

**THE TOWN OF  
FENWICK ISLAND, DELAWARE**

Audited Financial Statements  
And Supplemental Information  
For Fiscal Year Ended July 31, 2012  
(With Comparative Year Analyses 2011, 2010, 2009)



**TOWN OF FENWICK ISLAND, DELAWARE**  
**FISCAL YEAR ENDED JULY 31, 2012**

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**TOWN OF FENWICK ISLAND, DELAWARE**  
**FISCAL YEAR ENDED JULY 31, 2012**

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor And Members Of Council  
Town of Fenwick Island  
Fenwick Island, Delaware

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fenwick Island, Delaware as of and for the year ended July 31, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 30, 2012. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fenwick Island, Delaware as of July 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have performed certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Fenwick Island, Delaware basic financial statements. The supplementary information on pages 34 – 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sombar & Company, CPAs, P.A.*  
Certified Public Accountants

October 30, 2012  
Georgetown, Delaware

## **MANAGEMENT DISCUSSION AND ANALYSIS**



**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

As management of the Town of Fenwick Island, Delaware, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended July 31, 2012. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements (beginning on page 11).

**FINANCIAL HIGHLIGHTS**

- The assets of The Town of Fenwick Island exceeded its liabilities at the close of the most recent fiscal year by \$ 4,165,122 (Net assets) as compare to \$ 3,967,101 in the prior year. Unassigned net assets has a negative balance in the amount \$ 387 which may limit the government's ongoing obligations to citizens and creditors in accordance with the Town's fund designation and fiscal policies.
- As of the close of the current fiscal year, The Town of Fenwick Island's governmental funds reported combined ending fund balances of \$ 2,064,290, a decrease of \$ 106,485 in comparison with the prior year. \$ 121,845 of the total amount is unassigned and available for use within the Town's designation and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 121,845, a decrease of \$ 232,495.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

The Statement of Activities presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government and administration, public safety, and streets.

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten (10) governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, 1½ % Realty Transfer Tax and Municipal Street Aid funds, all of which are considered to be major funds. Data from the other seven (7) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 27 of this report.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**Other Information** – In additional to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary activity. Required supplementary information can be found on page 28 - 32 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 33 - 42 of this report.

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Town of Fenwick Island, assets exceeded liabilities by \$ 4,165,122 as of July 31, 2012.

A large portion of the Town's net assets (53%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure, less any debt used to acquire those assets that is still outstanding). The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending.

**TOWN OF FENWICK ISLAND'S NET ASSETS**

	Governmental Activities July 31, 2012	Governmental Activities July 31, 2011	Amount Change	Percentage Change
Current and other assets	\$ 2,128,467	\$ 2,223,760	\$ (95,293)	(4.29%)
Capital Assets	2,629,009	1,903,091	725,918	38.14%
<u>Total Assets</u>	<u>4,757,476</u>	<u>4,126,851</u>	<u>630,625</u>	
Long term liabilities	528,177	107,416	420,761	391.71%
Other liabilities	64,177	52,334	11,843	22.63%
<u>Total Liabilities</u>	<u>592,354</u>	<u>159,750</u>	<u>432,604</u>	
Net Assets:				
Non-spendable	2,266,696	1,951,834	314,862	16.13%
Restricted by other governments	1,803,615	1,694,687	108,928	6.43%
Commit by council	56,053	35,287	20,766	58.85%
Assigned	39,145	38,369	776	2.02%
Unassigned	(387)	246,924	(247,311)	(100.16%)
<u>Total Net Assets</u>	<u>\$ 4,165,122</u>	<u>\$ 3,967,101</u>	<u>\$ 198,021</u>	

The balance of net assets, net of non-spendable balances is \$ 1,898,426 which may be used to meet the government's ongoing obligation to citizens and creditors. As of July 31, 2012, the Town is able to report positive balances in governmental activities net asset balances except for the unassigned balance.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

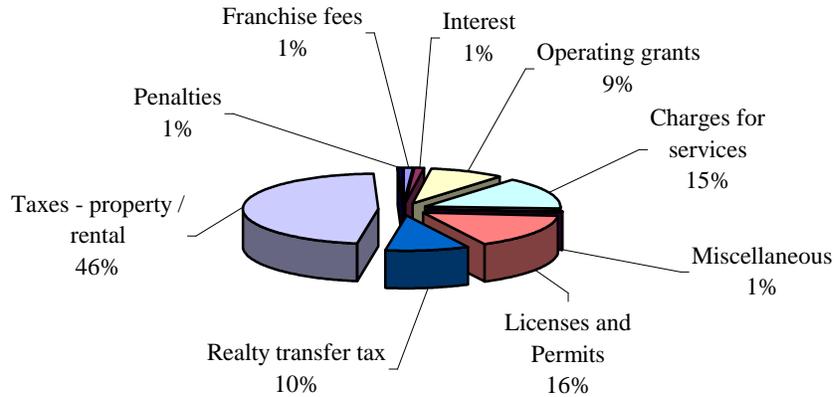
**Analysis of the Town's Operations** – The following table provides a summary of the Town's operations for the year ended July 31, 2012, along with comparable data. Governmental activities increased the Town of Fenwick Island's net assets by \$ 198,021.

**TOWN OF FENWICK ISLAND'S CHANGES IN NET ASSETS**

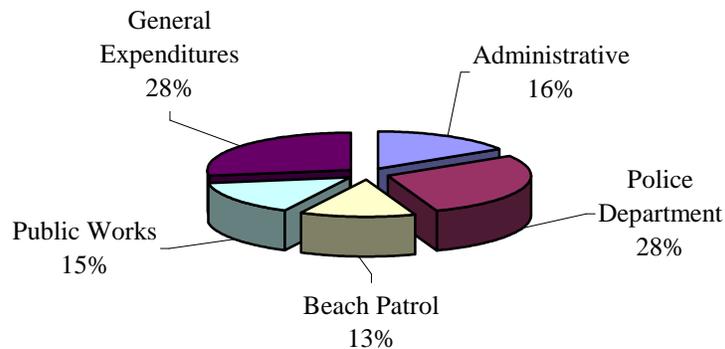
	<b>Governmental Activities <u>July 31, 2012</u></b>	<b>Governmental Activities <u>July 31, 2011</u></b>	<b>Amount of Change</b>
Revenues:			
Program Revenues:			
Charges for services	\$ 282,873	\$ 268,924	\$ 13,949
Operating grants and contributions	177,319	241,767	(64,448)
General Revenues:			
Taxes - property / rental	913,529	860,260	53,269
Realty transfer tax	196,420	301,065	(104,645)
Franchise fees	19,074	21,875	(2,801)
Licenses and Permits	309,623	187,626	121,997
Penalties	11,101	3,107	7,994
Interest	22,457	28,441	(5,984)
Gain (loss) on sale/retirement of fixed assets	-	385	(385)
Miscellaneous	13,183	10,635	2,548
<u>Total Revenues</u>	<u>1,945,579</u>	<u>1,924,085</u>	<u>21,494</u>
Expenses:			
Administrative	284,166	274,805	9,361
Police Department	502,747	477,731	25,016
Beach Patrol	233,026	216,879	16,147
Public Works (includes MSA expenses)	263,308	203,599	59,709
General Expenditures	464,311	430,677	33,634
<u>Total Expenses</u>	<u>1,747,558</u>	<u>1,603,691</u>	<u>143,867</u>
<u>Increase (Decrease) in net assets</u>	198,021	320,394	(122,373)
<u>Net assets - August 1st</u>	<u>3,967,101</u>	<u>3,646,707</u>	<u>320,394</u>
<u>Net assets - July 31st</u>	<u>\$ 4,165,122</u>	<u>\$ 3,967,101</u>	<u>\$ 198,021</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**Governmental Activities 2012 Revenues**



**Governmental Activities 2012 Expenses**



**FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS**

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

At the end of the current fiscal year, the Town of Fenwick Island’s governmental funds reported combined ending fund balances of \$ 2,064,290. \$ 121,845 of this total amount constitutes unassigned fund balance.

