

TOWN OF BRIDGEVILLE, DELAWARE  
FINANCIAL STATEMENTS WITH  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Town of Bridgeville, Delaware

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bridgeville, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • PRIVATE COMPANIES PRACTICE SECTION<sup>3</sup> -  
DELAWARE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Bridgeville, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bridgeville's basic financial statements. The Schedules of Revenues and Expenditures/Expenses - Budget and Actual - All Funds (Schedules A and B), and the Schedule of Operating Revenues and Expenses - Enterprise Fund (Schedule C), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules referred to in the previous paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, those schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014, on our consideration of the Town of Bridgeville'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bridgeville's internal control over financial reporting and compliance.



Seaford, Delaware  
October 21, 2014

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

This section of The Town of Bridgeville's annual financial report presents the discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the Town's financial statements, which follow this section.

BASIC FINANCIAL STATEMENTS

In the past, the primary focus of local government financial statements had been summarized fund type information on a current financial resource basis. This approach has been modified and, additional statements are presented which focus on the Town as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long term and short term information about the Town's overall financial status. The fund financial statements, which have been provided in the past, focus on the individual parts of the Town government, reporting the operations of the Town in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the user to address relevant questions, broaden the basis for comparison (year to year or government to government) and enhance the Town's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, reported using the full accrual basis of accounting. The statement of activities accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how it has changed. Net position, the difference between the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health of the Town. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Town, one needs to consider other non-financial factors such as changes in the Town's property tax base and condition of the Town's infrastructure.

The government-wide financial statements of the Town are divided into two categories:

Governmental Activities - Most of the Town's basic services are included here, such as police and other public safety services, public works, and general administration. Property and transfer taxes, charges for services, and state grants finance most of these activities.

Business-type Activities - The Town's water and sewer operations are reported here. Fees are charged to customers to help cover the costs of providing these services.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The Town has two types of funds:

Governmental Fund - The General Fund is the Town's only governmental fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a short

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long term focus of the government-wide statements, additional information is provided on the governmental fund statements, or schedules immediately following the governmental fund statements, that explain the relationship (or differences) between them.

Proprietary Funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long term and short term financial information. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The Town utilizes enterprise funds to account for its water and sewer operations.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position remained relatively constant from 2013 to 2014. (See table below) General Fund and business-type net position each increased by just 1%.

Town of Bridgeville  
Net Position  
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	
Current and Other Assets	0.53	0.57	0.84	0.69	1.37	1.26	9%
Capital Assets	0.91	0.89	19.18	19.44	20.09	20.33	(1%)
Total Assets	1.44	1.46	20.02	20.13	21.46	21.59	(1%)
Long Term Debt	0.11	0.10	5.30	5.43	5.41	5.53	(2%)
Other Liabilities & Deferrals	0.15	0.19	1.64	1.75	1.79	1.94	(8%)
Total Liabilities & Deferrals	0.26	0.29	6.94	7.18	7.20	7.47	(4%)
Net Position							
Capital Assets Net of Debt	0.80	0.79	12.34	12.35	13.14	13.14	-
Restricted	0.28	0.31	0.58	0.52	0.86	0.83	4%
Unrestricted	0.10	0.07	0.16	0.08	0.26	0.15	73%
Total Net Position	1.18	1.17	13.08	12.95	14.26	14.12	1%

The Town's total revenues (excluding transfers) increased by 5% to \$2.79 million (See table below). Revenue from business-type activities increased by 2% to \$1.47 million, which is mainly attributable to an increase in water and sewer service charges and impact fees. Governmental revenues increased by 7% to \$1.32 million, which is primarily attributable to increases in building permits, transfer taxes, and property tax revenue.

The total cost of all programs and services decreased by 2% to \$2.65 million. The costs of business-type activities decreased by 1% to \$1.47 million, which was primarily due to decreases in a number of wastewater expenses including equipment replacements, debt service, and engineering fees. The cost of governmental-type activities increased by 6% to \$1.18 million. This increase was primarily attributable to capital outlay, debt service on new loans, health insurance costs, and salaries.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

Town of Bridgeville  
Change in Net Position  
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	
Program Revenue							
Fees, Fines, Services	0.31	0.26	1.44	1.28	1.75	1.54	14%
Operating Grants	0.11	0.16	0.03	-	0.14	0.16	(13%)
Capital Grants	0.06	0.06	-	0.16	0.06	0.22	(73%)
General Revenue							
Taxes	0.84	0.75	-	-	0.84	0.75	12%
Total Revenue	1.32	1.23	1.47	1.44	2.79	2.67	5%
Program Expenses							
General	0.24	0.25	-	-	0.24	0.25	(4%)
Police	0.71	0.64	-	-	0.71	0.64	11%
Streets	0.23	0.22	-	-	0.23	0.22	5%
Water and Sewer	-	-	1.47	1.48	1.47	1.48	(1%)
Total Expenses	1.18	1.11	1.47	1.48	2.65	2.59	2%
Excess (Deficiency)	0.14	0.12	-	(0.04)	0.14	0.08	75%
Transfers In/(Out)	(0.13)	0.05	0.13	(0.05)	-	-	-
Change in Net Position	0.01	0.17	0.13	(0.09)	0.14	0.08	75%
Net Position - Beginning	1.17	1.00	12.95	13.04	14.12	14.04	1%
Net Position - Ending	1.18	1.17	13.08	12.95	14.26	14.12	1%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.33 million exceeded budgeted revenues of \$1.12 million by \$0.21 million (19%). This favorable variance was primarily the result of greater than anticipated federal and state grants and transfer taxes.

