for which they are levied. Expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the fiscal year or soon enough thereafter to pay liabilities of the fiscal year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the respective period.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when payment is due.

Charges for services, property taxes, grants and similar items, and interest associated with the period are considered susceptible to accrual and so have been recognized as revenues of the fiscal year. All other revenue items are considered measurable and available only when received.

The Town reports the following major governmental fund types:

- The **general fund** is the Town's primary operating fund. The fund accounts for all the financial resources of the Town, except those required to be accounted in the special revenue fund.
- The **special revenue fund** accounts for resources and payments of activities derived from earmarked revenue sources. When such needs arise, separate self-balancing funds are established to account for each restricted special revenue source. The special revenue fund consists of grant award funds.

Additionally, the Town reports the following fund type:

- The **fiduciary fund** [*pension fund*] accounts for assets held in trust for pension benefits of the Town's single employer defined-benefit plan, commonly referred to as the Town of Elsmere Police Pension Plan [TEPPP].

Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses or expenditures during the reporting period. Accordingly, the actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Accounting

Town Council in establishing budgetary data, reflected in the Required Supplementary Information [RSI] section of the financial statements, follows these procedures:

- In accordance with the Town Charter, prior to May 15, the Town Manager submits to Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. The Town Charter requires that the budget be submitted in summary form. In addition, more detailed line-item budgets are included for administrative control. The Charter further requires that the budget approved by Council be balanced.
- Public hearings are conducted to obtain taxpayer comment.
- Prior to June 30, and after the public hearings, the budget is legally enacted through passage of an ordinance.
- The Director of Finance is required by the Town Code to present a monthly report to Town Council explaining any variances from the approved budget.
- Formal budgetary integration is employed as a management control device during the year for the general fund.
- The budget for the general fund is adopted on a basis consistent with the accounting principles generally accepted in the United States of America applicable to local governments.

The budget for special revenue funds is approved on a program-by-program basis by the funding agencies and not by Town Council.

Encumbrances

Encumbrance accounting, a method under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances at the year-end are reported as assigned fund balance since encumbrances do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent period. At June 30, 2024 and 2023, encumbrances outstanding are \$0.

Reclassifications

Certain amounts in the prior year basic financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Cash and Equivalents

Demand deposits and highly liquid unrestricted investments with an initial maturity of three months or less are considered cash and equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivable-Property Taxes

At June 30, 2024 and 2023, the property taxes receivable is reflected net of an estimated uncollectible allowance of \$2,010 and \$2,010, respectively. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which in the judgment of the Town's officials deserves recognition in estimating future possible losses. Management believes it has adequately provided for such losses.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable or interfund payable" [current portion] or "advances from/to other funds" [noncurrent portion].

Advances between funds, as reported in the fund financial statements, are offset by an assigned fund balance account in the applicable governmental funds to indicate that the advances are not available for appropriation and are not expendable available financial resources. The Town has no such activity for the years presented.

Prepayments and Other Assets

Payments made to vendors for goods and services that will benefit periods beyond the current period are recorded as prepayments and other assets using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the period in which the goods and services are consumed. At the fund reporting level, an equal amount of fund balance is classified as non-spendable, as this amount is not available for general appropriation.

Capital Assets and Depreciation

Capital assets consist of real property, furniture, equipment, and infrastructure assets completed after June 30, 2003 [such as roads, sidewalks, traffic signals, streetlights, and similar items], and are reported in the applicable governmental activity column of the government-wide financial statements. The Town defines capital assets as assets having an initial, individual cost of \$2,500 or more and with an estimated useful life more than one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value as of the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of a capital asset or materially extends its life is not capitalized. The major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets for the governmental-type activities is not included as part of the capitalized value of the capital assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	10 to 50
Improvements other than buildings	5 to 50
Machinery and equipment	5 to 10
Furniture and office equipment	3 to 10
Infrastructure assets	20 to 50

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intergovernmental Receivables

At June 30, due from other governments represents revenue earned but not received by the Town, and consists of the following:

Grantor	2024	2023
U.S. Department of Justice	\$ 21,300	\$ 6,300
Delaware Office of Highway Safety	42,980	-
Total intergovernmental receivables	\$ 64,280	\$ 6,300

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources [expense/expenditure] until that period. The Town has one item that qualifies for reporting in this category. This item is deferred contributions and changes in proportion related to pension activity. The amount is reported in the statement of net position as deferred and changes in proportion are amortized between five and eleven years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources [revenue] until that time. The Town has one item that qualifies for reporting in this category; that item is the deferred investment earnings related to pension activity. This item is reported only in the statement of net position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

Unearned Revenues

Unearned revenues represent funding received in advance which will be recognized in future periods when the revenue recognition criteria are met.

Refundable Advances

The Town records as refundable advances grant awards which are accounted for as exchange transactions. Refundable advances are not recognized as revenue until the services are performed or the goods are purchased.

Compensated Absences Policies

Employees can accumulate a number of vacation and personal days. The Town accrues a liability for compensated absences that meets the following criteria:

- The obligation relating to an employee's right to receive compensation for future absences is attributable to services already rendered.
- The obligation relates to rights that vest or accumulate.
- The payment of the compensation is probable.
- The amount can be reasonably estimated.

In accordance with the above criteria, the Town has accrued a liability for vacation and personal pay which has been earned but not taken by Town's employees. For governmental funds, the liability for compensated absences is reflected only if the liability will be liquidated with expendable available financial resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, when present, governmental fund types recognize bond discounts and related issuance costs in the current period.

Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three separate categories: net position invested in capital assets; restricted net position; and unrestricted net position. The net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of the related debt and does not include unspent proceeds of capital debt. Restricted net position represents net position restricted by outside parties [creditors, grantors, contributors, laws, and regulations of other governments] and may include certain unspent grant awards. All other net position is considered unrestricted.