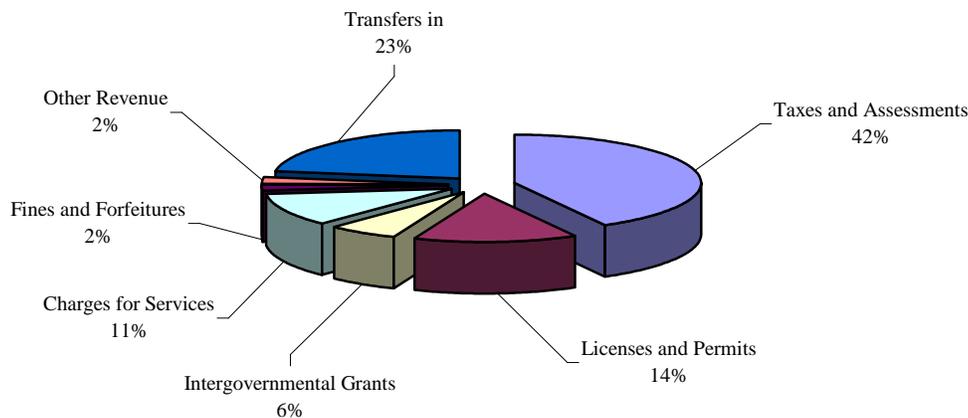
**General Fund Budgetary Highlights** – Revenues for the general fund operations were above original budgeted revenues estimates by \$ 188,127. Increases in licenses and permits were the primary reason for a favorable variance. Departmental expenditures were higher than original budgeted expenditures by \$ 810,882, primarily due to capital expenditures that were not budgeted.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

The following schedule presents a comparative summary of General Fund revenues and transfers in for the fiscal years ended July 31, 2012 and 2011, along with the percentage of that revenue to total revenue.

<u>Revenues</u>	<u>July 31, 2012</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>	<u>July 31, 2011</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>
Taxes and Assessments \$	913,529	42%	\$ 860,260	55%
Licenses and Permits	309,623	14%	187,626	12%
Intergovernmental Grants	133,172	6%	205,788	13%
Charges for Services	237,251	11%	230,289	14%
Fines and Forfeitures	45,622	2%	38,635	3%
Other Revenue	46,365	2%	38,663	3%
Transfers in	490,999	23%	-	
	<u>\$ 2,176,561</u>	<u>100%</u>	<u>\$ 1,561,261</u>	<u>100%</u>

**General Fund Revenues 2012**



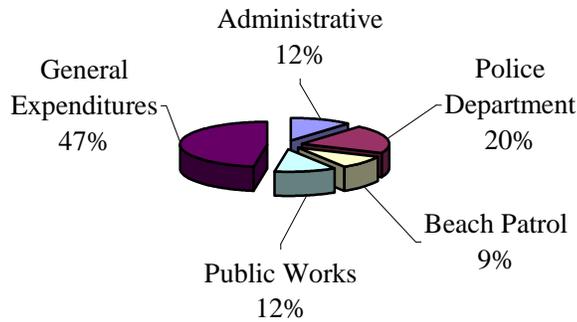
Current and prior year’s property taxes continue to represent the largest revenue source, with \$ 639,729 or 29% of all General Fund revenues. The increase in revenues from 2011 of \$ 615,300 was due primarily to transfers in and an increase of licenses and permits revenues.

The following schedule represents a comparative summary of General Fund expenditures for the fiscal years ended July 31, 2012 and 2011, along with the percentage of that expenditure to total expenditures:

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

<u>Expenditures</u>	<u>July 31, 2012</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>	<u>July 31, 2011</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>
Administrative	\$ 277,310	12%	\$ 268,138	16%
Police Department	490,505	20%	445,161	25%
Beach Patrol	222,627	9%	212,721	12%
Public Works	279,683	12%	176,201	10%
General Expenditures	1,144,042	47%	649,550	36%
Transfers Out	-	-	35,696	1%
	<u>\$ 2,414,167</u>	<u>100%</u>	<u>\$ 1,787,467</u>	<u>100%</u>

**General Fund Expenditures 2012**



The Town’s actual expenditures were above budget expectations by \$805,882. This unfavorable variance was due to unbudgeted capital expenditures.

**CAPITAL ASSETS**

The Town of Fenwick Island’s investment in capital assets for its governmental activities as of July 31, 2012, amounts to \$ 2,629,009 (net of accumulated depreciation). This investment in capital assets includes the following:

**TOWN OF FENWICK ISLAND, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2012**

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

	<b>Governmental Activities July 31, 2012</b>	<b>Governmental Activities July 31, 2011</b>	<b>Amount Change</b>
CIP	\$ -	\$ 74,417	\$ (74,417)
Buildings	970,667	290,982	679,685
Vehicles	344,066	234,353	109,713
Office equipment	108,059	90,094	17,965
Police equipment	179,612	176,162	3,450
Street signs and fixtures	62,486	56,559	5,927
Machinery and equipment	243,023	219,468	23,555
Beach and lifeguard equipment	106,823	16,837	89,986
Recreation equipment	33,579	33,579	-
Land improvements	1,522,664	1,506,262	16,402
Accumulated Depreciation	<u>(941,970)</u>	<u>(795,622)</u>	<u>(146,348)</u>
<b>Total</b>	<b>\$ <u>2,629,009</u></b>	<b>\$ <u>1,903,091</u></b>	<b>\$ <u>725,918</u></b>

**DEBT ADMINISTRATION**

The Town's long term debt consists of a Line of Credit from the Bank of Ocean City (BOC), an operating lease, and accrued compensated absences. This information can be found in note 9 on page 23 of this report.

**REQUEST FOR INFORMATION**

The financial report is designed to provide our citizens with general overview of the Town's finances. If you have questions about this report or need any additional information, contact the Town Hall, Attn: Town Manager, at 800 Coastal Highway, Fenwick Island, Delaware 19944, call 302/539-3011.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FENWICK ISLAND, DELAWARE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JULY 31, 2012**

(With Comparative Totals for July 31, 2011)

	<u>Primary Government</u>	<u>Primary Government</u>
	Total	Total
	2012	2011
<b>ASSETS</b>		
Cash and cash investments	\$ 2,046,326	\$ 2,070,344
Receivables (net of allowance for doubtful accounts):		
Franchise fee	-	6,585
Interest	436	1,226
State of Delaware	27,000	47,362
Taxes	6,831	46,125
Traffic fines	4,242	3,375
Inventories	8,914	8,914
Prepaid items	34,718	39,829
Capital assets:		
CIP	-	74,417
Buildings	970,667	290,982
Vehicles	344,066	234,353
Office equipment	108,059	90,094
Police equipment	179,612	176,162
Street signs and fixtures	62,486	56,559
Machinery and equipment	243,023	219,468
Beach and lifeguard equipment	106,823	16,837
Recreation equipment	33,579	33,579
Land and improvements	1,522,664	1,506,262
Accumulated depreciation	(941,970)	(795,622)
	<u>4,757,476</u>	<u>4,126,851</u>
<u>Total Assets</u>	<u>\$ 4,757,476</u>	<u>\$ 4,126,851</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**JULY 31, 2012**

(With Comparative Totals for July 31, 2011)