General fund actual expenditures of \$1.25 million exceeded budgeted expenditures of \$1.17 million by \$0.08 million. This unfavorable variance was primarily the result of unbudgeted capital outlay that was funded with loan proceeds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Town had \$20.09 million invested in capital assets, including police equipment, buildings, land, vehicles and water and sewer system improvements. This amount represents a net decrease (additions, deductions, and depreciation) of \$0.24 million from the prior year.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

Town of Bridgeville  
Capital Assets Net of Depreciation  
(in millions)

	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Land	0.27	0.27	4.06	3.96	4.33	4.23
Buildings	0.17	0.18	0.02	0.02	0.19	0.20
Equipment	0.09	0.08	1.34	1.40	1.43	1.48
Improvements	0.29	0.31	-	-	0.29	0.31
Vehicles	0.09	0.05	-	-	0.09	0.05
Water and Sewer	-	-	13.76	14.06	13.76	14.06
Total Capital Assets	0.91	0.89	19.18	19.44	20.09	20.33

Note 5 of the Notes to the Basic Financial Statements gives further details of the Town's capital asset activity.

Debt

At year-end, the Town had \$5.41 million in bonds and notes outstanding, versus \$5.53 million last year, a decrease of \$0.12 million.

Town of Bridgeville  
Debt  
(in millions)

	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
O'Leary Mortgage	0.07	0.10	-	-	0.07	0.10
Rural Development - Water Bonds	-	-	0.85	0.88	0.85	0.88
Rural Development - Sewer Bonds	-	-	0.62	0.64	0.62	0.64
Rural Development - Sewer Bonds	-	-	0.32	0.32	0.32	0.32
Rural Development - Sewer Bonds	-	-	1.19	1.20	1.19	1.20
State of Delaware	-	-	1.78	1.92	1.78	1.92
State of Delaware	-	-	0.46	0.47	0.46	0.47
State of Delaware	-	-	0.08	-	0.08	-
Ford Motor Credit	0.04	-	-	-	0.04	-
Total Debt	0.11	0.10	5.30	5.43	5.41	5.53

Note 6 of the Notes to the Basic Financial Statements gives further details of the Town's debt activity.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

