

TOWN OF MILLVILLE, DELAWARE

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2026

TOWN OF MILLVILLE, DELAWARE

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 10
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements	
Statement of Net Position	11
Statement of Activities	12
Fund financial statements	
Governmental fund	
Balance Sheet	13
Reconciliation of the governmental fund Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of governmental fund to the Statement of Activities	16
Notes to financial statements	17 – 35
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule – general fund	36
Delaware Public Employees' Retirement System	
Schedule of the Town's proportionate share of the net pension	37
Schedule of the Town's contributions	38

TOWN OF MILLVILLE, DELAWARE

**TABLE OF CONTENTS
(CONTINUED)**

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule – general fund – revenue detail	39
Budgetary comparison schedule – general fund – expenditure detail	40
Budgetary comparison schedule – restricted – revenue detail	41
Budgetary comparison schedule – restricted – expenditure detail	42
<i>GOVERNMENT AUDITING STANDARDS REPORT</i>	
Independent auditors’ report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	43 – 44

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Millville, Delaware

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town, as of April 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Salisbury
Ocean City
Lewes

pkscpa.com
pkсадvisors.com

800.274.2564

Responsibilities of Management for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 10 and pages 36 through 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information on pages 39 through 42, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2026, on our consideration of the Town of Millville, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKS & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
August 11, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MILLVILLE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2026

As management of the Town, 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 April 30, 2026. Please read the information presented here in conjunction with the audited financial statements, which immediately follow this section, to enhance understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS

- As of April 30, 2026, governmental activity assets exceeded liabilities by \$35,234,910. Of this amount, \$20,468,887, or 58%, was unrestricted and may be used for ongoing obligations to citizens and creditors.
- The Town's net position increased by \$3,830,211 during the year. The increase was mainly due to an excess of property tax, transfer tax, and gross rental receipt tax.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Millville's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplementary information, which includes this document.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, uncollected property taxes are reported as assets, even though the Town has not received the actual cash from those levies.

TOWN OF MILLVILLE, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
APRIL 30, 2026

Government-wide Financial Statements (continued)

Both of the government-wide financial statements distinguish between functions of the Town of Millville that are governmental activities (those principally supported by taxes and revenues from other governments) and function of the Town that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The Town has no business-type activities. The governmental activities of the Town include general government, parks and recreation, public safety, and public works. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

The Town of Millville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All funds of the Town are governmental funds.

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

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

The Town of Millville adopts an annual appropriated budget for the general fund. To demonstrate compliance, a budgetary comparison schedule is provided for the general fund. The budgetary comparison schedules can be found on page 36 of this report. The basic governmental fund financial statements can be found on pages 13 through 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 17 through 35 of this report.

TOWN OF MILLVILLE, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2026

Required Supplementary Information

Other required supplementary information, in addition to this discussion and analysis, is the comparison of the general fund budget to actual (page 36).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve as a useful indicator of the government-wide financial position. In the case of the Town of Millville, assets and deferred outflows exceeded liabilities and deferred inflows by \$35,234,910 as of April 30, 2026.

The following table is a summary of the government-wide statement of net position as of April 30:

	Governmental Activities	
	2026	2025
Current and other assets	\$ 25,785,152	\$ 21,570,775
Capital assets	10,330,434	10,427,899
Total assets	36,115,586	31,998,674
Deferred outflows - retirement	42,159	13,362
Current and other liabilities	880,836	578,257
Long-term liabilities	13,146	20,173
Total liabilities	893,982	598,430
Deferred inflows - retirement	28,853	
Deferred inflows - grants		8,907
Total deferred inflows	28,853	8,907
Net position:		
Net investments in capital assets	10,315,163	10,404,199
Restricted	4,450,860	2,764,955
Unrestricted	20,468,887	18,235,545
Total net position	\$ 35,234,910	\$ 31,404,699

A portion of the Town's net position (29%) is not available for future spending as it represents amounts invested in capital assets, less any loans on those assets (e.g. land, buildings and improvements, furniture, fixtures, equipment, land improvements, vehicles, infrastructure, and right-to-use assets).

The Town uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and do not generate direct revenue for the Town. They do represent, however, an obligation on the part of the Town to maintain these assets into the future. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF MILLVILLE, DELAWARE

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2026

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Of the remaining \$24,919,747 in net position, \$4,450,860 represents realty transfer taxes, amounts held on behalf of developers, and other grants, which are restricted for specific uses. Realty transfer taxes must be used for public safety, capital projects, economic development, public works, and infrastructure projects. The unrestricted net position of \$20,468,887 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule shows the breakdown of changes in net position for governmental activities for the years ended April 30:

	Governmental Activities	
	2026	2025
Revenues:		
Program revenues		
Charges for services	\$ 1,066,569	\$ 841,146
Operating grants and contributions	40,718	34,450
Capital grants and contributions	159,309	142,550
General revenue		
Property taxes	849,424	804,147
Realty transfer taxes	2,789,871	1,905,961
Gross rental receipt taxes	220,949	171,071
Investment income	773,297	851,693
Loss on sale of capital assets	(979)	
Other revenues	2,185	1,950
Total revenues	5,901,343	4,752,968
Expenses:		
General government	1,075,837	1,010,544
Parks and recreation	350,709	349,151
Public safety	537,076	522,506
Public works	107,510	104,904
Total expenses	2,071,132	1,987,105
Change in net position	\$ 3,830,211	\$ 2,765,863

Governmental Activities

Government activities net position increased by \$3,830,211 during fiscal year 2026. This represents a 12% increase in net position for the year.