	Primary Government	Primary Government
	Total	Total
	2012	2011
<b>LIABILITIES</b>		
Accounts payable	\$ 28,145	\$ 16,638
Accrued liabilities	18,058	16,493
Accrued compensated absences	122,231	107,416
Deferred revenue	17,974	19,203
Line of Credit - Bank of Ocean City	405,946	-
	<u>592,354</u>	<u>159,750</u>
<b>NET ASSETS</b>		
Non-spendable	2,266,696	1,951,834
Restricted by other governments	1,803,615	1,694,687
Committed by council	56,053	35,287
Assigned	39,145	38,369
Unassigned	(387)	246,924
	<u>4,165,122</u>	<u>3,967,101</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 4,757,476</u>	<u>\$ 4,126,851</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Totals for July 31, 2011)

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Administrative	\$ 284,166	\$ -	\$ -	-
Police Department	502,747	45,622	58,358	-
Beach Patrol	233,026		69,000	-
Public Works	263,308		32,801	-
General Government	464,311	237,251	17,160	-
<u>Total Governmental Activities</u>	<u>1,747,558</u>	<u>282,873</u>	<u>177,319</u>	<u>-</u>
 <u>Total Government</u>	 <u>1,747,558</u>	 <u>282,873</u>	 <u>177,319</u>	 <u>-</u>

General revenues:

- Taxes
- Franchise fees
- Licenses and fees
- Penalties
- Interest
- Miscellaneous

Total General revenues and transfers

Change in net assets

Net assets - August 1

Net assets - July 31

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

Net (Expenses) Revenues and Changes in Net Assets	
Governmental Activities	
Totals	
2012	2011
\$ (284,166)	\$ (274,805)
(398,767)	(377,887)
(164,026)	(176,879)
(230,507)	(176,948)
(209,900)	(86,481)
<u>(1,287,366)</u>	<u>(1,093,000)</u>
<u>(1,287,366)</u>	<u>(1,093,000)</u>
1,109,949	1,161,325
19,074	21,875
309,623	187,626
11,101	3,107
22,457	28,441
13,183	11,020
<u>1,485,387</u>	<u>1,413,394</u>
198,021	320,394
<u>3,967,101</u>	<u>3,646,707</u>
<u>\$ 4,165,122</u>	<u>\$ 3,967,101</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JULY 31, 2012**

	<u>General</u>	<u>1 1/2% Realty Transfer Tax</u>
<b>ASSETS</b>		
Cash and cash investments	\$ 148,027	\$ 1,788,755
Receivables (net of allowance for doubtful accounts):		
Accounts	31,242	-
Other	-	429
Taxes		6,831
Inventory	-	-
Prepaid items	<u>34,718</u>	<u>-</u>
<u>Total Assets</u>	<u>213,987</u>	<u>1,796,015</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	22,099	4,150
Accrued liabilities	18,058	-
Deferred revenue	<u>17,267</u>	<u>-</u>
<u>Total Liabilities</u>	<u>57,424</u>	<u>4,150</u>
Fund Balances:		
Non-spendable	34,718	-
Restricted by other governments	-	1,791,865
Committed by council	-	-
Assigned	-	-
Unassigned	<u>121,845</u>	<u>-</u>
<u>Total Fund Balances</u>	<u>156,563</u>	<u>1,791,865</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 213,987</u>	<u>\$ 1,796,015</u>

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

<u>Municipal Street Aid</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 13,646	\$ 95,898	\$ 2,046,326
-	-	31,242
-	7	436
-	-	6,831
8,914	-	8,914
-	-	34,718
<u>22,560</u>	<u>95,905</u>	<u>2,128,467</u>
1,896	-	28,145
-	-	18,058
-	707	17,974
<u>1,896</u>	<u>707</u>	<u>64,177</u>
8,914	-	43,632
11,750	-	1,803,615
-	56,053	56,053
-	39,145	39,145
-	-	121,845
<u>20,664</u>	<u>95,198</u>	<u>2,064,290</u>
<u>\$ 22,560</u>	<u>\$ 95,905</u>	<u>\$ 2,128,467</u>

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**TOWN OF FENWICK ISLAND, DELAWARE**  
**RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO**  
**GOVERNMENTAL ACTIVITIES IN NET ASSETS**  
**FOR THE YEAR ENDED JULY 31, 2012**

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

**Total Fund Balances for Government Funds** \$ 2,064,290

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

Line of Credit from the bank of Ocean City is not financial resources and reported as a liability. (405,946)

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

Total Capital Assets	3,570,979	
Accumulated Depreciation	<u>(941,970)</u>	2,629,009

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

Compensated absences	<u>(122,231)</u>
----------------------	------------------

**Total Net Assets of Governmental Activities** \$ 4,165,122

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>General</u>	<u>1 1/2% Realty Transfer Tax</u>
<u>Revenues:</u>		
Taxes and Assessments	\$ 913,529	\$ 196,419
Licenses and Permits	309,623	-
Intergovernmental Grants	133,172	-
Charges for Services	237,251	-
Fines and Forfeitures	45,622	-
Other Revenue	46,365	21,175
	<hr/>	<hr/>
<u>Total Revenues</u>	<u>1,685,562</u>	<u>217,594</u>
 <u>Expenditures:</u>		
Administrative	277,310	-
Police Department	490,505	-
Beach Patrol	222,627	-
Public Works	279,683	-
General Expenditures	1,144,042	4,150
	<hr/>	<hr/>
<u>Total Expenditures</u>	<u>2,414,167</u>	<u>4,150</u>
 <u>Excess Of Revenues Over</u>		
<u>(Under) Expenditures</u>	(728,605)	213,444
 <u>Other Financing Sources (Uses):</u>		
Proceeds from borrowings	405,946	
Transfers from (to) other funds	85,053	(105,709)
	<hr/>	<hr/>
<u>Total Other Financing Sources (Uses)</u>	<u>490,999</u>	<u>(105,709)</u>
 <u>Net Change in Fund Balances</u>		
	(237,606)	107,735
 <u>Fund balance - August 1, 2011</u>		
	<hr/>	<hr/>
	394,169	1,684,130
 <u>Fund balance - July 31, 2012</u>		
	<hr/>	<hr/>
	\$ 156,563	\$ 1,791,865

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

<u>Municipal Street Aid</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 1,109,948
-	-	309,623
32,801	8,535	174,508
-	-	237,251
-	-	45,622
-	1,738	69,278
<u>32,801</u>	<u>10,273</u>	<u>1,946,230</u>
-	-	277,310
-	8,535	499,040
-	-	222,627
30,937	-	310,620
20	852	1,149,064
<u>30,957</u>	<u>9,387</u>	<u>2,458,661</u>
1,844	886	(512,431)
-	20,656	405,946
<u>-</u>	<u>20,656</u>	<u>-</u>
<u>-</u>	<u>20,656</u>	<u>405,946</u>
1,844	21,542	(106,485)
<u>18,820</u>	<u>73,656</u>	<u>2,170,775</u>
<u>\$ 20,664</u>	<u>\$ 95,198</u>	<u>\$ 2,064,290</u>

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**TOWN OF FENWICK ISLAND, DELAWARE**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES TO FUND BALANCE OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2012**

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

Net Change in Fund Balances - Total Governmental Funds	\$ (106,485)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ( 872,266) exceeded depreciation ( 146,348) in the current period.	725,918
Governmental funds report changes in long-term liabilities as a reduction or increase of the liability. However, in the statement of activities these are expensed.	(405,946)
Increase in Compensated Absences	(14,816)
Receivables reported in the statement of activities prior year	<u>(650)</u>
Change in net assets of governmental activities	<u>\$ 198,021</u>

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

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## **NOTES TO FINANCIAL STATEMENTS**



**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(1) Summary of Significant Accounting Policies

A. General Statement

The Town of Fenwick Island (the “Town”) was incorporated in 1953 and adopted its first charter July 8, 1953, under the provisions of House Bill No. 274, with House Amendment No. 1 (An Act to Incorporate the Town of Fenwick Island, Delaware). The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, culture and recreation, planning and zoning, general administrative, and public works to include street maintenance.