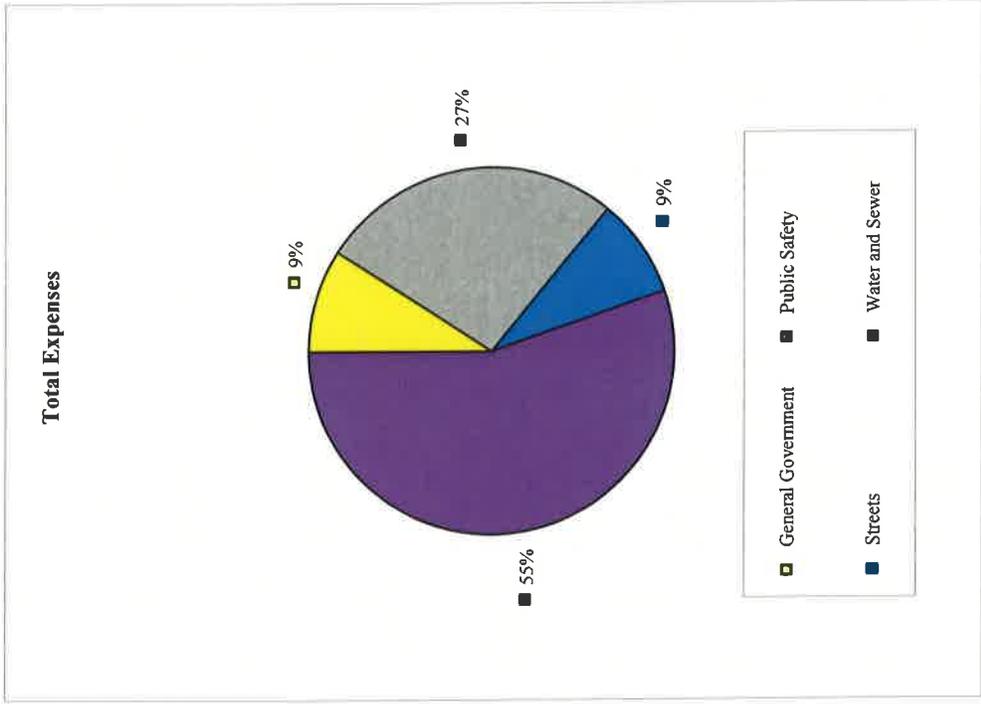
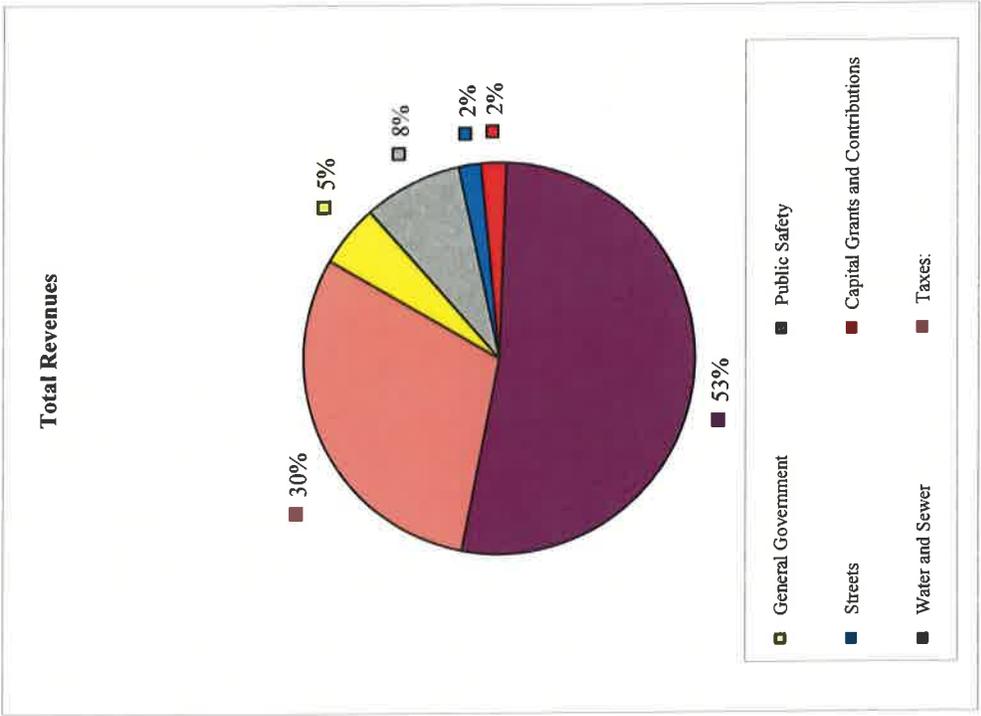
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

FY14 saw increased growth in residential construction, resulting in an increase in property taxes, building permits and transfer taxes. The Commissioners are hopeful that this trend continues, as there are many important projects on the horizon. The Town received the new NPDES (effluent discharge) permit from the Federal and State authorities and there are many repairs and upgrades that are required to be completed within the next five (5) years in order to remain compliant. In an effort to fund those projects and to meet the service requirements of a steadily growing population, the Commissioners made a difficult, but necessary decision to raise the property tax and water rates for FY15. The FY15 budget shows an increase of 9% which is attributable to an annual increase in debt service due to capital improvements to the water utility system. The increase in water rates offsets this new debt service obligation. In addition, the Town passed a capital improvement plan for FY15 totaling \$89,850. Looking forward, the Town anticipates continued residential growth as the build out of Heritage Shores continues. We also look forward to the realization of new commercial development that will result from the demand of new residents.

FINANCIAL CONTACT

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town's management at 101 Main Street, Bridgeville, Delaware 19933.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
TOTAL REVENUES AND EXPENSES  
GOVERNMENT-WIDE  
JUNE 30, 2014



TOWN OF BRIDGEVILLE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2014

EXHIBIT A

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 406,766	\$ 584,864	\$ 991,630
Accounts Receivable	119,376	252,254	371,630
Capital Assets:			
Land	267,124	4,056,297	4,323,421
Equipment	332,350	1,645,205	1,977,555
Improvements	404,470	17,498,669	17,903,139
Vehicles	531,920	69,651	601,571
Buildings	240,941	27,798	268,739
Accumulated Depreciation	<u>(861,232)</u>	<u>(4,116,079)</u>	<u>(4,977,311)</u>
Total Assets	<u>\$ 1,441,715</u>	<u>\$ 20,018,659</u>	<u>\$ 21,460,374</u>
 <u>LIABILITIES</u> 			
Accounts Payable	\$ 77,036	\$ 59,811	\$ 136,847
Accrued Wages	35,111	6,854	41,965
Non-Current Liabilities:			
Accrued Vacation Leave	37,169	11,622	48,791
Accrued Sick Leave	-	18,618	18,618
Due within one year	46,675	246,087	292,762
Due in more than one year	<u>66,881</u>	<u>5,057,682</u>	<u>5,124,563</u>
Total Liabilities	<u>262,872</u>	<u>5,400,674</u>	<u>5,663,546</u>
Deferred Inflows	<u>-</u>	<u>1,542,000</u>	<u>1,542,000</u>
 <u>NET POSITION</u> 			
Invested in Capital Assets, Net of Related Debt	802,017	12,335,772	13,137,789
Restricted	276,894	584,864	861,758
Unrestricted	<u>99,932</u>	<u>155,349</u>	<u>255,281</u>
Total Net Position	<u>\$ 1,178,843</u>	<u>\$ 13,075,985</u>	<u>\$ 14,254,828</u>