TOWN OF MILLVILLE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2026

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (continued)

- Realty transfer taxes increased by \$883,910 from the prior year. Most of this increase was attributable to Olympus by the Sea apartment buildings.
- Gross rental receipt taxes increased by \$49,878 as a result of increased rental activity during the year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Fund

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

During fiscal year 2026, the Town's governmental fund balance increased from \$20,992,040 to \$24,880,069. This is mainly due to an excess of transfer tax, gross rental receipts tax, and building permit revenue.

Unassigned fund balance for the general fund increased to \$19,827,527.

The Town's only governmental fund is the general fund. The general fund includes Town administration, parks and recreation, public safety, and public works, including capital expense funding, such as improvements to Town buildings, equipment, and vehicles, and public works equipment and projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Budget to Actual – Revenues

General fund revenues exceeded budgeted revenues by \$2,466,462. Realty transfer taxes exceeded budget estimates by \$1,664,871, and charges for services exceeded budget estimates by \$243,806. Investment income also exceeded budget estimates by \$273,297 due to conservative budgeting.

A comparison of budgeted to actual revenues is provided on page 36 of this report.

TOWN OF MILLVILLE, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
APRIL 30, 2026

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

Budget to Actual – Expenditures

General fund expenditures were under budget by \$1,169,567. Expenditures related to general government were less than budget estimates by \$942,512, as the budget was much higher as a safety net for any possible budget amendments. Also, expenditures related to capital outlay were less than budget estimates by \$287,001, as there were fewer capital projects related to Evans Park.

A comparison of budgeted to actual expenditures is provided on pages 40 and 42 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town’s capital and intangible assets for governmental activities at April 30, 2026, net of accumulated depreciation and amortization of \$2,087,277, totaled \$10,330,434. Capital assets include land, buildings and improvements, furniture, fixtures, and equipment, land improvements, vehicles, and right-to-use assets. During fiscal year 2026, the Town expended \$256,299 for Town Hall improvements, community center pantries, alarms, security cameras, computers, indoor furnace, and a bocce ball court and retaining wall at Evans Park.

The following table is a summary of the governmental capital assets as of April 30, 2026 and 2025:

	<u>Governmental Activities</u>	
	<u>2026</u>	<u>2025</u>
Land	\$ 4,859,731	\$ 4,859,731
Construction in progress	88,770	288,735
Buildings and improvements	3,624,719	3,514,415
Furniture, fixtures, and equipment	979,347	1,092,811
Land improvements	623,523	485,443
Vehicles	74,759	95,391
Infrastructure	65,873	69,434
Right-to-use assets	13,712	21,939
Total	<u><u>\$ 10,330,434</u></u>	<u><u>\$ 10,427,899</u></u>

LONG-TERM DEBT

At April 30, 2026, the Town has \$15,271 in long-term debt in which \$8,971 is due within one year and \$6,300 is due after one year. This debt is related to office equipment leases. There was no new debt during the year.

TOWN OF MILLVILLE, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2026

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Town's real estate tax rate decreased from \$0.50 per \$100 of assessed value to \$0.0645 per \$100 of assessed value due to the reassessment done by Sussex County in the fall of 2025. Town revenues are projected to remain consistent with prior years.

The Town's real estate transfer tax rate remains unchanged at 1.5% of the value of the sale.

The Town's gross rental receipt tax rate remains unchanged at 2% of the gross rental receipts for each residential and commercial property.

REQUEST FOR INFORMATION

This financial report is designed to provide an overview of the Town of Millville's financial condition and provide a meaningful representation of the Town. Any questions concerning this report, or requests for additional information, should be addressed to:

Ms. Eileen Scerra
Town Manager
Town of Millville
36404 Clubhouse Road
Millville, DE 19967
Telephone: (302) 539-0449