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described below.

B. Financial Reporting Entity

The Town’s basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Town hold the corporate powers of the organization
- the Town appoints a voting majority of the organization’s board
- the Town is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Town
- there is fiscal dependency by the organization on the Town

Based on the aforementioned criteria, the Town of Fenwick Island has no component units.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Town. The effect of interfund activity, within the governmental activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support

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

Fund Financial Statements:

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

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, used and balance of current financial resources. The Town has presented the following major governmental funds:

General Fund – This is the main operating fund of the Town. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

D. Measurement Focus / Basis of Accounting

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(1) Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting (Continued)

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

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

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

The Town reports the following major governmental funds:

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

The Municipal Street Aid Fund is used to account for financial transactions pertaining to specific resources. Revenues are derived from State of Delaware Transportation Trust Fund grant monies. Expenditures of these monies are allowable for improvements to water and sewer systems, street improvements, public safety and public works.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(1) Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting (Continued)

The 1½ % Realty Transfer Tax Fund is used to account for financial transactions pertaining to specific resources. Revenues are derived from collections of the Town's assessed realty transfer tax fee of 1½ %. Expenditures of these monies are allowable for capital and operating costs of public safety services, economic development programs, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction.

E. Implementation of New Accounting Principles

Starting with fiscal year 2004, the Town implemented GASB Statement No. 33, GASB Statement No. 34, GASB Statement No. 37 and GASB Statement No. 38.

Under GASB Statement 33, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the Town has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date.

GASB 34 creates another set of the basic financial statements for reporting on the Town's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The Town has implemented GASB Statement No. 54. This standard requires governments to further define how much of the fund balance is truly unrestricted, in order to meet the needs of the governments day to day operations. There are five new fund balance types presented on the Town's financial statements, and are defined as follows:

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

Restricted - Amounts where an external party has determined how and what items monies can be spent for. Examples include federal, state and county grants.

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

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

Unassigned - Amounts that are at the Town's discretion for day to day operations.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(1) Summary of Significant Accounting Policies (Continued)

F. Budgetary Control

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

(2) Investments

The Town primarily uses Certificates of Deposits and Money Market accounts for their investments.

(3) Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year. The amount for prepaid items has been designated to signify that a portion of the fund balance is not available for other subsequent expenditures.

(4) Inventory

Inventory consists of supplies used in street repair and drainage projects. These materials are recorded at cost as an asset of the Municipal Street Aid Fund, with an equal offsetting amount recorded as a fund balance.

(5) Interfund Receivables and Payables

The interfund receivables and payables reflected as "Other Financing Sources (Uses)" (due from or to other funds) are current assets and liabilities between the individual funds.

(6) Operating Transfers

Funds have been received and disbursed between the General Fund and Special Revenue Funds to finance operations during the year.

(7) Total Columns On General Purpose Financial Statements

Total columns captioned "Memorandum Only" indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Each fund should be considered separately as to its financial position and operating results.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(8) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

	Balances July 31, 2011	Additions	Deletions	Balances July 31, 2012
CIP	\$ 74,417	\$ -	\$ 74,417	\$ -
Buildings	290,982	679,685	-	970,667
Vehicles	234,353	109,713	-	344,066
Office equipment	90,093	17,966	-	108,059
Police equipment	176,162	3,450	-	179,612
Street signs and fixtures	56,559	5,927	-	62,486
Machinery and equipment	179,191	63,832	-	243,023
Beach and Lifeguard equipment	57,115	49,708	-	106,823
Recreation equipment	33,579	-	-	33,579
Land and improvements	1,506,262	16,402	-	1,522,664
Total	2,698,713	946,683	74,417	3,570,979
Less: accumulated depreciation	(795,622)	(146,348)	-	(941,970)
Total capital assets	\$ <u>1,903,091</u>	\$ <u>800,335</u>	\$ <u>74,417</u>	\$ <u>2,629,009</u>

(9) Long-Term Debt

On October of 2011, the Town entered a line of credit agreement with the Bank of Ocean City (BOC) for \$450,000 with 3% interest rate. This loan is unsecured and at July 31, 2012, the town owed \$ 405,946.

Since this obligation was converted on August 17, 2012 to a long-term note, this debt is reflected as a long-term maturity at July 31, 2012.

In July of 2010, the Town entered into a 3 year operating lease agreement with Toyota Financial Services for the lease of a 2011 Toyota Sienna. Since the Town will not retain any ownership rights to this vehicle, it has not been recorded as a liability or as an asset.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(9) Long-Term Debt (Continued)

The following is a summary of long-term debt for the year ended July 31, 2012:

	Beginning Balance 8/01/11	Additions	Subtractions	Ending Balance 7/31/12
Line of Credit - BOC	\$ -	\$ 405,946	\$ -	\$ 405,946
Long-term portion of accrued compensated absences	<u>107,416</u>	<u>14,816</u>	<u>-</u>	<u>122,232</u>
Total	<u>\$ 107,416</u>	<u>\$ 420,762</u>	<u>\$ -</u>	<u>\$ 528,178</u>

(10) Accrued Compensated Absences

Employees can accrue compensatory time on an unlimited basis. Such liability is reflected in the financial statements.

Liabilities for accrued compensated absences have been allocated between current and long-term liabilities.

For departments accounted in the General Fund, the long-term liability has been recorded in the General Long-Term Debt Account Group.

A. Sick Leave

The Town allows employees to accumulate unused sick leave to a maximum of 960 hours. Upon termination in good standing and having given two week notice, the employee is paid for one-half (1/2) of the accumulated sick hours to a maximum of 490 hours.

Government Accounting Standards Board Statement No. 16 states that “compensated absences for sick leave and other compensated absences with similar characteristics should be accrued only when it is probable that the employer will have to make termination payments”.

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Administrative Department	\$ 82	\$ 10,078	\$ 10,160
Police Department	540	37,893	38,433
Public Works Department	<u>(74)</u>	<u>12,761</u>	<u>12,687</u>
Total	<u>\$ 548</u>	<u>\$ 60,732</u>	<u>\$ 61,280</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

A. Vacation Pay

Earned vacation time may be accumulated to a maximum of 320 hours entitlement ranging from 40 to 320 hours. Upon termination, employees are paid for accumulated vacation days. The liability for vacation pay is accrued using the Town's guidelines as outlined above, at the employees' daily rate of pay as of July 31, 2012.

The liability recorded in the financial statements for vacation pay and payroll taxes at July 31, 2012, is as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Administrative Department	\$ 153	\$ 18,716	\$ 18,869
Police Department	442	31,004	31,446
Public Works Department	<u>(69)</u>	<u>11,780</u>	<u>11,711</u>
Total	<u>\$ 526</u>	<u>\$ 61,500</u>	<u>\$ 62,026</u>

C. Total Accrual

Total accrued compensated absences recorded in the financial statements as of July 31, 2012 are as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Administrative Department	\$ 235	\$ 28,794	\$ 29,029
Police Department	982	68,897	69,879
Public Works Department	<u>(143)</u>	<u>24,541</u>	<u>24,398</u>
Total	<u>\$ 1,074</u>	<u>\$ 122,232</u>	<u>\$ 123,306</u>

(11) Pension Plan

Police Pension Plan

All certified police officers of the Town are covered by the State of Delaware Police Pension Plan. The Town is required to contribute 13.90% of each officer's salary. Each police officer is required to contribute 7% of their salary. During the year ended July 31, 2012, the State contributed \$ 22,011, to help offset the cost for the benefit of the police officers.