TOWN OF BRIDGEVILLE  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities</u>							
General Government	\$ 240,509	\$ 143,395	\$ -	\$ -	\$ (97,114)	\$ -	\$ (97,114)
Public Safety	713,675	169,820	57,552	-	(486,303)	-	(486,303)
Streets	230,802	1,695	49,362	59,029	(120,716)	-	(120,716)
Debt Service	6,014	-	-	-	(6,014)	-	(6,014)
<u>Total Governmental Activities</u>	<u>1,191,000</u>	<u>314,910</u>	<u>106,914</u>	<u>59,029</u>	<u>(710,147)</u>	<u>-</u>	<u>(710,147)</u>
<u>Business-Type Activities</u>							
Water and Sewer	1,465,164	1,438,799	26,500	-	-	135	135
<u>Total Government</u>	<u>\$ 2,656,164</u>	<u>\$ 1,753,709</u>	<u>\$ 133,414</u>	<u>\$ 59,029</u>	<u>(710,147)</u>	<u>135</u>	<u>(710,012)</u>
General Revenues:							
Taxes:							
Property Taxes, Penalties, and Interest		552,404					552,404
Transfer Tax		292,466					292,466
Investment Income		1,262	2,359				3,621
Transfer In/(Out)		(126,233)					-
Total General Revenues		719,899					848,491
Change in Net Position		9,752					138,479
Net Position - Beginning		1,169,091					14,116,349
Net Position - Ending		1,178,843					14,254,828

TOWN OF BRIDGEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2014

EXHIBIT C

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 406,766
Accounts Receivable	<u>119,376</u>
 Total Assets	 <u>\$ 526,142</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 77,036
Accrued Wages	<u>35,111</u>
 Total Liabilities	 <u>112,147</u>
 Fund Balance:	
Assigned	276,894
Unassigned	<u>137,101</u>
 Total Fund Balance	 <u>413,995</u>
 Total Liabilities and Fund Balance	 <u>\$ 526,142</u>

Amounts Reported For Governmental Activities in the Statement of Net Position Are Different Because:

Total Fund Balance	\$ 413,995
Capital assets and related accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the governmental fund's balance sheet.	915,573
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Mortgage Payable	(113,556)
Compensated Absences	<u>(37,169)</u>
 Net Position of Governmental Activities	 <u>\$ 1,178,843</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 552,404
Transfer Tax	292,466
Charges for Services	13,459
Intergovernmental	191,981
Licenses and Permits	117,706
Investment Income	1,262
Police Pension Fund	48,654
Fines	104,903
Miscellaneous	<u>4,150</u>
Total Revenues	<u>1,326,985</u>
Expenditures:	
Current:	
General Government	210,733
Public Safety	679,374
Streets	223,154
Debt Service	47,728
Capital Outlay	<u>90,551</u>
Total Expenditures	<u>1,251,540</u>
Excess of Revenues over Expenditures	75,445
Other Financing Sources:	
Loan Proceeds	57,270
Operating Transfers In	<u>(126,233)</u>
Net Change in Fund Balance	6,482
Fund Balance - Beginning	<u>407,513</u>
Fund Balance - Ending	<u>\$ 413,995</u>

TOWN OF BRIDGEVILLE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$	6,482
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		90,551
Governmental funds report the proceeds from borrowing as current financial resources, but in the government-wide statements the proceeds are shown on the statement of net assets.		(57,270)
Debt Service Principal		41,714
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is the change in the compensated absences for the year.		(5,257)
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		<u>(66,468)</u>
Change in Net Position of Governmental Activities	\$	<u><u>9,752</u></u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT F