In the fund financial statements, fund balances are required to be reported according to the following classifications:

- **Non-spendable fund balance**-Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The classification includes prepayments and other assets, inventory, assets held for sale, and long-term receivables.
- **Restricted fund balance**-Constraints placed on the use of these amounts are either externally imposed by the creditors [debt covenants], grantors, contributors, or other governments; or are imposed by the law through constitutional provisions or enabling legislation.
- **Committed fund balance**-Amounts that can only be used for specific purposes because of a formal action [resolution or ordinance] by the Town's highest level of decision-making authority: Town Council.
- **Assigned fund balance**-Amounts constrained by the Town's intent to be used for specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by Town Council, or by an official to whom that authority has been given. Exception for the general fund, this is the residual fund balance classification for governmental funds with positive balances.
- **Unassigned fund balance**-This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative fund balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 - PROPERTY TAXES

Property taxes within the Town limits are \$1.125 per \$100 of assessed valuation plus \$447.95 per unit and the commercial rate is \$1.45 per \$100 of assessed valuation plus \$447.95 per unit for both years presented, levied by Town Council. The Town bills and collects its own property taxes. Delinquent property taxes are lienied by the Town. The schedule of property taxes levied is as follows:

July 1 - Levy Date
July 1 - September 30 - Face Payment Period
October 1 - 6% Interest Period, 1% for each subsequent month
October 1 - Lien Date

NOTE 3 - CASH AND EQUIVALENTS

The Town's policy is to invest deposits under its control principally in money market accounts with financial institutions. The deposits are categorized to give an indication of the level of risk assumed:

Category 1-Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category 2-Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3-Uncollateralized and uninsured deposits.

At June 30, the deposits categorized by level of custodial risk are as follows:

Category	2024		2023	
	Book	Bank	Book	Bank
1	\$ 1,000,001	\$ 1,000,001	\$ 1,000,001	\$ 1,000,001
2	715,030	715,030	1,957,349	1,957,349
3	2,190,039	2,305,882	701,569	834,387
Total deposits	<u>\$ 3,905,070</u>	<u>\$ 4,020,913</u>	<u>\$ 3,658,919</u>	<u>\$ 3,791,737</u>

At June 30, 2024 and 2023, these deposits are held in certain financial institutions whose deposits are insured with the Federal Deposit Insurance Corporation [FDIC]. Deposits totaling \$4,020,913 and \$3,791,737 held by the financial institutions are in excess of FDIC insurance limits in the amount of \$3,020,912 and \$2,791,736, respectively. Deposits in excess of FDIC are collateralized with U.S. Government securities held by the financial institution in the Town's name. Category 3 amounts are subject to custodial risk. Custodial risk is the risk that in the event of a financial institution or other failure, the Town's deposits may not be returned.

NOTE 4 - INVESTMENTS AT FAIR VALUE

The investment policy of the Town is monitored by the Town's Pension Committee. The Committee consists of seven Board-appointed members and seeks to achieve the following investment objectives:

- Realize a real return of 8.00% per year over long periods; and
- Manage portfolio risk to limit the downside price fluctuation of the total System portfolio; and
- Realize as high a rate of total return as possible consistent with the above.

While not governed by mandated target asset allocations, investment decisions are shaped by the Board's internal investment guidelines which provide for a minimum of 20% of the total assets of the System to be invested in fixed income investments, such as bonds and cash equivalents. The Investment Committee continuously reviews expected rates of return and risk levels for all marketable asset classes and seeks to construct portfolios consistent with the System's return objectives and risk management guidelines. The Investment Committee strives for appropriate investment diversification by allocating funds across a variety of asset classes and by selecting managers whose demonstrated performance and reflect different management styles and asset class expertise. The performance of all investment managers is closely monitored, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same or similar investment objectives. All investment guidelines are monitored with the assistance of the Town Finance Director.

At June 30, the fiduciary fund [pension trust] investments are reflected at fair value and are categorized to give an indication as to the level of risk:

Description	At June 30			
	Fair Value	Level 1	Level 2	Level 3
Fiduciary Fund [TEPPP]:				
First State Trust Company:				
Cash and equivalents	\$ 499,399	\$ 499,399	\$ -	\$ -
Common and collected funds	1,810,627	-	1,810,627	-
As of June 30, 2024	<u>\$ 2,310,026</u>	<u>\$ 499,399</u>	<u>\$ 1,810,627</u>	<u>\$ -</u>
First State Trust Company:				
Cash and equivalents	\$ 146,560	\$ 146,560	\$ -	\$ -
Common and collected funds	2,117,687	-	2,117,687	-
As of June 30, 2023	<u>\$ 2,264,247</u>	<u>\$ 146,560</u>	<u>\$ 2,117,687</u>	<u>\$ -</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels defined below:

Level 1- Inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of adjustment.

Level 2- Inputs consist of quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3- Inputs are unobservable and have the lowest priority.

NOTE 5 - CAPITAL ASSETS

The following tables summarize the annual changes in capital assets:

Asset Category	As of and for the Year Ended June 30, 2024			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 430,251	\$ -	\$ -	\$ 430,251
Construction in progress:				
Streets and sidewalks	744,677	-	396,831	347,846
Total capital assets, not being depreciated	1,174,928	-	396,831	778,097
Capital assets, being depreciated:				
Buildings and improvements	2,435,204	-	-	2,435,204
Furniture and office equipment	882,610	31,236	-	913,846
Vehicles and equipment	1,261,133	27,096	37,356	1,250,873
Streets and sidewalks	1,854,441	869,596	-	2,724,037
Trees, trails and landscape	1,255,347	-	-	1,255,347
Total being depreciated	7,688,735	927,928	37,356	8,579,307
Less accumulated depreciation:				
Buildings and improvements	1,155,414	94,410	-	1,249,824
Furniture and office equipment	826,286	25,402	-	851,688
Vehicles and equipment	1,006,167	83,801	37,356	1,052,612
Streets and sidewalks	1,094,982	138,789	-	1,233,771
Trees, trails and landscape	882,928	117,087	-	1,000,015
Total accumulated depreciation	4,965,777	459,489	37,356	5,387,910
Total capital assets, being depreciated, net	2,722,958	468,439	-	3,191,397
Governmental activities capital assets, net	\$3,897,886	\$ 468,439	\$ 396,831	\$3,969,494