BASIC FINANCIAL STATEMENTS

TOWN OF MILLVILLE, DELAWARE

STATEMENT OF NET POSITION

APRIL 30, 2026

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,906,518
Certificates of deposit	7,644,187
Investments, at fair value	11,709,045
Taxes receivable	208
Prepaid expenses	41,116
Total current assets	<u>21,301,074</u>
Noncurrent assets	
Restricted cash	4,450,860
Capital assets, net of depreciation	10,330,434
Net pension asset	33,218
Total noncurrent assets	<u>14,814,512</u>
Total assets	<u>36,115,586</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred financing outflows - retirement	<u>42,159</u>
LIABILITIES	
Current liabilities	
Accounts payable	2,591
Accrued expenses	32,974
Escrow payable	830,513
Current portion of accrued compensated absences	5,787
Current portion of leases payable	8,971
Total current liabilities	<u>880,836</u>
Noncurrent liabilities	
Accrued compensated absences, less current portion	6,846
Leases payable, less current portion	6,300
Total noncurrent liabilities	<u>13,146</u>
Total liabilities	<u>893,982</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred financing inflows - retirement	<u>28,853</u>
NET POSITION	
Net investment in capital assets	10,315,163
Restricted for:	
Capital improvements, public safety services, and municipal street aid	3,617,715
Held on behalf of developers	833,145
Unrestricted	20,468,887
Total net position	<u>\$ 35,234,910</u>

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

TOWN OF MILLVILLE, DELAWARE

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2026

	Expenses	Program Revenues		Net Expense and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES					
General government	\$ 1,075,837	\$ 1,021,266	\$	\$ 26,461	\$ (28,110)
Parks and recreation	350,709	10,412		44,348	(295,949)
Public safety	537,076	34,891	20,000	88,500	(393,685)
Public works	107,510		20,718		(86,792)
Total governmental activities	2,071,132	1,066,569	40,718	159,309	(804,536)
GENERAL REVENUES					
Property taxes					849,424
Realty transfer taxes					2,789,871
Gross rental receipt taxes					220,949
Investment income					773,297
Loss on sale of capital assets					(979)
Other revenues					2,185
Total general revenues					4,634,747
Change in net position					3,830,211
NET POSITION, BEGINNING OF YEAR					31,404,699
NET POSITION, END OF YEAR					\$ 35,234,910

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

TOWN OF MILLVILLE, DELAWARE

**BALANCE SHEET
GOVERNMENTAL FUND**

APRIL 30, 2026

ASSETS

	General Fund
Cash and cash equivalents	\$ 1,906,518
Certificate of deposits	7,644,187
Investments, at fair value	11,709,045
Taxes receivable	208
Prepaid expenses	41,116
Restricted cash	4,450,860
Total assets	<u>\$ 25,751,934</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,591
Accrued expenses and compensated absences	38,761
Escrow deposits	830,513
Total liabilities	<u>871,865</u>

FUND BALANCE

Nonspendable	41,116
Committed	560,566
Restricted	4,450,860
Unassigned	19,827,527
Total fund balance	<u>24,880,069</u>
Total liabilities and fund balance	<u>\$ 25,751,934</u>

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

TOWN OF MILLVILLE, DELAWARE

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

APRIL 30, 2026

Total fund balance, governmental fund	\$ 24,880,069
---------------------------------------	---------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	10,330,434
---	------------

Some expenditures reported in the governmental funds require the use of current financial resources and these are not reported as expenses in the Statement of Activities.

Deferred financing outflows - retirement	42,159
--	--------

Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Accrued compensated absences - noncurrent	(6,846)
Deferred financing inflows - retirement	(28,853)
Net pension	33,218
Leases payable	(15,271)

Net position of governmental activities in the Statement of Net Position	<u>\$ 35,234,910</u>
--	----------------------

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

TOWN OF MILLVILLE, DELAWARE

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

YEAR ENDED APRIL 30, 2026

	<u>General Fund</u>
REVENUES	
Taxes	\$ 3,860,244
Charges for services	983,666
Intergovernmental	111,527
Fines & forfeitures	36,214
Investment income	773,297
Impact fees	88,500
Miscellaneous	48,874
Total revenues	<u>5,902,322</u>
EXPENDITURES	
Current	
General government	1,155,833
Parks and recreation	89,229
Public safety	486,114
Public works	17,146
Capital outlay	256,299
Debt service	9,672
Total expenditures	<u>2,014,293</u>
Net change in fund balance	3,888,029
FUND BALANCE, BEGINNING OF YEAR	<u>20,992,040</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 24,880,069</u></u>

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

TOWN OF MILLVILLE, DELAWARE

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

YEAR ENDED APRIL 30, 2026

Net change in fund balance, governmental fund	\$ 3,888,029
---	--------------

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

The governmental fund reports capital outlays as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense and disposals of assets are
recorded at their unamortized costs as an expense.

Capital outlay expense	256,299	
Loss on sale of capital assets	(979)	
Depreciation expense	<u>(352,785)</u>	(97,465)

Some expenses reported in the Statement of Activities do not require the use of
current financial resources and these are not reported as expenditures in
governmental funds.

Change in accrued compensated absences	(1,944)	
Change in deferred financing outflows - retirement	28,797	
Change in net pension	33,218	

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

8,429

Governmental funds do not present revenues that are not available to pay current
obligations. In contrast, such revenues are reported in the Statement of Activities
when earned.