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Revenues:				
Property Taxes	\$ 547,800	\$ 554,000	\$ 552,404	\$ (1,596)
Transfer Tax	175,000	190,700	292,466	101,766
Charges for Services	5,600	6,800	13,459	6,659
Intergovernmental	100,000	129,400	191,981	62,581
Licenses and Permits	73,250	88,000	117,706	29,706
Investment Income	500	500	1,262	762
Police Pension Fund	30,000	30,000	48,654	18,654
Fines	89,000	89,000	104,903	15,903
Appropriated Surplus	45,680	24,500	-	(24,500)
Miscellaneous	3,500	3,500	4,150	650
	1,070,330	1,116,400	1,326,985	210,585
Total Revenues				
Expenditures:				
Current:				
General Government	225,300	221,250	210,733	10,517
Public Safety	688,980	701,350	679,374	21,976
Streets	188,200	187,850	223,154	(35,304)
Debt Service	32,200	32,200	47,728	(15,528)
Capital Outlay	29,700	22,800	90,551	(67,751)
	1,164,380	1,165,450	1,251,540	(86,090)
Total Expenditures				
Excess (Deficiency) of Revenues over/(under) Expenditures	(94,050)	(49,050)	75,445	124,495
Other Financing Sources:				
Loan Proceeds	-	-	57,270	57,270
Operating Transfers Out	(126,233)	(126,233)	(126,233)	-
	(126,233)	(126,233)	(68,963)	57,270
Total Other Financing Sources				
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(220,283)	(175,283)	6,482	181,765
Fund Balance - Beginning	407,513	407,513	407,513	-
Fund Balance - Ending	\$ 187,230	\$ 232,230	\$ 413,995	\$ 181,765

TOWN OF BRIDGEVILLE  
STATEMENT OF NET POSITION-ENTERPRISE FUND  
JUNE 30, 2014

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 584,864
Accounts Receivable	<u>252,254</u>
Total Current Assets	<u>837,118</u>
Capital Assets:	
Land	4,056,297
Improvements	17,498,669
Equipment	1,645,205
Building	27,798
Vehicles	69,651
Accumulated Depreciation	<u>(4,116,079)</u>
Total Capital Assets	<u>19,181,541</u>
Total Assets	\$ <u><u>20,018,659</u></u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 59,811
Accrued Wages	6,854
Current Portion of Long Term Debt	<u>246,087</u>
Total Current Liabilities	<u>312,752</u>
Non-Current Liabilities:	
Accrued Sick Leave	18,618
Accrued Vacation Leave	11,622
Long Term Debt - Net of Current Portion	<u>5,057,682</u>
Total Non-Current Liabilities	<u>5,087,922</u>
Total Liabilities	<u>5,400,674</u>
Deferred Inflows	<u>1,542,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,335,772
Restricted	584,864
Unrestricted	<u>155,349</u>
Total Net Position	<u>13,075,985</u>
Total Liabilities and Net Position	\$ <u><u>20,018,659</u></u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,412,361
Miscellaneous	26,438
Grant	26,500
Interest	2,359
	<hr/>
Total Operating Revenues	1,467,658
	<hr/>
Operating Expenses:	
Health Insurance	43,073
Advertising	326
Capital Outlay - Small Items	7,313
Chemicals	40,325
Depreciation	463,298
Dues	599
Engineering Fees	10,090
Equipment - Purchase/Rental	23,439
Testing Fees	16,103
Sludge Disposal	9,362
Insurance	31,360
Continuing Education	390
Interest Expense	221,655
Leases	44,390
Legal and Auditing	6,928
Maintenance - Buildings/Grounds/Tools	17,154
Maintenance - Collector System	4,615
Office Supplies	1,477
Postage	4,000
Payroll Taxes	21,259
Pension Costs	23,578
Permits	140
Repairs	55,221
Salary Expense	274,997
Supplies	6,904
Uniform Expense	1,359
Utilities - Electric	90,720
Utilities - Gas	25,011
Utilities - Telephone	10,150
Miss Utility Locates	900
Vehicle Expense	9,028
	<hr/>
Total Operating Expenses	1,465,164
	<hr/>
Operating Income (Loss)	2,494
	<hr/>
Other Income:	
Operating Transfer	126,233
	<hr/>
Net Income	128,727
	<hr/>
Net Position - Beginning	12,947,258
	<hr/>
Net Position - Ending	\$ 13,075,985
	<hr/> <hr/>

TOWN OF BRIDGEVILLE  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT I

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,260,713
Investment Income	2,359
Cash Payments for Interest	(221,655)
Cash Payments to Employees for Services	(360,953)
Cash Payments to Suppliers for Goods and Services	<u>(408,883)</u>
Net Cash Flows from Operating Activities	<u>271,581</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfer	<u>126,233</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(199,838)
Retirement of Debt	<u>(133,811)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(333,649)</u>
Net Increase in Cash	64,165
Cash - Beginning	<u>520,699</u>
Cash - Ending	<u>\$ 584,864</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 2,494
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	463,298
Change in Accounts Receivable	(84,586)
Change in Accounts Payable	8,421
Change in Deferred Inflow	(120,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>1,954</u>
Net Cash Flows from Operating Activities	<u>\$ 271,581</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The Town of Bridgeville is located in western Sussex County in the State of Delaware and has a population of approximately 2,000 people. Some of the major services provided by the Town include water and sewer, planning and zoning, improvements, and public safety.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

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 is set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 61.

Based on this criteria, the Town has no component units.