Municipal Employee's Pension Plan

The Town contributes 5% of the municipal employee's annual salary. The Town also matches employee contributions up to an additional 5 % of the employee's annual salary, for a total maximum cost to the Town of up to 10 % for each municipal employee.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(12) Secured Deposits

At July 31, 2012, the Town had \$2,046,125 on deposit with the banks. \$ 91,331 of this amount is held in non-interest bearing accounts, and is fully insured by the FDIC.

The remaining \$1,954,794 is held in interest bearing accounts as follows;

Interest Bearing Accounts	FDIC		Total
	Insured	Unsecured	
PNC	\$ 250,000	\$ 174,467	\$ 424,467
Bank of Delmarva - Checking	174,556	-	174,556
Bank of Ocean City	174,692	-	174,692
Bank of Ocean City - Certified Deposit	1,181,079	-	1,181,079
Total	\$ 1,780,327	\$ 174,467	\$ 1,954,794

The town has deposits in the amount of \$ 424,467 held in interest bearing accounts at PNC Bank. \$ 174,467 of the PNC deposits are not collateralized or insured by the FDIC.

\$ 1,181,079 in Certificates of Deposits through the Bank of Ocean City are held by seven different banks and fully insured by the FDIC.

(13) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(14) Property Taxes

Real property taxes were levied on August 1<sup>st</sup>. Taxes unpaid at October 30<sup>th</sup> are subject to a penalty of 5% per month until paid. The total assessed value of property amounted to \$ 33,117,901 for a real property tax yield of \$ 614,006.

(15) Contingencies

The Town maintains commercial insurance policies to handle the risk of loss to the Town's assets and employees.

**TOWN OF FENWICK ISLAND, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(16) Other Financing Sources (Uses)

During the fiscal year, transfers were made between the General Fund, Special Revenue Funds, and General Long-term Debt Account Group. A schedule of these transfers is as follows:

		1 1/2 % General Fund	Realty Transfer Tax	Dedicated Streets	Total
Transfers (to) from General Fund	\$	-	\$ (85,053)	\$ -	\$ (85,053)
Transfers (to) from Special Revenue	\$	85,053	\$ (20,656)	\$ 20,656	\$ 85,053
<u>Total Other Financing Sources (Uses)</u>	\$	<u>85,053</u>	<u>\$ (105,709)</u>	<u>\$ 20,656</u>	<u>\$ -</u>

(17) Subsequent Events

In August, 2012, the town made a payment of \$ 100,000 toward the line of credit from the Realty Transfer Fund. The remaining amount of \$305,946 was paid with a promissory note. The unsecured promissory note was signed on August 17, 2012 with the Bank of Ocean City. The note has interest rate of 3.0% and payable in nine (9) annual installments of \$ 30,000 plus interest thru September 2022.

Approximate principal payments due on the note payable are as follows;

<u>Fiscal Year Ending</u>		<u>Principal</u>		<u>Interest</u>		<u>Total Payment</u>	<u>Remaining Balance</u>
7/31/2013	\$	-	\$	6,865	\$	6,865	\$ 305,946
7/31/2014		30,000		8,542		38,542	275,946
7/31/2015		30,000		7,642		37,642	245,946
7/31/2016		30,000		6,760		36,760	215,946
7/31/2017		30,000		5,842		35,842	185,946
Thereafter		185,946		16,035		201,981	-
<u>Total</u>	\$	<u>305,946</u>	\$	<u>51,686</u>	\$	<u>357,632</u>	

## **REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>Budgeted Amounts</u>		Variance with
	Original And	Actual	Final Budget
	Final	Amounts	Favorable
			<u>(Unfavorable)</u>
<u>Revenues:</u>			
<u>Taxes And Assessments:</u>			
Gross rental tax	\$ 260,000	\$ 273,800	\$ 13,800
Real estate	626,000	639,729	13,729
	<u>886,000</u>	<u>913,529</u>	<u>27,529</u>
<u>Total Taxes And Assessments</u>			
<u>Licenses And Permits:</u>			
Building and sign permits	100,000	196,857	96,857
Mercantile licenses	93,000	92,871	(129)
Parking & Bonfire permits	21,000	19,895	(1,105)
	<u>214,000</u>	<u>309,623</u>	<u>95,623</u>
<u>Total Licenses And Permits</u>			
<u>Total Intergovernmental Grants</u>	<u>70,000</u>	<u>133,172</u>	<u>63,172</u>
<u>Charges For Services:</u>			
Trash collection	202,400	200,793	(1,607)
Ambulance fees	34,710	36,458	1,748
	<u>237,110</u>	<u>237,251</u>	<u>141</u>
<u>Total Charges For Services</u>			
<u>Fines And Forfeits:</u>			
Traffic and parking fines	49,000	45,622	(3,378)
<u>Other Revenue:</u>			
Cable franchise fee	21,000	19,074	(1,926)
Interest	5,000	1,305	(3,695)
Miscellaneous	1,825	6,519	4,694
Penalties	2,500	11,101	8,601
Other revenue	11,000	8,366	(2,634)
	<u>41,325</u>	<u>46,365</u>	<u>5,040</u>
<u>Total Other Revenue</u>			
<u>Total Revenue</u>	<u>\$ 1,497,435</u>	<u>\$ 1,685,562</u>	<u>\$ 188,127</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures:</u>			
<u>Administrative:</u>			
Health / Life / WC insurance	\$ 47,800	\$ 49,042	\$ (1,242)
Office equipment maintenance	5,500	6,042	(542)
Office supplies	4,000	4,427	(427)
Payroll taxes	13,950	15,530	(1,580)
Pension costs	17,150	15,220	1,930
Personal services	5,000	9,228	(4,228)
Printing and advertising	150	1,383	(1,233)
Salaries	174,000	169,973	4,027
Vehicle Acquisition/Maintenance	1,200	597	603
Vehicle lease	4,300	4,151	149
Training	3,000	943	2,057
Travel	750	774	(24)
<u>Total Administrative</u>	<u>276,800</u>	<u>277,310</u>	<u>(510)</u>
<u>Police Department:</u>			
Capital expenses	35,000	34,768	232
Computer expenses	4,000	2,664	1,336
Gas and oil	13,000	20,238	(7,238)
Health / Life / WC insurance	78,000	81,356	(3,356)
Supplies	5,700	7,011	(1,311)
Payroll taxes	25,200	22,624	2,576
Pension costs	15,600	35,229	(19,629)
Printing and advertising	1,000	880	120
Office equipment	2,500	420	2,080
Salaries	280,000	272,911	7,089
Training	4,000	2,530	1,470
Uniforms	4,000	4,244	(244)
Vehicle maintenance	4,000	5,630	(1,630)
<u>Total Police Department</u>	<u>\$ 472,000</u>	<u>\$ 490,505</u>	<u>\$ (18,505)</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>Budgeted Amounts</u>		<u>Variance with</u>
	<u>Original And</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Expenditures: (Continued)</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Beach Patrol:</u>			
Workers compensation	\$ 11,000	\$ 10,613	\$ 387
Miscellaneous	2,500	4,499	(1,999)
Payroll taxes	14,000	19,045	(5,045)
Salaries	184,176	179,181	4,995
Supplies and equipment	3,500	2,471	1,029
Training	1,400	1,253	147
Uniforms	4,700	5,565	(865)
<u>Total Beach Patrol</u>	221,276	222,627	(1,351)
 <u>Public Works:</u>			
Workers compensation	9,700	8,785	915
Capital expenses	70,850	94,999	(24,149)
Gasoline and oil	3,500	4,192	(692)
Health and life insurance	20,500	28,252	(7,752)
Miscellaneous	200	141	59
Office supplies	150	277	(127)
Payroll taxes	10,000	11,311	(1,311)
Pension costs	11,900	8,339	3,561
Printing and advertising	100	-	100
Uniforms	600	1,165	(565)
Utilities	4,600	1,962	2,638
Repairs - vehicles and equipment	4,500	1,624	2,876
Salaries	121,125	115,520	5,605
Shop supplies	1,500	1,672	(172)
Testing	500	718	(218)
Town Hall maintenance	400	627	(227)
Training	1,000	99	901
<u>Total Public Works</u>	\$ 261,125	\$ 279,683	\$ (18,558)