Change in deferred financing inflows - retirement	(28,853)	
---	----------	--

Change in net position of governmental activities	<u><u>\$ 3,830,211</u></u>
---	----------------------------

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

ORGANIZATION

The Town of Millville, Delaware (the “Town”) was incorporated in 1907 under the provisions of the State of Delaware. The Town operates under a Mayor-Council form of government.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Millville, Delaware, (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Town’s accounting policies are described below.

Basis of presentation

The Town’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The Town’s financial reporting entity is required to consist of all organizations for which the Town is financially accountable for or for which there is a significant relationship. The Town has no component units in its reporting entity.

Basis of presentation – government-wide financial statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the Town. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities. The Town’s governmental activities consist of general administration, parks and recreation, public safety, and public works. The Town has no business-type activities. The statement of net position presents the financial condition of the governmental activities of the Town at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable with a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation – government-wide financial statements (continued)

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

Basis of presentation – fund financial statements

During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. As of April 30, 2026, the Town has no non-major funds.

Fund accounting – governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Town's major governmental fund is:

General Fund – The general fund is the general operating fund of the Town. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund. The Town separately reports restricted revenues and expenditures for budgetary purposes as shown in the budgetary comparison schedules.

Measurement focus – government-wide financial statements

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus – government-wide financial statements (continued)

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

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

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

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

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

Cash equivalents

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

Investments

Investments consists of funds managed and held by Bryn Mawr Trust Advisors. Investments are reported at fair market value.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues – exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues susceptible to accrual are property taxes, interest revenue, charges for services, intergovernmental, and miscellaneous revenues. All other revenue items are considered to be measurable and available only when cash is received by the Town. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, primarily include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursable basis. General revenues include all taxes.

Under modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, interest, and rent.

Expenses/expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary data

Budgetary control is exercised in all funds. The final budget shown in the financial statements is the final budget ordinance approved for the fiscal year ended April 30, 2026. The Council approves all budgets. Once approved, the Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenditures/expenses. Budgets are prepared in accordance with the basis of accounting utilized by the fund being budgeted for. Budgets are prepared by March 31st, and the Council legally adopts them no later than April 30th for the subsequent year. Unexpended appropriations lapse at year end.

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted cash

Restricted cash consists of the following:

- Cash collected for transfer taxes which state law requires to be segregated from the Town's general cash and can be expended solely for capital and operating costs of public safety, economic development programs, public works services, infrastructure projects and improvements, and debt reduction.
- Cash received from the State of Delaware restricted for municipal street improvements.
- Cash collected for impact fees for Millville and Roxana Fire Company are restricted for the department's services.
- Cash collected and held on behalf of developers.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by an allowance for uncollectible amounts. An allowance may be recorded for accounts receivable balances based on historical collections experience for the Town. As of April 30, 2026, management considers all receivables to be collectible and therefore, no allowance for uncollectible accounts was reported.

Capital assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

The Town has elected to only report infrastructure as capital assets if acquired after May 1, 2005. All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Town maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to an asset or materially extend an asset's life are not.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

All reported capital assets except land and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7 - 39 years
Furniture, fixtures, and equipment	5 - 7 years
Land improvements	5 - 15 years
Vehicles	5 years
Infrastructure	20 years
Leased equipment (Right-to-use)	Life of lease

Deferred outflows and inflows of resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category: financing outflows from retirement.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has one item, which qualifies for reporting in this category: financing inflows from retirement.

Accrued expenses

All payables, accrued liabilities, and long-term obligations are reported in the government-wide statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Earned vacation time is generally required to be used in the year it is earned. All full-time employees are eligible for vacation leave. Part-time employees are not eligible for vacation leave. Depending on their anniversary date, full-time employees may earn up to 25 days per year. Upon approval by the Town Manager, employees may roll over two weeks of vacation each fiscal year. Upon termination, employees receive compensation for all unused vacation time.

Sick pay is accrued by eligible employees after three months with the Town. Only full-time employees are eligible for sick pay. Employees can earn up to 12 days prorated at the rate of 3.6 hours per pay period. An employee can accumulate a maximum of 30 days of sick leave. Sick pay is not paid out upon termination for any reason.

All non-exempt employees are eligible to accrue overtime compensation/compensatory time upon employment, to be used with the Town Manager's authorization. This will be compensated at time and one-half over 40 hours of work in a workweek. All exempt full-time employees are eligible to begin accrual of flextime off upon employment, to be used with the Town Manager's authorization. Should an exempt employee work over 40 hours in a workweek, the employee will receive flextime off at regular time, not time and one-half. Upon termination of employment, a non-exempt employee shall be paid all unused compensatory time which accrued in the fiscal year which it occurred.

Government-wide net position

Net position represents the difference between assets and liabilities. Government-wide net position is divided into three components:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of amounts that have limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by grantors, creditors, or laws or regulations of other governments.

Unrestricted net position – consists of all other amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Governmental fund equity is classified as fund balance. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

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

Restricted – Amounts that can be spent only for specific purposes because of the Town charter or code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by formal action by Town Council ordinance or resolution.