Asset Category	As of and for the Year Ended June 30, 2023			
	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 430,251	\$ -	\$ -	\$ 430,251
Construction in progress:				
Streets and sidewalks	-	744,677	-	744,677
Total capital assets, not being depreciated	430,251	744,677	-	1,174,928
Capital assets, being depreciated:				
Buildings and improvements	2,009,356	425,848	-	2,435,204
Furniture and office equipment	874,920	7,690	-	882,610
Vehicles and equipment	1,205,967	55,166	-	1,261,133
Streets and sidewalks	1,854,441	-	-	1,854,441
Trees, trails and landscape	1,175,007	80,340	-	1,255,347
Total being depreciated	7,119,691	569,044	-	7,688,735
Less accumulated depreciation:				
Buildings and improvements	1,080,878	74,536	-	1,155,414
Furniture and office equipment	820,803	5,483	-	826,286
Vehicles and equipment	921,958	84,209	-	1,006,167
Streets and sidewalks	971,872	123,110	-	1,094,982
Trees, trails and landscape	770,057	112,871	-	882,928
Total accumulated depreciation	4,565,568	400,209	-	4,965,777
Total capital assets, being depreciated, net	2,554,123	168,835	-	2,722,958
Governmental activities capital assets, net	\$2,984,374	\$ 913,512	\$ -	\$3,897,886

NOTE 6 - LONG-TERM DEBT OBLIGATIONS

The following table summarizes the annual changes in general obligation debt:

Description	As of and Year Ended June 30, 2024				
	Beginning Balances	Additions	Deletions	Ending Balances	
				Long-term Portion	Due Within One Year
Compensated absences	\$ 118,068	\$ -	\$ 17,242	\$ 100,826	\$ -

Compensated absences liability for governmental activities is generally liquidated with general fund resources.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

The following tables summarize the financial information regarding the Town's two defined-benefit pension plans:

At June 30, 2024			
Plan	Net Pension Liability/ (Asset)	Deferred Resources	
		Outflows	Inflows
Town of Elsmere Police Pension Plan [TEPPP]	\$ 2,194,112	\$ 75,320	\$ 107,113
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	62,123	216,405	(113,767)
Totals	\$ 2,256,235	\$ 291,725	\$ (6,654)

At June 30, 2023			
Plan	Net Pension Liability	Deferred Resources	
		Outflows	Inflows
Town of Elsmere Police Pension Plan [TEPPP]	\$ 1,974,660	\$ 108,834	\$ (278,255)
County & Municipal Police and Firefighters' Pension Plan proportionate share [CMPFPP]	(48,888)	159,110	(59,519)
Totals	\$ 1,925,772	\$ 267,944	\$ (337,774)

Town of Elsmere Police Pension Plan [TEPPP]

The following are disclosures required in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*:

General Information About the Plan

Plan Administration: The "Town of Elsmere Police Pension Plan" [TEPPP] established June 27, 1966 is a single-employer defined-benefit pension plan that provides pension benefits for all officers vested prior to June 30, 2011. All non-vested police officers in the plan at June 30, 2011 were moved to the State retirement plan [CMPFPP] and officers hired after that date shall not be eligible to participate. The TEP PP is managed by the Town's Pension Committee.

The Plan was originally funded by a combination of employer and participant contributions. Currently, the Plan is being funded with employer contributions only, since participants are inactive and receiving benefits.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Town of Elsmere Police Pension Plan [TEPPP] (continued)

General Information About the Plan (continued)

Plan Membership: At January 1, the pension plan membership consisted as follows:

Participant Count	2024	2023
Inactive plan members or beneficiaries:		
Currently receiving benefits	7	7
Entitled to but not yet receiving benefits	-	-
Active plan members	-	-
Total plan members or beneficiaries	7	7

Benefits Provided: TEP PP provides retirement and death benefits.

Normal Retirement:

- *Date:* The first day of the month coincident with or following completion of 20 years of service, but [1] in the case of a participant who has 10 or more years of service as of September 1, 2003, not later than the participant's 62nd birthday; or [2] in the case of any other participant, not earlier than participant's 50th birthday nor later than participant's 62nd birthday.
- *Benefit:* 50% of final pay multiplied by a fraction, not greater than one, the numerator of which equals the year of service completed at the participant's normal retirement date and the denominator of which is 20.

Early Retirement:

- *Date:* The first day of the month coincident with or following completion of 18 years of service.
- *Benefit:* 50% of final pay at termination of employment multiplied by a fraction, no to exceed one, the numerator of which equals the year of service completed at termination of employment and the denominator of which is 20.

Vesting:

- All plan members are fully vested.

Pre-Retirement Death Benefits:

- *Eligibility:* Upon the death of an active participant who had 10 or more years of service as of September 1, 2003, the beneficiary shall be entitled to benefits equal to those payable as if the date of death was the normal retirement date but based on final pay as of the date of death.
- *Benefit:* Upon the death of any other active participant whose vested percentage applicable to the participant's accrued benefit derived from employer contributions is greater than 0%, the beneficiary shall be entitled to benefits equal to 50% of those payable as if the date of death was the normal retirement date but based on final pay as of the date of death. Notwithstanding the prior sentence, the total amount of benefits payable from the Plan with respect to a member in the event of the death of such member, regardless of marital status or length of service at date of death, will not be less than the amount standing to the credit of the member in the participant's Mandatory Contribution Account as of the earlier of [a] date of such member's death or [b] date benefit payments originally commenced.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Town of Elsmere Police Pension Plan [TEPPP] (continued)

Plan Description (continued)

Investments

Investment Policy: TEP PP's adopted asset allocation policy as of January 1, follows:

Asset Class	Target Allocation	
	2024	2023
Domestic Equity	31.00%	31.00%
International Equity	14.00%	14.00%
Domestic Fixed Income	22.00%	22.00%
International Fixed Income	1.00%	1.00%
Alternative investments	25.00%	25.00%
Cash and equivalents	7.00%	7.00%
Totals	100.00%	100.00%

Concentrations: The Plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

Rate of Return: For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on Plan investments, net of plan investment expense is 7.69% and (16.36)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability of the Town

At June 30, the components of the net pension liability consist of the following:

Description	2024	2023
Total pension liability	\$ 4,358,783	\$ 4,213,680
Plan fiduciary net position	2,164,671	2,239,020
Town's net pension liability	<u>\$ 2,194,112</u>	<u>\$ 1,974,660</u>
Plan fiduciary net position as a percentage of total pension liability	<u>49.66%</u>	<u>53.14%</u>

Actuarial assumptions: Total pension liability on the actuarial valuation as of January 1, 2024 and 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Description	Percentages	
	2024	2023
Inflation	Not applicable	Not applicable
Projected salary increases	Not applicable	Not applicable
Investment rate of return	8.00%, net of expenses	8.00%, net of expenses
Cost-of-living adjustments	Increase benefits by 2.85%	Increase benefits by 2.85%

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Town of Elsmere Police Pension Plan [TEPPP] (continued)

Net Pension Liability of the Town [continued]

Mortality rates were based on the 1983 Group Annuity Mortality Table [sex distinct rates].