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures: (Continued)</u>			
<u>General Expenditures:</u>			
Appraisal	5,500	4,000	1,500
Auditing	8,700	8,232	468
Capital expenditures	-	739,221	(739,221)
Ambulance service	30,780	33,210	(2,430)
Codification	5,000	2,740	2,260
Community projects	2,500	4,231	(1,731)
Street expenses	-	1,361	(1,361)
Dues	650	1,909	(1,259)
Contract services	-	4,584	(4,584)
Emergency Management	-	5	(5)
Median highway landscaping	13,000	13,439	(439)
Employee relations	3,200	9,668	(6,468)
Government liaison	2,500	1,173	1,327
Insurance - general	61,000	71,473	(10,473)
Legal	8,000	15,842	(7,842)
Miscellaneous	10,130	489	9,641
Trash & recycling	187,925	187,572	353
Postage	2,000	3,522	(1,522)
Printing and advertising	1,700	2,005	(305)
Sewer	500	692	(192)
Telephone	7,600	13,938	(6,338)
Utilities	15,199	9,471	5,728
Building maintenance	4,000	5,220	(1,220)
Website	2,200	2,266	(66)
Interest Expense	-	7,779	(7,779)
<u>Total General Expenditures</u>	<u>372,084</u>	<u>1,144,042</u>	<u>(771,958)</u>
<u>Total Expenditures</u>	<u>\$ 1,603,285</u>	<u>\$ 2,414,167</u>	<u>\$ (810,882)</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE**  
**- BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Excess Of Revenues Over (Under) Expenditures</u>	\$ (105,850)	\$ (728,605)	\$ (622,755)
<u>Other Financing Sources (Uses):</u>			
Proceeds from borrowings	-	405,946	405,946
Transfer from (to) other funds	105,850	85,053	(20,797)
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>490,999</u>	<u>385,149</u>
<u>Excess Of Revenues And Over Financing Sources Over (Under) Expenditures And Other Financing Uses</u>	<u>-</u>	<u>(237,606)</u>	<u>(237,606)</u>
<u>Fund Balance - August 1, 2011</u>		<u>394,169</u>	
<u>Fund Balance - July 31, 2012</u>		<u>\$ 156,563</u>	

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

## **SUPPLEMENTAL INFORMATION**

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**AS OF JULY 31, 2012**

(With Comparative Amounts As Of July 31, 2011, 2010, 2009)

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Cash And Cash Equivalents:</u>				
Cash	\$ 148,027	\$ 348,102	\$ 108,744	\$ 139,479
Investments	-	-	300,000	330,774
<u>Total Cash And Cash Equivalents</u>	<u>148,027</u>	<u>348,102</u>	<u>408,744</u>	<u>470,253</u>
<u>Accounts Receivable:</u>				
Franchise fees receivable	-	6,585	6,043	9,681
DE grant receivables	27,000	47,362	215,000	-
Traffic fines receivable	4,242	3,375	-	3,762
<u>Total Accounts Receivable</u>	<u>31,242</u>	<u>57,322</u>	<u>221,043</u>	<u>13,443</u>
<u>Other Receivables:</u>				
Accrued interest receivable	-	-	-	33
<u>Total Other Receivables</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
<u>Prepaid Expenses:</u>				
Prepaid insurance	34,718	39,829	28,754	37,071
<u>Total Prepaid Expenses</u>	<u>34,718</u>	<u>39,829</u>	<u>28,754</u>	<u>37,071</u>
<u>TOTAL ASSETS</u>	<u>\$ 213,987</u>	<u>\$ 445,253</u>	<u>\$ 658,541</u>	<u>\$ 520,800</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**AS OF JULY 31, 2012**

(With Comparative Amounts As Of July 31, 2011, 2010, 2009)

**LIABILITIES AND FUND EQUITY**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b><u>Liabilities:</u></b>				
<u>Accounts Payable</u>	\$ 22,099	\$ 16,638	\$ 9,074	\$ 8,808
<u>Accrued Liabilities:</u>				
Accrued pension	4,727	6,624	5,397	-
Accrued compensated absences	1,074	4,982	2,494	2,471
Accrued other withholdings	-	-	-	792
Accrued payroll taxes	1,728	347	334	365
Accrued salaries and wages	10,529	4,540	4,372	4,768
<u>Total Accrued Liabilities</u>	18,058	16,493	12,597	8,396
<u>Deferred revenue</u>	17,267	17,953	16,495	121,408
<u>Total Liabilities</u>	57,424	51,084	38,166	138,612
<b><u>Fund Equity:</u></b>				
Non-spendable	34,718	39,829	28,754	37,071
Restricted by other governments	-	-	-	-
Committed by council	-	-	-	-
Assigned	-	-	-	-
Unassigned	121,845	354,340	591,621	345,117
<u>Total Fund Equity</u>	156,563	394,169	620,375	382,188
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<u>\$ 213,987</u>	<u>\$ 445,253</u>	<u>\$ 658,541</u>	<u>\$ 520,800</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Gross rental tax	\$ 273,800	\$ 229,268	\$ 250,653	\$ 265,490
Real estate	639,729	630,992	621,812	620,522
<u>Total Taxes And Assessments</u>	913,529	860,260	872,465	886,012
<u>Licenses And Permits:</u>				
Building and sign permits	196,857	81,374	114,410	38,864
Mercantile licenses	92,871	85,437	91,834	82,708
Parking permits	15,720	16,015	20,265	16,150
Bonfire permits	4,175	4,800	6,170	2,350
<u>Total Licenses And Permits</u>	309,623	187,626	232,679	140,072
<u>Intergovernmental Grants</u>	133,172	205,788	327,771	94,042
<u>Charges For Services:</u>				
Trash collection	200,793	203,823	179,671	123,254
Ambulance fees	36,458	26,466	26,862	29,832
<u>Total charges for services</u>	237,251	230,289	206,533	153,086
<u>Fines and Forfeits:</u>				
Traffic and parking fines	45,622	38,635	46,328	54,829
<u>Other Revenue:</u>				
Cable franchise fee	19,074	21,875	28,062	34,164
Gain on sale of asset	10	385	15,045	2,070
Interest	1,305	3,611	2,659	7,492
Miscellaneous	6,519	9,685	15,933	8,486
Penalties	11,101	3,107	3,677	2,594
Insurance reimbursement	8,356	-	11,390	-
<u>Total Other Revenue</u>	46,365	38,663	76,766	54,806
<u>Total Revenue</u>	1,685,562	1,561,261	1,762,542	1,382,847
<u>Expenditures:</u>				
<u>Administrative:</u>				
Vehicle Fuel / maintenance	597	1,055	975	1,125
Vehicle lease	4,151	3,957	-	-
Health / Life / WC insurance	\$ 49,042	\$ 44,945	\$ 41,144	\$ 37,808