Assigned – Amounts that are designated by the Council or management with the intent to be used for specific purposes, but are neither restricted nor committed by ordinance or resolution.

Unassigned – Amounts not included in other spendable classifications.

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

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

Use of estimates

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of GASB Statement No. 102, *Certain Risk Disclosures*

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

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

CASH AND CASH EQUIVALENTS

The Town is authorized to invest in United States government bonds or evidence of indebtedness, federally-insured bank institutions, which pledge United States Treasury bills, notes, or other obligations to secure such deposits, or in any investment portfolio created under the Delaware State Treasury office directly for local governments.

All deposits are in various financial institutions and are carried at cost. At April 30, 2026, the carrying amount of the Town's deposits was \$14,001,565 and the bank balance was \$14,023,771. The Town's deposits exceeded FDIC limits by \$12,303,771, which was collateralized by the pledging bank's trust department but not in the Town's name.

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

Cash and cash equivalents - unrestricted	\$ 1,906,518
Cash and cash equivalents - restricted	4,450,860
Certificate of deposits - unrestricted	7,644,187
Total cash and certificate of deposits	<u><u>\$ 14,001,565</u></u>

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are held at WSFS Wealth Investments and consist of cash, money market accounts, and certificates of deposit. Certificates of deposit are invested in various financial institutions and are fully insured by FDIC. Cash and money markets are not FDIC insured. While not FDIC insured, the investments consist of short-maturity, low-risk investments, making them less prone to market fluctuations

	Fair Value	Cost	Unrealized Gain (Loss)
Investments consist of:			
Cash and money markets	\$ 606,348	\$ 606,348	\$
Certificates of deposit	11,102,697	11,007,000	95,697
Total investments	<u>\$ 11,709,045</u>	<u>\$ 11,613,348</u>	<u>\$ 95,697</u>

Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement, and enhances the disclosure requirements for fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy for assets measured at fair value on a recurring basis as of April 30, 2026 is as follows:

Investment type	Fair value using:		
	Level 1	Level 2	Level 3
Cash and money markets	\$ 606,348	\$	\$
Certificates of deposit	11,102,697		
Total investments	<u>\$ 11,709,045</u>	<u>\$</u>	<u>\$</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Investments in cash, money markets, and certificates of deposit (Level 1) – The fair value of the investments are based on closing prices in active markets for identical assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

TAXES RECEIVABLE

The Town's real property tax is levied each May 1 based on the assessed values certified by Sussex County, Delaware as of that date for all taxable real property located in the Town. Payments are due by July 31. Beginning August 1st, interest and penalties are charged at a rate of 1.5% each month on taxes that remain unpaid. All taxes receivable are reported at their gross value. All receivables are considered fully collectible. The tax rate for the year ended April 30, 2026 was \$0.50 per \$100 of Sussex County assessed valuation for all real property and improvements, with a total taxable valuation of \$166,469,700.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

CAPITAL ASSETS

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

	<u>April 30, 2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2026</u>
Governmental activities:				
<i>Capital assets not being depreciated</i>				
Land	\$ 4,859,731	\$	\$	\$ 4,859,731
Construction in progress	288,735	29,486	229,451	88,770
Total capital assets not being depreciated	<u>5,148,466</u>	<u>29,486</u>	<u>229,451</u>	<u>4,948,501</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	4,393,473	237,088	1,181	4,629,380
Furniture, fixtures, and equipment	1,828,930	39,360	14,485	1,853,805
Land improvements	573,154	179,816		752,970
Vehicles	118,649			118,649
Infrastructure	71,214			71,214
Right-to-use assets	43,192			43,192
Total capital assets being depreciated	<u>7,028,612</u>	<u>456,264</u>	<u>15,666</u>	<u>7,469,210</u>
Less accumulated depreciation for:				
Buildings and improvements	(879,058)	(126,166)	(563)	(1,004,661)
Furniture, fixtures, and equipment	(736,119)	(152,463)	(14,124)	(874,458)
Land improvements	(87,711)	(41,736)		(129,447)
Vehicles	(23,258)	(20,632)		(43,890)
Infrastructure	(1,780)	(3,561)		(5,341)
Right-to-use assets	(21,253)	(8,227)		(29,480)
Total accumulated depreciation	<u>(1,749,179)</u>	<u>(352,785)</u>	<u>(14,687)</u>	<u>(2,087,277)</u>
Total capital assets being depreciated, net	<u>5,279,433</u>	<u>103,479</u>	<u>979</u>	<u>5,381,933</u>
Governmental activity capital assets, net	<u>\$ 10,427,899</u>	<u>\$ 132,965</u>	<u>\$ 230,430</u>	<u>\$ 10,330,434</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 91,305
Parks and recreation	261,480
Total governmental activities	<u>\$ 352,785</u>

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

LONG-TERM LIABILITIES

A summary of long-term liabilities for the year ended April 30, 2026 is as follows:

	April 30, 2025	Increases	Decreases	April 30, 2026	Due within one year
Leases payable	\$ 23,700	\$	\$ 8,429	\$ 15,271	\$ 8,971

	April 30, 2025	Change	April 30, 2026	Due within one year
Compensated absences	\$ 9,557	\$ 3,076	\$ 12,633	\$ 5,757

Leases payable

During September 2022, the Town entered into a lease agreement for copiers at Town Hall and Evans Park. Payments under this lease total approximately \$9,700 per year. The lease agreement in place for these copiers began during October 2022 and will expire during December 2027. For purposes of discounting future payments on these leases, the Town used its incremental borrowing rate in place at the time of lease inception of 6.25%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in the capital assets note.