The long-term expected real 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 the expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	2024	2023
Domestic equity	5.50%	5.50%
International equity	6.50%	6.50%
Domestic fixed income	2.50%	2.50%
International fixed income	3.50%	3.50%
Alternative investments	7.50%	7.50%
Cash and equivalents	1.00%	1.00%

Discount rate: The discount rate the Plan used to measure the total pension liability was 8.00% for both periods presented. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made at the current contribution rate and that contributions from the Town will be made at rates actuarially determined. Based on those assumptions, the fiduciary net position of the plan 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate: The following presents the Town's net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Police Officers of the Town of Elsmere Police Pension Plan [TEPPP]:			
Fiscal year 2024	\$ 2,641,258	\$ 2,194,112	\$ 1,814,188
Fiscal year 2023	\$ 2,431,603	\$ 1,974,660	\$ 1,589,013

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Town of Elsmere Police Pension Plan [TEPPP] (continued)

Additional Disclosures Required Under GASB Statement No. 68

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

At June 30, 2024 and 2023, the Town reported a net pension liability of \$2,194,112 and \$1,974,660, respectively. The net pension liability was measured at January 1, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Town's net pension liability was based on a projection of the Town's long-term contributions to the pension plan, actuarially determined.

As a result of the Town's requirement to contribute to the TEP PP, the Town recognized pension expense/(benefit) of \$376,927 and \$389,378 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to TEP PP:

Description	Deferred Resources			
	2024		2023	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	83,836	-	192,188
Net difference between projected and actual earnings on pension plan investments	-	23,277	-	(470,442)
Contributions subsequent to the measurement date	75,320	-	108,834	-
Totals	<u>\$ 75,320</u>	<u>\$ 107,113</u>	<u>\$ 108,834</u>	<u>\$ (278,255)</u>

\$75,320 and \$108,834 reported as deferred outflows of resources related to the pension activity resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2025 and 2024, respectively. Any other amounts, when presented, reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	\$ 67,151
2026	20,577
2027	(24,904)
2028	(48,863)
2029	93,152
Totals	<u>\$ 107,113</u>

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP]

The Town's second defined-benefit pension plan is part of the "County & Municipal Police and Firefighters' Pension Plan" [CMPFPP] which is a cost sharing multiple-employer defined-benefit pension plan established in the Delaware Code. The State of Delaware General Assembly is responsible for setting benefits and contributions and amending the plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees [the Board]. Plan management is the responsibility of the Board, which 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 Delaware Office of Pensions. Although most of the assets of the Plan are commingled with other plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

The following is a brief description of the Plan in effect at June 30, 2023 and 2022, respectively. For more complete Plan description, refer to the Delaware Public Employee's Retirement System [DPERS] Annual Comprehensive Financial report [CAFR].

Separately issued financial statements for DPERS are available from Delaware Office of Pensions at: McArdle Building, Suite 1; 860 Silver Lake Boulevard; Dover, Delaware, 19904.

General Information About the Plan

Plan Description and Eligibility: The Plan covers police officers and firefighters employed by a county or a municipality of the State of Delaware that have joined the Plan, such as the Town of Elsmere.

Service Benefits: 2.50% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.50% of final average monthly compensation multiplied by years of service in excess of 20 years. For the Plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay).

Vesting: Five years of credited service.

Retirement: Age 62 with 5 years of service; age plus credited service [but not less than 10 years] equals 75; or 20 years of credited service.

Disability Benefits:

- **Duty-Total Disability:** 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.
- **Duty-Partial Disability:** Calculated the same as Service Benefits, subject to minimum 50% of final average compensation.
- **Non-Duty:** Same as Service Benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

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

At June 30, 2024 and 2023, the Town reported a pension liability/(asset) of \$(62,123) and \$(48,888) for its proportionate share of net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2023 and 2022, respectively, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation at those dates. The Town's proportion of the net pension liability/(asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the total projected contributions of the State and all the participating counties and municipalities within the State of Delaware, actuarially determined. At June 30, 2023 and 2022, the Town's proportion was 0.4321% and 0.4650%, which was a (decrease) increase of (0.0329%) and 0.0073% from its proportion measured as of June 30, 2023 and 2022, respectively.

As a result of its requirement to contribute to DPERS, the Town recognized pension expense/(benefit) of \$8,887 and \$(130,974) for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to DPERS:

Description	Deferred Resources			
	2024		2023	
	Outflows	Inflows	Outflows	Inflows
Differences between expected and actual experience	\$ 58,366	\$ (4,569)	\$ 38,855	\$ 2,442
Changes of assumptions	(7,344)	10,174	(791)	22,443
Net difference between projected and actual earnings on pension plan investments	81,282	(122,199)	64,502	(90,078)
Contributions subsequent to measurement date	87,207	-	55,744	-
Change in proportion and differences between Town contributions and proportionate share of contributions	(3,106)	2,827	800	5,674
Totals	<u>\$ 216,405</u>	<u>\$ (113,767)</u>	<u>\$ 159,110</u>	<u>\$ (59,519)</u>

\$87,207 and \$55,744 reported as deferred outflows of resources related to the pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	\$ (45,260)
2026	(143,190)
2027	(21,218)
2028	56
2029	(282)
2029 and thereafter	(33,071)
Totals	<u>\$ (242,965)</u>

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

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

Actuarial assumptions: The total pension liability/(asset) for the June 30, 2023 and 2022 measurement dates were determined by the actuarial valuations as of June 30, 2023 and 2022, with updated procedures used to roll forward the total pension liability/(asset) to June 30, 2023 and 2022, respectively. The actuarial valuations used the following actuarial assumptions:

Description	Percentages	
	#NAME?	#NAME?
Inflation	2.50%	2.50%
Projected salary increases	2.50% plus merit, including inflation	2.50% plus merit, including inflation
Investment rate of return/discount rate	7.00%, net of expenses	7.00%, net of expenses
Cost-of-living adjustments	0.00%	0.00%

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

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

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

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

Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation are summarized as follows:

Asset Class	Long-Term Expected		Asset Allocations	
	Real Rate of Return			
	2023	2022	2023	2022
Domestic equity	5.70%	5.70%	33.80%	31.80%
International equity	5.70%	5.70%	15.90%	15.00%
Fixed income	2.00%	2.00%	25.20%	23.60%
Alternative investments	7.80%	7.80%	19.30%	21.50%
Cash and equivalents	0.00%	0.00%	5.80%	8.10%

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

County & Municipal Police and Firefighters' Pension Plan [CMPFPP] (continued)

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

Discount rate: The discount rate for the Plan used to measure the total pension liability was 7.00% for the years ended June 30, 2023 and 2022. 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00% for the years ended June 30, 2024 and 2023, as well as what the Town's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan	1% Decrease	Current Discount Rate	1% Increase
Police Officers of the Town of Elsmere's County & Municipal Police and Firefighters' Pension Plan [CMPFPP]:			
Fiscal year 2024 (discount rate 7.0%)	\$ 441,814	\$ 62,123	\$ (248,419)
Fiscal year 2023 (discount rate 7.0%)	\$ 325,277	\$ (48,888)	\$ (353,757)

NOTE 8 - DEFINED CONTRIBUTION PENSION PLANS

The Town also sponsors the following two defined-contribution pension plans:

Elsmere Police Secondary Pension Plan [EPSPP]

On May 1, 2012, the Town established the "Elsmere Police Secondary Pension Plan" [EPSPP] to be administered by The Hartford or its successor MassMutual Financial Group for the Town's police officers. The Plan is a tax-qualified single employer retirement arrangement pursuant to ERISA Section 408(b)(2). This plan is intended to provide benefits to the Town's police officers who did not qualify for the Town's defined-benefit pension plans. The Town's contributions are based on 7.50% of covered payroll. The Town contributed a total of \$18,201 and \$16,403 for the years ended June 30, 2024 and 2023, respectively, on behalf of the Town's police officers participating in the retirement plan.

Town of Elsmere Employee Retirement Plan [TEERP]

On September 1, 2011, the Town established a salary deferral-only plan known as the "Town of Elsmere Employee Retirement Plan" [TEERP] to be administered by the Elsmere Police Pension Committee for the Town's employees other than police officers. The Plan is a tax-qualified single employer retirement arrangement pursuant to ERISA Section 457(b). This plan is intended to provide benefits for Town employees other than police officers. The Town does not make or match contributions to the plan.

NOTE 9 - LEASING ARRANGEMENT AS LESSOR

The town adheres to GASB Statement No. 87. There were no impaired leased assets at June 30, 2024 and 2023, respectively.

When a contract contains a lease or a lease contains a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the town records a lease receivable and a deferred revenue which is calculated based on the value of discounted future lease payments over the term of the lease. Whenever the interest rate implicit in the lease is not explicit, the town may apply the guidance for imputation of interest as a means of determining the interest rate.

At June 30, 2024, the town is the lessor for two separate non-cancellable leasing arrangement for a 6,000 square foot library and 6,833 square feet of office space located at 11 Poplar Avenue, Elsmere, Delaware to New Castle County and Impact Life, Inc., respectively. In addition to the monthly rental, the lessees must pay certain costs associated with the operation of the library and office space. The leases for the library and office space are for three-year terms commencing July 1, 2021 with a renewed lease commencing July 1, 2024, and October 1, 2023, respectively. As a result, a lease receivable in the amount of \$276,423 and a related deferred revenue of \$276,423 has been reflected in the statement of net position.

The following table summarizes the outstanding lease data at June 30, 2024:

Years Ended June 30,	Net Present Value		
	Principal	Interest	Total
2025	135,458	5,948	141,406
2026	91,035	8,371	99,406
2027	49,930	7,475	57,405
Total minimum future rental income	\$ 276,423	\$ 21,794	\$ 298,217

NOTE 10 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The Town does not anticipate losses as a result of these transactions.

Government Grant/Award Programs

The Town participates in a number of federal and state assisted grant awards. These awards are subject to compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The expenditures not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial to the financial statements.

The Town received a total of \$2,915,973 in funding under the American Rescue Plan Act of 2021 (ARPA). The unexpended funds are reported as refundable advances on the Statement of Net Position and the Balance Sheet-Governmental Funds at June 30, 2024 and 2023 in the amount of \$1,344,448 and \$1,551,432, respectively.

Litigation

In the normal course of business, the Town may become involved in litigation; any losses from such litigation are generally covered by insurance. At June 30, 2024, management is not aware of any material threatened or pending litigation with which the Town's solicitor anticipates could result in significant financial liability to the Town.

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Leasing Arrangements

The town has leasing arrangements for certain office equipment. These arrangements are usually for periods of three or more years and are generally not significant to the basic financial statements.

The Town also leases certain land parcels located within the Town's jurisdiction from Delaware Department of Transportation [DELDOT]. The lease entered on April 7, 1975 on a gratis basis was for the use of a parking lot and for the storage of certain materials. The lease was for a ten-year term, with the option to renew for successive ten-year terms, provided the Town gives DELDOT notice in writing at least ninety days prior to the expiration of the current lease.

NOTE 11 - RISK MANAGEMENT

The Town purchases commercial insurance policies in response to risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of nature. The premium payments for the insurance policies is recorded as expenditures and/or expenses of the Town, and insurance settlements have not exceeded insurance coverage.