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Expenditures: (Continued)</u>				
<u>Administrative: (Continued)</u>				
Miscellaneous	\$ 298	\$ 96	\$ 346	\$ -
Office equipment maintenance	6,042	5,643	7,463	12,446
Office supplies	4,427	2,489	3,312	4,676
Parking permits	-	-	1,480	1,669
Payroll taxes	15,530	14,982	13,787	14,067
Pension costs	15,220	15,985	13,838	14,073
Personal services	9,228	5,894	4,536	31,500
Printing and advertising	1,383	1,397	87	84
Salaries	169,973	165,906	156,924	167,804
Training	943	5,019	3,616	746
Travel	476	770	246	865
	<u>277,310</u>	<u>268,138</u>	<u>247,754</u>	<u>286,863</u>
<u>Police Department:</u>				
Capital expenses	34,768	12,228	16,088	-
Gas and oil	20,238	16,727	12,222	10,337
Computer expenses	2,664	5,340	5,637	3,411
Health / Life / WC insurance	81,356	61,899	59,310	66,773
Miscellaneous	-	770	442	-
Other supplies	3,010	1,591	2,999	1,353
Payroll taxes	22,624	24,511	22,868	24,521
Pension costs	35,229	31,851	31,432	59,113
Printing and advertising	880	835	320	1,417
Vehicle acquisition	-	-	33,822	25,226
Supplies	4,001	3,418	4,451	-
Office equipment	420	914	783	3,295
Salaries	272,911	272,347	260,390	268,539
Training	2,530	3,103	2,281	2,847
Uniforms	4,244	7,223	2,728	4,626
Vehicle maintenance	5,630	2,404	4,116	5,127
	<u>490,505</u>	<u>445,161</u>	<u>459,889</u>	<u>476,585</u>
<u>Total Police Department</u>	<u>\$ 490,505</u>	<u>\$ 445,161</u>	<u>\$ 459,889</u>	<u>\$ 476,585</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Expenditures: (Continued)</u>				
<u>Beach Patrol:</u>				
Workers Compensation	\$ 10,613	\$ 9,306	\$ 6,292	\$ 7,583
Miscellaneous	4,499	1,481	3,297	1,711
Payroll taxes	19,045	16,100	14,972	15,161
Salaries	179,181	174,584	168,554	172,916
Supplies and equipment	2,471	3,383	2,853	4,784
Training	1,253	1,215	1,380	977
Uniforms	5,565	6,652	3,957	6,202
	<u>222,627</u>	<u>212,721</u>	<u>201,305</u>	<u>209,334</u>
 <u>Public Works:</u>				
Capital expenditures	94,999	-	11,385	-
Gasoline and oil	4,192	3,311	3,548	3,461
Health and life insurance	28,252	17,325	33,447	31,271
Landfill charges	-	-	300	1,330
Miscellaneous	141	192	388	39
Office supplies	277	106	91	-
Workers compensation	8,785	8,164	5,487	8,963
Payroll taxes	11,311	10,972	14,275	12,798
Pension costs	8,339	9,791	16,026	12,873
Repairs - vehicles and equipment	1,624	3,962	1,995	1,634
Salaries	115,520	114,882	162,064	148,490
Shop supplies	1,672	1,230	964	2,090
Testing	718	561	749	585
Town Hall maintenance	627	407	123	310
Training	99	51	80	489
Uniforms	1,165	336	416	600
Utilities	1,962	4,911	4,277	4,013
	<u>\$ 279,683</u>	<u>\$ 176,201</u>	<u>\$ 255,615</u>	<u>\$ 228,946</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

<u>Expenditures: (Continued)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>General Expenditures:</u>				
Appraisal	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Auditing	8,232	8,232	8,600	8,428
Capital expenditures	739,221	268,610	461,609	253,000
Codification	2,740	2,883	4,163	4,260
Community Projects	4,231	1,450	2,309	2,305
MSA expenses	1,361	23,026	14,903	-
Contract services	4,584	2,874	3,657	4,816
County tax billing	-	759	759	666
Donations	-	-	2,000	2,500
Dues	1,909	1,254	1,474	763
Emergency management	5	476	70	-
Employee relations	9,668	3,332	3,567	3,561
Government Liaison	1,173	1,730	1,354	2,539
Insurance - general	71,473	59,435	67,294	63,914
Building maintenance	5,220	5,074	3,044	8,647
Legal	15,842	11,494	9,527	14,613
Miscellaneous	489	2,727	1,790	14,214
Cell phones	5,150	5,181	4,171	4,399
Median highway landscaping	13,439	13,439	331	45
Recycling	73,101	41,110	30,185	14,042
Trash Collection	114,471	135,077	124,370	115,515
Postage	3,522	2,620	3,135	3,000
Printing and advertising	2,005	2,848	2,431	1,638
Ambulance service	33,210	30,983	24,300	25,581
Sewer	692	492	457	460
Telephone	8,788	7,976	8,384	7,585
Utilities	9,471	11,796	11,665	14,462
Website	2,266	672	207	107
Interest Payments	7,779	-	294	845
<u>Total General Expenditures</u>	<u>1,144,042</u>	<u>649,550</u>	<u>800,050</u>	<u>575,905</u>
<u>Total Expenditures</u>	<u>\$ 2,414,167</u>	<u>\$ 1,751,771</u>	<u>\$ 1,964,613</u>	<u>\$ 1,777,633</u>

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

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	(728,605)	(190,510)	(202,071)	(394,786)
<u>Other Financing Sources (Uses):</u>				
Proceeds from borrowings	405,946	-	-	-
Transfer from (to) other funds	<u>85,053</u>	<u>(35,696)</u>	<u>440,258</u>	<u>245,990</u>
<u>Total Other Financing Sources (Uses)</u>	<u>490,999</u>	<u>(35,696)</u>	<u>440,258</u>	<u>245,990</u>
<u>Excess Of Revenues And Other Financing Sources</u> <u>Over (Under) Expenditures</u>	(237,606)	(226,206)	238,187	(148,796)
<u>Fund Balance - August 1</u>	<u>394,169</u>	<u>620,375</u>	<u>382,188</u>	<u>530,984</u>
<u>Fund Balance - July 31</u>	<u>\$ 156,563</u>	<u>\$ 394,169</u>	<u>\$ 620,375</u>	<u>\$ 382,188</u>

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

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**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
**AS OF JULY 31, 2012**

(With Comparative Amounts As Of July 31, 2011, 2010, 2009)

<u>ASSETS</u>	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>Criminal Justice</u>	<u>Beach Replenishment</u>
<u>Cash And Cash Equivalents:</u>					
Cash	\$ 13,646	\$ 549	\$ 1	\$ 127	\$ 36,199
Investments	-	-	-	-	-
<u>Total Cash And Cash Equivalents</u>	<u>13,646</u>	<u>549</u>	<u>1</u>	<u>127</u>	<u>36,199</u>
<u>Inventory</u>	8,914	-	-	-	-
<u>Other Receivable:</u>					
Transfer tax receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
<u>Total Accounts Receivable</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>22,560</u>	<u>549</u>	<u>1</u>	<u>127</u>	<u>36,199</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
<u>Liabilities:</u>					
Accounts payable	1,896	-	-	-	-
Deferred revenue	-	549	1	127	-
<u>Total Liabilities</u>	<u>1,896</u>	<u>549</u>	<u>1</u>	<u>127</u>	<u>-</u>
<u>Fund Equity:</u>					
Non-Spendable	8,914	-	-	-	-
Restricted by other governments	11,750	-	-	-	-
Committed by council	-	-	-	-	-
Assigned	-	-	-	-	36,199
Unassigned	-	-	-	-	-
<u>Total Fund Equity</u>	<u>20,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,199</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 22,560</u>	<u>\$ 549</u>	<u>\$ 1</u>	<u>\$ 127</u>	<u>\$ 36,199</u>