The following is a summary of the right-to-use assets and related accumulated amortization:

Copy machines	\$ 43,192
Less: accumulated amortization	(29,480)
	<u>\$ 13,712</u>

Maturities of leases payable

The future minimum lease payments are approximately as follows:

Year Ending April 30,	Principal	Interest	Total
2027	\$ 8,971	\$ 700	\$ 9,671
2028	6,300	149	6,449
	<u>\$ 15,271</u>	<u>\$ 849</u>	<u>\$ 16,120</u>

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding 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. In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these is audits, is not believe to be material. At the present time, there are no potential claims against the Town with reasonable possibilities of unfavorable outcomes. The amount of any liability would be an amount equal to half of the insurance deductible.

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town's risk financing techniques include the purchase of commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

RETIREMENT AND PENSION PLANS

Retirement plan

The Town offers a 457(b) retirement plan to all employees that meet the requirements set forth by the Town Council. Full-time employees are eligible to participate in the Plan after a 90-day probationary period. Part-time employees are eligible to participate in the Plan after one year of continuous service and work at least 1,000 hours per year. The Town matches employee elective deferrals each year at a percentage approved by the Town Council during the fiscal year's budget preparation process. The matching percentage approved by the Town Council for the year ended April 30, 2026 was 6%. Expense for the year ended April 30, 2026 was \$11,603.

General information about the pension plans

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

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

RETIREMENT AND PENSION PLANS (CONTINUED)

General information about pension plans (continued)

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

The Town participates in one plan of the Delaware Public Employees' Retirement System (DPERS): the County & Municipal Other Employees' Pension Plan (General Plan).

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

Benefits provided. The DPERS provide retirement, disability and death benefits. Eligibility and benefits vary depending on which plan the employee is enrolled in. The plan covers police officers and firefighters employed by a county or municipality of the state that has joined the Plan.

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

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

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

RETIREMENT AND PENSION PLANS (Continued)

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

At April 30, 2026, the Town reported an asset of \$33,218 for its proportionate share of the net pension asset. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2025. The Town's proportion of the net pension asset was based on the percentage of actual employee contributions. At June 30, 2025, the Town's proportion for the Plan was 0.3521%.

For the year ended April 30, 2026, the Town recognized pension income of \$27,101. At April 30, 2026, the Town reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$	\$ 13,931
Net difference between projects and actual earnings on pension plan investments		2,107
Differences between expected and actual experience	6,078	11,863
Changes in assumptions		952
Contributions made subsequent to measurement date	36,081	
	<u>\$ 42,159</u>	<u>\$ 28,853</u>

The Town's contribution of \$36,081 subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended April 30, 2027.

Deferred financial inflows and outflows are made up of changes in actuarial assumptions, differences in actual and expected experience, and net difference in the projected and actual investment earnings. The deferred outflows and inflows related to non-investment activity are being amortized over the remaining service life ranging from 8 to 10 years. The net difference in investment earnings are being amortized over a closed five-year period. Changes in proportion are amortized over the average of the expected remaining service lives of all plan members which is 8 years for the 2025 amounts. The following table shows the amortization of these balances:

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

RETIREMENT AND PENSION PLANS (Continued)

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

<u>Year ending April 30,</u>	
2027	\$ (4,094)
2028	(4,094)
2029	(4,094)
2030	(4,093)
2031	(3,567)
Thereafter	(2,833)
	<u>\$ (22,775)</u>

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

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

The total pension asset is measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2021 and covering the period July 1, 2015 through June 30, 2020. 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 rates were based on the Pub – 2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version of MP-2020 Mortality improvement scale on a fully generational basis.

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

RETIREMENT AND PENSION PLANS (Continued)

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

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 current and expected asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	10-year Average Asset Allocation
Domestic Equity	5.7%	33.6%
International Equity	5.7%	13.9%
Fixed Income	2.0%	25.3%
Alternative Investments	7.8%	21.7%
Cash and Cash Equivalents		5.5%

Discount rate: The discount rate for the plan used to measure the total pension asset was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension 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 investment was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability (asset) of the plan, calculated using the discount rate of 7.0%, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

1% Decrease (6.0%)	\$ 29,583
Current discount rate (7.0%)	\$ (33,218)
1% Increase (8.0%)	\$ (84,486)

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

TOWN OF MILLVILLE, DELAWARE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2026