NOTE 12 - GASB STATEMENT IMPLEMENTATION

In May of 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. Implementation is required for periods beginning after December 15, 2021, with earlier application encouraged. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with [1] commitments extended by issuers, [2] arrangements associated with conduit debt obligations, and [3] related note disclosures. The Statement achieves the objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. Implementation for requirements related to Statement 87 is effective for fiscal years beginning after December 15, 2020. Implementation for requirements related to Statements 73, 74, and 84 is effective for fiscal years beginning after June 15, 2021. The primary objective of the Statement is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. Implementation of the Statement had no significant impact on the financial statements.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Implementation is required for periods ending after December 31, 2021, with earlier application encouraged. The primary objective of the Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of the Statement had no significant impact on the financial statements.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Implementation is required for periods ending after June 15, 2022, with earlier application encouraged. The primary objective of the Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. Implementation of the Statement had no significant impact on the financial statements.

NOTE 12 - GASB STATEMENT IMPLEMENTATION (continued)

In March of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Implementation is required for periods ending after June 15, 2022, with earlier application encouraged. The primary objective of the Statement is to better meet the information needs of financial statement users by [1] establishing uniform accounting and financial reporting requirements for SBITAS; [2] improving the comparability of financial statements among governments that have entered into SBITAs; and [3] enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Implementation of the Statement had no significant impact on the financial statements.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Implementation is required for periods ending after June 15, 2021, with earlier application encouraged. The primary objectives of the Statement are to [1] increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; [2] mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit [OPEB] plans, and employee benefit plans other than pension plans or OPEB plans [other employee benefit plans] as fiduciary component units in fiduciary fund financial statements; and [3] enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code [IRC] Section 457 deferred compensation plans [Section 457 plans] that meet the definition of a pension plan and for benefits provided through those plans. Implementation of the Statement had no significant impact on the financial statements.

In October 2021, The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. Implementation is required for periods ending after December 31, 2021, with earlier application encouraged. The primary objective of the Statement is to replace the term comprehensive annual financial report with annual comprehensive financial report (ACFR). Implementation of the Statement had no significant impact on the financial statements

In June 2022, The GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Implementation is required for periods ending after June 15, 2024, with earlier application encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of the Statement had no significant impact on the financial statements

NOTE 13 - PENDING GASB STATEMENTS

The Town has not completed the various analyses required to estimate the future impact of the following new pronouncements on its financial statements. Generally, the Town does not early implement GASB statements and pronouncements.

In June 2022, The GASB issued Statement No. 101, *Compensated Absences*. Implementation is required for periods beginning after December 15, 2024, with earlier application encouraged. The objective of this Statement is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

In December 2023, The GASB issued Statement No. 102, *Certain Risk Disclosures*. Implementation is required for periods beginning after June 15, 2024, with earlier application encouraged. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

NOTE 13 - PENDING GASB STATEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. Implementation is required for periods beginning after June 15, 2025, with early adoption encouraged. The requirements of this statement refine the structure of Management's Discussion and Analysis (MD&A), consolidates extraordinary and special items into "Unusual or Infrequent Items," and introduces a new subtotal in proprietary fund statements to improve comparability. The statement also requires separate presentation of major component units and mandates clearer budgetary comparison information.

In December 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. Implementation is required for periods beginning after June 15, 2025, with early adoption encouraged. It mandates separate reporting of lease assets under GASB 87, intangible right-to-use assets under GASB 94, subscription-based information technology arrangements under GASB 96, and other intangible assets, each by major asset class. Additionally, the statement defines capital assets held for sale as those the government has decided to sell and expects to finalize the sale within one year. For such assets, governments must disclose their historical cost, accumulated depreciation, and any debt pledged as collateral.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Management has determined that no additional disclosures or adjustments are necessary to the financial statements.

Required Supplementary Information [RSI] Section

TOWN OF ELSMERE, DELAWARE**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND**

Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$2,820,800	\$2,820,800	\$2,815,386	\$ (5,414)
Property transfer taxes	260,000	260,000	415,626	155,626
Cable franchise taxes	100,000	100,000	78,934	(21,066)
Licenses and permits	388,500	388,500	370,219	(18,281)
Intergovernmental revenues	60,000	60,000	341,427	281,427
Police fines, court fees and vac	578,750	578,750	548,645	(30,105)
Charges for services-extra duty	-	-	12,180	12,180
Interest and rents	20,000	20,000	185,896	165,896
Miscellaneous revenues	121,100	121,100	6,450	(114,650)
Total revenues	4,349,150	4,349,150	4,774,763	425,613
EXPENDITURES				
Current:				
General government:				
Administration	423,087	423,087	654,338	(231,251)
Finance office	334,448	334,448	330,950	3,498
Council	19,502	19,502	12,639	6,863
Legal services and other costs	27,200	27,200	54,279	(27,079)
Public safety-police/VAC	1,819,556	1,819,556	1,643,466	176,090
Public safety-extra duty	-	-	11,524	(11,524)
Code enforcement	291,205	291,205	268,552	22,653
Public works-streets	385,471	385,471	342,795	42,676
Public works-sanitation	767,200	767,200	776,232	(9,032)
Parks and recreation	109,900	109,900	136,611	(26,711)
Long-term planning:				
Salary enhancements	-	-	-	-
Pension contribution	35,753	35,753	35,753	-
Capital outlay	130,134	130,134	235,796	(105,662)
Total expenditures	4,343,456	4,343,456	4,502,935	(159,479)
EXCESS (DEFICIT)				
REVENUE OVER EXPENDITURES	5,694	5,694	271,828	266,134
OTHER FINANCING SOURCES (USES)				
Refund of prior years expenditures	-	-	3,876	3,876
Operating transfers (out)/in	-	-	(1,740)	(1,740)
Total other financing sources (uses)	-	-	2,136	2,136
NET CHANGE IN FUND BALANCE	5,694	5,694	273,964	268,270
FUND BALANCE				
Beginning of year	-	-	1,305,246	1,305,246
End of year	\$ 5,694	\$ 5,694	\$1,579,210	\$ 1,573,516

See Report of Independent Auditor

TOWN OF ELSMERE, DELAWARE

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND (CONTINUED)**

Year Ended June 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town annually adopts a budget for the general fund. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. The Town's budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the general fund presents actual expenditures in accordance with U.S. generally accepted accounting principles on a basis consistent with the legally adopted budget as amended. Unexpended appropriations on annual budgets lapse at the end of each year.