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

1 1/2% Realty Transfer Tax	Parks and Recreation	SLEAF	Dedicated Streets	Totals (Memorandum Only)			
				2012	2011	2010	2009
\$ 607,677	\$ 2,946	\$ 30	\$ 56,046	\$ 717,221	\$ 544,383	\$ 282,054	\$ 1,017,740
<u>1,181,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,181,078</u>	<u>1,177,859</u>	<u>1,111,331</u>	<u>701,286</u>
<u>1,788,755</u>	<u>2,946</u>	<u>30</u>	<u>56,046</u>	<u>1,898,299</u>	<u>1,722,242</u>	<u>1,393,385</u>	<u>1,719,026</u>
-	-	-	-	8,914	8,914	8,777	9,941
6,831	-	-	-	6,831	46,125	6,225	-
<u>429</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>436</u>	<u>575</u>	<u>487</u>	<u>538</u>
<u>7,260</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7,267</u>	<u>46,700</u>	<u>6,712</u>	<u>538</u>
<u>1,796,015</u>	<u>2,946</u>	<u>30</u>	<u>56,053</u>	<u>1,914,480</u>	<u>1,777,856</u>	<u>1,408,874</u>	<u>1,729,505</u>
4,150	-	-	-	6,046	-	-	-
<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>707</u>	<u>1,250</u>	<u>3,544</u>	<u>2,658</u>
<u>4,150</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>6,753</u>	<u>1,250</u>	<u>3,544</u>	<u>2,658</u>
-	-	-	-	8,914	8,914	8,777	9,941
1,791,865	-	-	-	1,803,615	1,694,036	1,361,172	1,681,552
-	-	-	56,053	56,053	35,287	-	-
-	2,946	-	-	39,145	38,369	35,381	35,354
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,791,865</u>	<u>2,946</u>	<u>-</u>	<u>56,053</u>	<u>1,907,727</u>	<u>1,776,606</u>	<u>1,405,330</u>	<u>1,726,847</u>
<u>\$ 1,796,015</u>	<u>\$ 2,946</u>	<u>\$ 30</u>	<u>\$ 56,053</u>	<u>\$ 1,914,480</u>	<u>\$ 1,777,856</u>	<u>\$ 1,408,874</u>	<u>\$ 1,729,505</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	<u>Municipal</u>	<u>State Aid</u>	<u>Emergency</u>	<u>Criminal</u>	<u>Beach</u>
	<u>Street</u>	<u>To Local Law</u>	<u>Illegal Drug</u>	<u>Justice</u>	<u>Replenishment</u>
	<u>Aid</u>	<u>Enforcement</u>	<u>Enforcement</u>	<u>Justice</u>	<u>Replenishment</u>
<u>Revenues:</u>					
Interest	\$ -	\$ -	\$ -	\$ -	\$ 518
Intergovernmental grants	32,801	3,764	4,771	-	-
Other	-	-	-	-	-
Transfer tax	-	-	-	-	-
<u>Total Revenues</u>	<u>32,801</u>	<u>3,764</u>	<u>4,771</u>	<u>-</u>	<u>518</u>
<u>Expenditures:</u>					
<u>Police Department:</u>					
Equipment	-	3,764	3,682	-	-
Salaries and overtime	-	-	1,089	-	-
<u>Total Police Department</u>	<u>-</u>	<u>3,764</u>	<u>4,771</u>	<u>-</u>	<u>-</u>
<u>Public Works:</u>					
Capital expenditures	4,895	-	-	-	-
Equipment repairs	191	-	-	-	-
Equipment acquisition	-	-	-	-	-
Street lights	14,640	-	-	-	-
Street repairs	11,211	-	-	-	-
<u>Total Public Works</u>	<u>30,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>General Expenditures:</u>					
Bank charges	20	-	-	-	-
Parks and recreation	-	-	-	-	-
<u>Total General Expenditures</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures</u>	<u>30,957</u>	<u>3,764</u>	<u>4,771</u>	<u>-</u>	<u>-</u>

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

1 1/2 Realty Transfer Tax	Parks and Recreation	SLEAF	Dedicated Streets	Totals (Memorandum Only)			
				2012	2011	2010	2009
\$ 21,175	\$ -	\$ -	\$ 110	\$ 21,803	\$ 24,296	\$ 22,087	\$ 38,597
-	-	-	-	41,336	35,979	6,325	52,614
-	1,110	-	-	1,110	950	775	1,970
196,419	-	-	-	196,419	301,065	108,900	113,775
<u>217,594</u>	<u>1,110</u>	<u>-</u>	<u>110</u>	<u>260,668</u>	<u>362,290</u>	<u>138,087</u>	<u>206,956</u>
-	-	-	-	7,446	4,400	3,806	6,245
-	-	-	-	1,089	4,928	2,499	5,891
-	-	-	-	8,535	9,328	6,305	12,136
4,150	-	-	-	9,045	3,781	-	21,722
-	-	-	-	191	35	1,491	4,797
-	-	-	-	-	-	-	1,229
-	-	-	-	14,640	11,258	6,190	12,390
-	-	-	-	11,211	1,519	1,378	14,001
<u>4,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,087</u>	<u>16,593</u>	<u>9,059</u>	<u>54,139</u>
-	-	-	-	20	32	1	-
-	852	-	-	852	774	658	885
-	852	-	-	872	789	690	886
<u>4,150</u>	<u>852</u>	<u>-</u>	<u>-</u>	<u>44,494</u>	<u>26,710</u>	<u>16,054</u>	<u>67,161</u>

**TOWN OF FENWICK ISLAND, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JULY 31, 2012**

(With Comparative Amounts For The Years Ended July 31, 2011, 2010, 2009)

	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>Criminal Justice</u>	<u>Beach Replenishment</u>
<u>Excess Of Revenues Over Expenditures</u>	1,844	-	-	-	518
<u>Other Financing Sources (Uses):</u>					
Transfers (to) from other funds	-	-	-	-	-
<u>Excess Of Revenues And Other Sources Over (Under) Expenditures And Other Financing Sources (Uses)</u>	<u>1,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518</u>
<u>Fund Balance - August 1, 2011</u>	<u>18,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,681</u>
<u>Fund Balance - July 31, 2012</u>	<u>\$ 20,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,199</u>

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

<u>1 1/2 Realty Transfer Tax</u>	<u>Parks and Recreation</u>	<u>SLEAF</u>	<u>Dedicated Streets</u>	<u>Totals (Memorandum Only)</u>			
				<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
213,444	258	-	110	216,174	335,580	122,033	139,795
(105,709)	-	-	20,656	(85,053)	35,696	(443,550)	(249,445)
<u>107,735</u>	<u>258</u>	<u>-</u>	<u>20,766</u>	<u>131,121</u>	<u>371,276</u>	<u>(321,517)</u>	<u>(109,650)</u>
<u>1,684,130</u>	<u>2,688</u>	<u>-</u>	<u>35,287</u>	<u>1,776,606</u>	<u>1,405,330</u>	<u>1,726,847</u>	<u>1,836,497</u>
<u>\$ 1,791,865</u>	<u>\$ 2,946</u>	<u>\$ -</u>	<u>\$ 56,053</u>	<u>\$ 1,907,727</u>	<u>\$ 1,776,606</u>	<u>\$ 1,405,330</u>	<u>\$ 1,726,847</u>

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