NEW PRONOUNCEMENTS

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MILLVILLE, DELAWARE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 2,095,000	\$ 2,095,000	\$ 3,860,244	\$ 1,765,244
Charges for services	739,860	739,860	983,666	243,806
Intergovernmental	35,000	35,000	111,527	76,527
Fines & forfeitures	30,000	30,000	36,214	6,214
Investment income	500,000	500,000	773,297	273,297
Impact fees			88,500	88,500
Miscellaneous	36,000	36,000	48,874	12,874
Total revenues	<u>3,435,860</u>	<u>3,435,860</u>	<u>5,902,322</u>	<u>2,466,462</u>
EXPENDITURES				
Current				
General government	2,099,645	2,098,345	1,155,833	942,512
Parks and recreation	96,015	97,315	89,229	8,086
Public safety	420,200	420,200	486,114	(65,914)
Public works	24,700	24,700	17,146	7,554
Capital outlay	543,300	543,300	256,299	287,001
Debt service			9,672	(9,672)
Total expenditures	<u>3,183,860</u>	<u>3,183,860</u>	<u>2,014,293</u>	<u>1,169,567</u>
Net change in fund balance	<u>\$ 252,000</u>	<u>\$ 252,000</u>	<u>\$ 3,888,029</u>	<u>\$ 3,636,029</u>

TOWN OF MILLVILLE, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION
COUNTY AND MUNICIPAL OTHER EMPLOYEES' PENSION PLAN**

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

<u>Fiscal year/ measurement date</u>	<u>Town's proportion of the net pension</u>	<u>Town's proportionate share of the net pension liability (asset)</u>	<u>Town's covered payroll</u>	<u>Town's proportionate share as a percentage of covered payroll</u>	<u>Plan's total Fiduciary net position</u>	<u>Plan's total pension</u>	<u>Plan's fiduciary net position as a percentage of total pension</u>
2026/2025	0.3521%	\$ (33,218)	\$ 581,475	-6%	\$ 123,999,000	\$ 114,563,000	108%

The Town began participating in the state pension plan on July 1, 2024. Accordingly, historical information is available only from that date forward. In accordance with GASB Statement No. 68, the schedules are intended to present information for 10 years; however, only years for which information are available are shown. Additional years will be presented as they become available until a full 10-year history is achieved.

TOWN OF MILLVILLE, DELAWARE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

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

<u>Fiscal Year</u>	<u>Contractually required contribution</u>	<u>Actual contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered payroll</u>	<u>Actual contribution as a percentage of covered payroll</u>
2026	\$ 16,658	\$ 16,658	\$	\$ 581,475	3%

The Town began participating in the state pension plan on July 1, 2024. Accordingly, historical information is available only from that date forward. In accordance with GASB Statement No. 68, the schedules are intended to present information for 10 years; however, only years for which information are available are shown. Additional years will be presented as they become available until a full 10-year history is achieved.

SUPPLEMENTARY INFORMATION

TOWN OF MILLVILLE, DELAWARE

**BUDGETARY COMPARISON SCHEDULE - UNRESTRICTED
REVENUE DETAIL**

YEAR ENDED APRIL 30, 2026

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
TAXES				
Property taxes	\$ 820,000	\$ 820,000	\$ 849,424	\$ 29,424
Gross rental receipts taxes	150,000	150,000	220,949	70,949
Total taxes	<u>970,000</u>	<u>970,000</u>	<u>1,070,373</u>	<u>100,373</u>
CHARGES FOR SERVICES				
Building permits	368,000	368,000	565,505	197,505
Building permits review	73,600	73,600	115,528	41,928
Concept/site plan review	28,900	28,900	39,150	10,250
Licensing	70,000	70,000	76,563	6,563
Sign permits review	2,800	2,800	5,450	2,650
Subdivision review	196,560	196,560	181,470	(15,090)
Total charges for services	<u>739,860</u>	<u>739,860</u>	<u>983,666</u>	<u>243,806</u>
FINES AND FORFEITURES	<u>30,000</u>	<u>30,000</u>	<u>36,214</u>	<u>6,214</u>
INVESTMENT INCOME	<u>450,000</u>	<u>450,000</u>	<u>672,079</u>	<u>222,079</u>
MISCELLANEOUS REVENUES				
Cable franchise fee	36,000	36,000	31,501	(4,499)
Rental income			10,900	10,900
Miscellaneous			6,473	6,473
Total miscellaneous revenues	<u>36,000</u>	<u>36,000</u>	<u>48,874</u>	<u>12,874</u>
Total unrestricted revenues	<u>\$ 2,225,860</u>	<u>\$ 2,225,860</u>	<u>\$ 2,811,206</u>	<u>\$ 585,346</u>