Budget Variances in Excess of 10% of budget

1. Property transfer tax revenue variance is due to the difference between the budgeted anticipated revenue and actual.
2. Cable franchise tax revenue variance is likely due to increased use of streaming services and cancellation of cable TV subscriptions.
3. Intergovernmental revenues variance is primarily due to federal pandemic relief funding received which was not budgeted.
4. Charges for the police extra duty service revenue, and the related costs, are variable year to year and dependent on demand for such services and the Town's Public Safety department's availability to provide the services. The Town does not budget for extra duty services.
5. Charges for interest and rents increased due to the grant funds held in interest bearing accounts, the implementation of sweep accounts, and commencement of additional leases of town hall space.
6. Miscellaneous revenues vary from year to year and are generally difficult to budget given the nature of unpredictability of such revenue source.
7. Unanticipated repair, maintenance, and utility usage costs caused an increase in overall administration costs.
8. Budgeted items relating to special elections, reimbursements, and meetings were lower than anticipated.
9. Expenditure in this category exceeded the budget due to legal issues pertaining to sheriff sales.
10. Public Safety extra duty - Charges for the police extra duty service revenue and related costs are variable from year to year and are not budgeted.

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TOWN OF ELSMERE, DELAWARE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND (CONTINUED)
Year Ended June 30, 2024

- 11. Public Work Street - The decrease in expenses is due to the delay in timing and billing of street repaving projects.
- 12. Parks and Recreation increased die to additional tree removal and landscaping costs incurred.
- 13. Capital outlays includes nonbudget grant expenditures.

See Report of Independent Auditor

TOWN OF ELSMERE, DELAWARE**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
OF THE TOWN OF ELSMERE POLICE PENSION PLAN [TEPPP]**

As of and Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	325,030	307,202	308,716	305,660	306,884	310,810	308,339	311,811	315,389	246,720
Changes in benefits terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	121,680	206,727	(50,755)	2,655	(57,229)	(97,542)	(18,129)	(99,057)	(104,821)	-
Benefit payments	(301,607)	(280,544)	(273,238)	(266,984)	(262,935)	(261,743)	(256,910)	(255,399)	(255,186)	(253,164)
Net change in total pension liability	145,103	233,385	(15,277)	41,331	(13,280)	(48,475)	33,300	(42,645)	(44,618)	(6,444)
Total pension liability:										
Beginning of period	4,213,680	3,980,295	3,995,572	3,954,241	3,967,521	4,015,996	3,982,696	4,025,341	4,069,959	4,076,403
Ending of period	<u>\$ 4,358,783</u>	<u>\$ 4,213,680</u>	<u>\$ 3,980,295</u>	<u>\$ 3,995,572</u>	<u>\$ 3,954,241</u>	<u>\$ 3,967,521</u>	<u>\$ 4,015,996</u>	<u>\$ 3,982,696</u>	<u>\$ 4,025,341</u>	<u>\$ 4,069,959</u>
PLAN FIDUCIARY NET POSITION										
Contributions-employer	\$ 75,320	\$ 108,834	\$ 62,537	\$ 35,753	\$ 35,753	\$ 66,017	\$ 30,274	\$ 108,259	\$ 94,804	\$ 94,685
Net investment income	165,005	(461,125)	545,419	452,811	238,583	(4,470)	256,848	107,179	(35,269)	193,963
Benefits paid to beneficiaries	(301,607)	(280,544)	(273,238)	(266,984)	(262,935)	(261,743)	(256,910)	(255,399)	(255,186)	(253,164)
Administrative expenses	(13,067)	(13,064)	(13,178)	(1,697)	(57,127)	-	-	(16,424)	(1,053)	-
Other expenses	-	-	-	-	-	-	-	-	-	-
Net change in fiduciary net position	(74,349)	(645,899)	321,540	219,883	(45,726)	(200,196)	30,212	(56,385)	(196,704)	35,484
Plan fiduciary net position:										
Beginning of period	2,239,020	2,884,919	2,563,379	2,343,496	2,389,222	2,589,418	2,559,206	2,615,591	2,812,295	2,776,811
Ending of period	<u>\$ 2,164,671</u>	<u>\$ 2,239,020</u>	<u>\$ 2,884,919</u>	<u>\$ 2,563,379</u>	<u>\$ 2,343,496</u>	<u>\$ 2,389,222</u>	<u>\$ 2,589,418</u>	<u>\$ 2,559,206</u>	<u>\$ 2,615,591</u>	<u>\$ 2,812,295</u>
TOWN PENSION LIABILITY	<u>\$ (2,194,112)</u>	<u>\$ (1,974,660)</u>	<u>\$ (1,095,376)</u>	<u>\$ (1,432,193)</u>	<u>\$ (1,610,745)</u>	<u>\$ (1,578,299)</u>	<u>\$ (1,426,578)</u>	<u>\$ (1,423,490)</u>	<u>\$ (1,409,750)</u>	<u>\$ (1,257,664)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	<u>49.66%</u>	<u>53.14%</u>	<u>72.48%</u>	<u>64.16%</u>	<u>59.27%</u>	<u>60.22%</u>	<u>64.48%</u>	<u>64.26%</u>	<u>64.98%</u>	<u>69.10%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
TOWN PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See Report of Independent Auditor

TOWN OF ELSMERE, DELAWARE
SCHEDULE OF PENSION CONTRIBUTIONS
OF THE TOWN OF ELSMERE POLICE PENSION PLAN [TEPPP]
Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 256,337	\$ 230,699	\$ 127,972	\$ 167,322	\$ 188,182	\$ 184,392	\$ 166,667	\$ 166,306	\$ 164,700	\$ 146,932
Contributions in relation to actuarially determined contribution	75,320	108,834	62,537	35,753	35,753	66,017	30,274	108,259	94,804	94,685
Contribution deficiency (excess)	\$ 181,017	\$ 121,865	\$ 65,435	\$ 131,569	\$ 152,429	\$ 118,375	\$ 136,393	\$ 58,047	\$ 69,896	\$ 52,247
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTE TO SCHEDULE OF PENSION CONTRIBUTIONS

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of each year, six months prior to the end of the year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal Method

Amortization Method: Over the minimum and maximum periods allowed by law

Asset Valuation Method: Market value of plan assets on valuation date as reported by Trustee, plus any receivable contribution

Salary Increases: Does not apply-Frozen Plan

Investment Rate of Return: 8.00% per year, net of expenses

Retirement Age: Age 50 or Normal Retirement Date, if later.