C. Basis of Presentation

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide Financial Statements:

The statement of net position and the statement of activities report information on all of the activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 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. Separate statements would normally be presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued)

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

The Town has presented the following major funds:

*General Fund*

The General Fund is the primary operating fund of the Town. This fund 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.

*Water and Sewer Fund*

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long term debt principal, interest and related costs for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the 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.

The government-wide statements and fund financial statements for proprietary funds are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported 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 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. Expenditures are recorded when the related fund liability is incurred.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

EXHIBIT J  
PAGE 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus/Basis of Accounting (Continued)

The revenues susceptible to accrual are licenses, charges for services, and intergovernmental revenues. All other Governmental Fund revenues are recognized when received.

E. Budgetary Control

The Department Heads submit an annual budget to the Commissioners in accordance with the Town Charter. In June, the Commissioners adopt the annual fiscal year appropriated budget for Town operating funds. These include General, Police, Streets, and Water and Sewer. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Commissioners.

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund is presented using the same basis of accounting for both budgetary purposes and actual results.

F. Cash and Investments

The Town follows the practice of segregating cash as to fund purpose or type.

Statutes authorize the Town to invest in bonds or in other obligations of which the full faith and credit of the United States of America is pledged, obligations of federal governmental agencies issued pursuant to Acts of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the full faith and credit of the United States are pledged, and any bank in the State of Delaware. At times during the year there were amounts invested at banks which exceeded the FDIC insurance limit.

The Town considers all cash or investments with an initial maturity of one year or less to be cash.

G. Accounts Receivable

Management of the Town considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations in the period the receivable is deemed uncollectible.

H. Property Taxes

Property taxes are billed each July 1 for the fiscal year. Full payment is due by September 30. Amounts received after September 30 are subject to a monthly penalty of 2%.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of the Funds. Since the Enterprise fund maintains no checking account, all transactions are run through the general accounts.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The Town has elected not to retroactively report general infrastructure assets, as allowed by GASB 34. 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.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>Classification</u>	<u>Life</u>
Buildings	20 - 50 Years
Equipment	5 - 15 Years
Vehicles	5 - 10 Years
Water and Sewer Assets	10 - 50 Years

In accordance with Accounting Standards Codification (ASC), No. 360, "Accounting for the Impairment or Disposal of Long-Lived Assets," management reviews property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment losses have been recognized during the year presented.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Use of Estimates

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Accumulated Unpaid Vacation and Sick Leave

Employees are granted vacation and sick leave in varying amounts. Vacation leave is only accrued as earned on the basis of services already performed by the employee and that it is probable to be paid in a future period. Sick pay is only accrued for employees with twenty years or more of service, but only up to ninety days can be paid upon retirement or termination. For vacation days, an employee is allowed to carry a maximum of thirty five days (with twenty years service) from one year to the next. Full-time employees accumulate vacation leave based on the number of years of service.

N. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town currently has no non-spendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town currently has no restricted fund balance.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town currently has no committed resources.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding, if any. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

EXHIBIT J  
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through October 21, 2014, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 73,817
General Fund Savings	<u>378,109</u>
 <u>TOTAL GENERAL FUND</u>	 451,926
 Water and Sewer Savings	 <u>583,295</u>
 <u>TOTAL CASH IN BANK (Per Bank Statements)</u>	 \$ <u>1,035,221</u>

Cash is maintained at PNC Bank and Fulton Bank and is either insured by the FDIC or collateralized by the financial institution's trust department, as follows:

Amount insured by the FDIC	\$ <u>324,432</u>
 Collateralized by securities held by the pledging financial institution's trust department but not in the Town's name.	 \$ <u>710,789</u>

NOTE 3 - RECEIVABLES:

The following is a list, by the type of charge, of outstanding receivables:

Water and Sewer Charges	\$ 114,203
Demolition/Code Enforcement	36,367
Town of Greenwood - Sewer Charges	61,980
Fines	10,509
Garbage Fees	333
Property Tax	7,317
Transfer Tax	46,585
Grant Funds	93,086
Police Overtime	<u>1,250</u>
 <u>TOTAL</u>	 \$ <u>371,630</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

EXHIBIT J  
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NOTE 4 - CONDUIT DEBT:

On July 1, 2005, the Town issued bonds to provide financial assistance to the Heritage Shores Development for the cost of infrastructure improvements, which is deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from tax revenues from the Heritage Shores Development. The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, the bond issue had a balance of \$19,425,000.