TOWN OF MILLVILLE, DELAWARE

**BUDGETARY COMPARISON SCHEDULE - UNRESTRICTED
EXPENDITURE DETAIL**

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
GENERAL GOVERNMENT				
Accounting/auditor	\$ 22,000	\$ 22,000	\$ 18,636	\$ 3,364
Advertising	5,000	5,000	5,399	(399)
Awards/gifts/flowers	3,000	3,000	2,449	551
Building and grounds - maintenance and equipment	51,310	51,310	36,195	15,115
Cable/internet	4,150	4,150	3,853	297
Donations - Millville Volunteer Fire Company	50,000	50,000	50,962	(962)
Dues and subscriptions	8,800	10,800	10,222	578
Education and training	7,140	7,140	5,011	2,129
Health insurance	60,712	60,712	51,250	9,462
Retirement/pension	33,872	33,872	17,664	16,208
Insurance - business	23,678	25,928	29,532	(3,604)
Legal	35,000	35,000	47,276	(12,276)
Miscellaneous	828,090	820,540	15,061	805,479
Office expense	47,717	49,717	52,305	(2,588)
Payroll taxes	53,460	53,460	49,763	3,697
Professional services	111,000	111,000	47,877	63,123
Salaries	607,216	607,216	582,607	24,609
Trash collection	450	450	403	47
Vehicle expense	15,550	15,550	8,518	7,032
Utilities	31,700	31,700	30,486	1,214
Total general government	<u>1,999,845</u>	<u>1,998,545</u>	<u>1,065,469</u>	<u>933,076</u>
PARKS AND RECREATION				
Insurance	18,000	18,000	20,014	(2,014)
Repairs and maintenance	43,775	43,775	37,846	5,929
Supplies	7,500	7,500	6,072	1,428
Utilities	25,240	26,540	24,402	2,138
Miscellaneous	1,500	1,500	895	605
Total parks and recreation	<u>96,015</u>	<u>97,315</u>	<u>89,229</u>	<u>8,086</u>
DEBT SERVICE			<u>9,672</u>	<u>(9,672)</u>
Total unrestricted expenditures	<u>\$ 2,095,860</u>	<u>\$ 2,095,860</u>	<u>\$ 1,164,370</u>	<u>\$ 931,490</u>

TOWN OF MILLVILLE, DELAWARE

**BUDGETARY COMPARISON SCHEDULE - RESTRICTED
REVENUE DETAIL**

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
TAXES				
Realty transfer taxes	\$ 1,125,000	\$ 1,125,000	\$ 2,789,871	\$ 1,664,871
INTERGOVERNMENTAL REVENUES				
American Rescue Plan			1,318	1,318
Sussex County law enforcement	20,000	20,000	20,000	
Municipal street aid	15,000	15,000	20,718	5,718
Evans Park			43,030	43,030
State of Delaware			26,461	26,461
Total charges for services	35,000	35,000	111,527	76,527
INVESTMENT INCOME	50,000	50,000	101,218	51,218
IMPACT FEES			88,500	88,500
Total restricted revenues	\$ 1,210,000	\$ 1,210,000	\$ 3,091,116	\$ 1,792,616

TOWN OF MILLVILLE, DELAWARE

**BUDGETARY COMPARISON SCHEDULE - RESTRICTED
EXPENDITURE DETAIL**

YEAR ENDED APRIL 30, 2026

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
GENERAL GOVERNMENT				
Codification	\$ 3,000	\$ 3,000	\$ 2,289	\$ 711
Economic development	96,800	96,800	88,075	8,725
Total general government	<u>99,800</u>	<u>99,800</u>	<u>90,364</u>	<u>9,436</u>
PUBLIC SAFETY				
Ambulance service fees	130,000	130,000	128,050	1,950
Millville Fire Company grant			66,000	(66,000)
Delaware State Police Coverage	270,000	270,000	272,064	(2,064)
County law enforcement grant	20,000	20,000	20,000	
Miscellaneous	200	200		200
Total public safety	<u>420,200</u>	<u>420,200</u>	<u>486,114</u>	<u>(65,914)</u>
PUBLIC WORKS				
Repairs and maintenance - streets	9,000	9,000	10,440	(1,440)
Miscellaneous	15,700	15,700	6,706	8,994
Total public works	<u>24,700</u>	<u>24,700</u>	<u>17,146</u>	<u>7,554</u>
CAPITAL OUTLAY	<u>543,300</u>	<u>543,300</u>	<u>256,299</u>	<u>287,001</u>
Total restricted expenditures	<u>\$ 1,088,000</u>	<u>\$ 1,088,000</u>	<u>\$ 849,923</u>	<u>\$ 238,077</u>

***GOVERNMENT AUDITING STANDARDS* REPORT**



CERTIFIED PUBLIC ACCOUNTANTS
& INVESTMENT ADVISORS

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

To the Town Council
Town of Millville, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Millville, Delaware, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the Town of Millville, Delaware's basic financial statements, and have issued our report thereon dated August 11, 2026.

Report on Internal Control over Financial Reporting

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

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

Salisbury
Ocean City
Lewes

pkscpa.com
pkсадvisors.com

800.274.2564

Report on Internal Control over Financial Reporting (continued)

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKS & Company, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Salisbury, Maryland
August 11, 2026