Mortality: The 1983 Group Annuity Mortality Table [sex distinct rates].

Death Benefit: Calculated as noted in mortality category and assuming 100% of plan participants have spouses.

Cost-of-Living Adjustments: Assumed 2.85% increase per year. Participants not yet vested at 09/01/03, amount limited to 2.00%.

See Report of Independent Auditor

TOWN OF ELSMERE, DELAWARE

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN [CMPFPP]

As of and Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of net pension liability (asset)	0.4321%	0.4650%	0.4577%	0.5093%	0.5410%	0.4988%	0.4955%	0.6072%	0.6000%	0.5686%
Town's proportionate share of net pension liability (asset)	\$ 62,123	\$ (48,888)	\$ (629,840)	\$ 78,268	\$ 155,398	\$ 114,869	\$ 49,950	\$ 96,518	\$ (31,621)	\$ (61,512)
Town's covered-employee payroll	\$ 487,722	\$ 498,887	\$ 433,950	\$ 464,356	\$ 478,627	\$ 439,820	\$ 367,476	\$ 442,396	\$ 422,056	\$ 387,484
Town's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	-12.74%	-9.80%	-145.14%	16.86%	32.47%	26.12%	13.59%	21.82%	-7.49%	-15.87%
Plan's fiduciary net position as a percentage of total pension liability	97.58%	101.95%	128.19%	96.67%	93.25%	94.10%	97.00%	94.70%	101.97%	104.47%

Note to Schedule:

The amounts presented above are determined at June 30 of the preceding year.

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TOWN OF ELSMERE, DELAWARE

SCHEDULE OF PENSION CONTRIBUTIONS

OF THE COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PENSION PLAN [CMPFPP]

Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 87,207	\$ 55,744	\$ 68,321	\$ 73,638	\$ 74,093	\$ 79,775	\$ 56,511	\$ 52,480	\$ 61,268	\$ 61,789
Contributions in relation to contractually required contribution	87,207	55,744	68,321	74,093	79,775	56,511	52,480	61,268	61,789	61,789
Annual contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ 455	\$ 5,682	\$ (23,264)	\$ (4,031)	\$ 8,788	\$ 521	\$ -
Town covered-employee payroll	\$ 487,722	\$ 498,887	\$ 483,961	\$ 433,950	\$ 464,356	\$ 478,267	\$ 439,820	\$ 367,476	\$ 442,396	\$ 422,056
Contributions as percentage of covered-employee payroll	17.88%	11.17%	14.12%	17.07%	17.18%	11.82%	11.93%	16.67%	13.97%	14.64%

See Report of Independent Auditor

Supplementary Information Section

TOWN OF ELSMERE, DELAWARE
COMBINING INCOME STATEMENT-SPECIAL REVENUE FUND
As of June 30, 2024 With Comparative Totals for 2023

	Federal Funding	State Funding					Totals	
		Municipal Street Aid	SALLE	EIDE	Suburban Street Aid	Other	[Memorandum Only]	
							2024	2023
ASSETS								
ASSETS								
Cash and equivalents	19,945	\$ 225,910	\$ 5,371	\$ 4,100	\$ -	\$ 24,507	\$ 279,833	\$ 306,323
Due from other governments	42,981	-	-	-	-	-	42,981	6,300
Interfund receivable (payable)	(62,926)	-	(2,098)	6,720	14,414	485,816	441,926	443,149
TOTAL ASSETS	\$ -	\$ 225,910	\$ 3,273	\$ 10,820	\$ 14,414	\$ 510,323	\$ 764,740	\$ 755,772
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable and other	\$ -	\$ 6,919	\$ 401	\$ 6,686	13,467	\$ 15,413	\$ 42,886	\$ -
Refundable advances	-	-	2,872	4,134	947	494,910	502,863	525,999
Total liabilities	-	6,919	3,273	10,820	14,414	510,323	545,749	525,999
FUND BALANCES								
Restricted-specific programs	\$ -	\$ 218,991	\$ -	\$ -	\$ -	\$ -	\$ 218,991	\$ 229,773
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	218,991	-	-	-	-	218,991	229,773
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 225,910	\$ 3,273	\$ 10,820	\$ 14,414	\$ 510,323	\$ 764,740	\$ 755,772

See Report of Independent Auditor

TOWN OF ELSMERE, DELAWARE
COMBINING INCOME STATEMENT-SPECIAL REVENUE FUND
As of June 30, 2024 With Comparative Totals for 2023

		State Funding					Totals	
	Federal Funding	Municipal Street Aid	SALLE	EIDE	Suburban Street Aid	Other	[Memorandum Only]	
							2024	2023
REVENUES								
Intergovernmental revenues:								
Federal	\$ 197,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,414	\$ 105,801
State	-	114,521	3,803	5,688	92,197	259,088	475,297	367,237
Interest revenue	-	312	-	-	-	-	312	14
Total revenues	197,414	114,833	3,803	5,688	92,197	259,088	673,023	473,052
EXPENDITURES								
Current:								
Public safety-police	38,789	-	4,433	6,198	-	35,536	84,956	338,166
Public works-streets	-	125,615	-	-	92,197	-	217,812	98,392
Capital outlay:								
Public safety-police	158,625	-	-	-	-	224,152	382,777	-
Public works-streets	-	-	-	-	-	-	-	-
Total expenditures	197,414	125,615	4,433	6,198	92,197	259,688	685,545	436,558
EXCESS REVENUES OVER								
 (UNDER) EXPENDITURES	-	(10,782)	(630)	(510)	-	(600)	(12,522)	36,494
OTHER FINANCING SOURCES (USES)								
Operating transfers in (out)	-	-	630	510	-	600	1,740	1,820
Total other financing	-	-	630	510	-	600	1,740	1,820
sources (uses)								
NET CHANGE IN FUND BALANCES	-	(10,782)	-	-	-	-	(10,782)	38,314
FUND BALANCES								
Beginning of year	-	229,773	-	-	-	-	229,773	191,459
End of year	\$ -	\$ 218,991	\$ -	\$ -	\$ -	\$ -	\$ 218,991	\$ 229,773

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