NOTE 5 - CAPITAL ASSETS:

The following is a summary of Capital Asset changes for the current year:

	<u>ASSETS</u>			
	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u> <u>During</u> <u>Year</u>	<u>Disposals</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
Land - Governmental	\$ 267,124	\$ -	\$ -	\$ 267,124
Land - Water and Sewer	3,959,085	97,212	-	4,056,297
Buildings	240,941	-	-	240,941
Equipment	299,069	33,281	-	332,350
Improvements	404,470	-	-	404,470
Vehicles	474,650	57,270	-	531,920
Water and Sewer Improvements	<u>19,138,697</u>	<u>102,626</u>	<u>-</u>	<u>19,241,323</u>
<u>TOTALS</u>	<u>\$ 24,784,036</u>	<u>\$ 290,389</u>	<u>\$ -</u>	<u>\$ 25,074,425</u>

	<u>ACCUMULATED DEPRECIATION</u>			
	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Depreciation</u> <u>for the</u> <u>Year</u>	<u>Disposals</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
Buildings	\$ 60,531	\$ 6,559	\$ -	\$ 67,090
Equipment	219,204	25,223	-	244,427
Improvements	93,174	17,789	-	110,963
Vehicles	421,855	16,898	-	438,753
Water and Sewer Improvements	<u>3,652,781</u>	<u>463,297</u>	<u>-</u>	<u>4,116,078</u>
<u>TOTALS</u>	<u>\$ 4,447,545</u>	<u>\$ 529,766</u>	<u>\$ -</u>	<u>\$ 4,977,311</u>

NET CAPITAL ASSETS \$ 20,097,114

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities:		
General Government	\$	24,520
Police		34,301
Streets		7,648
Water and Sewer		<u>463,297</u>
Total Depreciation Expense	\$	<u>529,766</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 6 - DEBT:

Debt consists of the following:

<p>A purchase money mortgage payable to Jeremiah D. O’Leary and Barbara-Cherrix O’Leary in the total amount of \$140,000 with an interest rate of 4.75%. Paid in equal quarterly payments of principal in the amount of \$7,000 with interest. Loan matures on December 31, 2016. The loan proceeds were used to purchase real estate.</p>	<p>\$ 70,000</p>
<p>Bonds payable to Rural Development in the amount of \$468,000. Paid in semi-annual installments of \$15,517 including interest of 6% through April 12, 2030. The bond proceeds were for sewer system upgrades.</p>	<p>315,506</p>
<p>Bonds payable to Rural Development in the amount of \$829,100. Paid in quarterly installments of \$11,202 including interest of 4.5% through June 25, 2036. The bond proceeds were for water system upgrades.</p>	<p>622,759</p>
<p>Bonds payable to Rural Development in the amount of \$1,138,100. Paid in quarterly installments of \$15,376 including interest of 4.5% through June 25, 2036. The bond proceeds were for water system upgrades.</p>	<p>854,954</p>
<p>Bonds payable to Rural Development in the amount of \$1,257,000. Paid in quarterly installments of \$16,983 including interest of 4.5% through December 23, 2048. The bond proceeds were for sewer system upgrades.</p>	<p>1,186,418</p>
<p>Unsecured note payable to the Delaware Department of Natural Resources and Environmental Control in the total amount of \$750,000. All proceeds to be used for wastewater treatment plant equipment replacement. Paid in semi-annual installments of \$21,188 including interest of 3.672%. Loan matures on November 11, 2027.</p>	<p>460,630</p>
<p>Unsecured note payable to the Delaware Department of Natural Resources and Environmental Control in the total amount of \$2,700,000. All proceeds were used in the upgrade of the wastewater treatment plant. Paid in semi-annual installments of \$93,190 including interest of 2.7%. Loan matures on December 30, 2025.</p>	<p>1,784,934</p>
<p>Unsecured note payable to the Delaware Department of Natural Resources and Environmental Control in the total amount of \$1,194,300. All proceeds to be used for a water system improvement project. Note carries interest of 1.5% and matures on November 1, 2034.</p>	<p>78,568</p>
<p>Note payable for the purchase of a 2014 Chevy Tahoe and 2014 Dodge Charger from Ford Motor Credit. Monthly installments of \$1,737 including interest of 5.65% maturing on October 10, 2016. Vehicles held as collateral.</p>	<p><u>43,556</u></p>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

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NOTE 6 – DEBT (CONTINUED):

<u>TOTAL DEBT</u>	5,417,325
Less: Current Portion	<u>292,762</u>
<u>TOTAL LONG TERM DEBT</u>	<u>\$ 5,124,563</u>

Maturities of debt subsequent to year end are as follows:

	Governmental		Enterprise	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 46,675	\$ 4,914	\$ 246,087	\$ 201,612
2016	47,763	2,497	240,844	194,159
2017	19,118	322	249,171	185,868
2018	-	-	257,811	177,266
2019	-	-	266,775	168,340
2020 - 2024	-	-	1,480,650	689,517
2025 - 2029	-	-	947,399	442,774
2030 - 2034	-	-	699,235	281,586
2035 - 2039	-	-	395,239	157,045
2040 - 2044	-	-	247,980	91,680
2045 - 2049	-	-	272,578	67,083
<u>TOTALS</u>	<u>\$ 113,556</u>	<u>\$ 7,733</u>	<u>\$ 5,303,769</u>	<u>\$ 2,656,930</u>

Below summarizes the changes in debt:

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>End of</u> <u>Year</u>
O'Leary Mortgage	\$ 98,000	\$ -	\$ 28,000	\$ 70,000
Rural Development	327,084	-	11,578	315,506
Rural Development	639,081	-	16,322	622,759
Rural Development	877,351	-	22,397	854,954
Rural Development	1,200,560	-	14,142	1,186,418
State of Delaware	473,131	-	12,501	460,630
State of Delaware	1,920,373	-	135,439	1,784,934
State of Delaware	-	78,568	-	78,568
Ford Motor Credit	-	57,270	13,714	43,556
<u>TOTALS</u>	<u>\$ 5,535,580</u>	<u>\$ 135,838</u>	<u>\$ 254,093</u>	<u>\$ 5,417,325</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

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NOTE 7 - NET POSITION RESTRICTIONS:

The following amounts have been restricted for the purpose indicated:

	<u>General</u>	<u>Enterprise</u>
Impact Fee Fund	\$ -	\$ 56,195
Heritage Shores Meters	-	20,179
Police Pension	10,227	-
Children's Sanctuary Park/Charity Golf	7,867	-
Capital Improvement Escrows	258,800	488,041
Sewer Sinking	-	20,449
	-	20,449
<u>TOTALS</u>	\$ 276,894	\$ 584,864

NOTE 8 - PENSION PLAN:

The Town contributes to the Town of Bridgeville, Inc. Money Purchase Pension Plan, which is a defined contribution pension plan operated and administered by the Town. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined, instead of specifying the amount of benefits the individual is to receive. Under a defined contribution plan, the benefit a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All full-time employees of the Town, other than police officers, are eligible to participate in the plan after completion of one year of service and having attained the age of 21. Town employees are prohibited from making contributions to the plan. For participants hired prior to January 1, 2003, the Town contributes 18.50% of participants' current compensation. Participants hired after December 31, 2002, are eligible for contributions in the range of 8 to 10%, as determined annually by the Commissioners. Contributions to the plan vest over a seven-year period at 20% intervals starting the third year of participation.

Police officers are covered by the State of Delaware County and Municipal Police/Firefighter Pension Plan which is described under Internal Revenue Code Section 414(h)(2). The base pay of full time police officers is subject to employer pension contributions at an actuarially determined rate. The rate is established by the Board of Pension Trustees on the basis of the most recent actuarial valuation and is adjusted on July 1<sup>st</sup> of each year. A deduction is made from each employee's compensation equal to 7% of base pay. A police officer is vested after 10 years of service. The Town contributes 15.52% of participants' current compensation. The Town receives a grant from the State of Delaware to be used to fund the plan. This Plan is an agent multiple-employer pension plan that is administered in accordance with Title 11, Chapter 88 of the Delaware Code. The Town Commissioners assign the authority to establish and amend the benefit provisions of the plan to the Board of Trustees of the Delaware Public Employees' Retirement System (DPERS). The State of Delaware issues a publicly available financial report that includes financial statements and required supplementary information for the DPERS. The report may be obtained by writing to DPERS at McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, DE 19904-2402, or via the internet at [www.delawarepensions.com/financials](http://www.delawarepensions.com/financials).

For the year ended June 30, 2014, the Town made pension contributions of \$89,806 (22% of covered payroll).

For the year ended June 30, 2014, the contribution was figured on total covered payroll of \$408,237 and total payroll of \$764,809.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014

EXHIBIT J  
PAGE 11

NOTE 9 - RISK AND INSURANCE COVERAGE:

The Town has exposure to various kinds of risk. As a vehicle to reduce this exposure the Town has purchased insurance policies from commercial insurance agents. The insurance policies from commercial agents cover general liability, public officials' legal liability for errors and omissions, police legal liability for wrongful acts, workman's compensation claims, bonding for employees and The Commissioners, and automobile liability and damage claims.

NOTE 10 - COMMITMENT:

The Town of Bridgeville and the Town of Greenwood, a nearby community, have previously entered into an agreement to allow the Town of Greenwood to pump its sewage to the Town of Bridgeville where a waste water treatment plant is located. The Town of Greenwood has paid \$167,000 in tapping and impact fees and has an allocation of 86,000 gallons per day of treatment capacity. Fixed and variable operational costs, as well as managerial cost of running the plant, are charged to Greenwood based on their share of the treatment plant's total treated flow. Also charged to Greenwood (in proportion to capacity) are costs of servicing debt and funding a sinking fund for repairs and maintenance. Currently, Greenwood's share of plant capacity is 18%.

NOTE 11 - DEVELOPMENT IMPROVEMENTS AND SERVICES AGREEMENT:

The Town entered into an agreement with a developer relating to costs incurred to develop 2,000 residential homes. All direct and indirect costs of building the development and connecting to existing Town facilities are the responsibility of the developer. At various stages of completion, the developer will dedicate infrastructure to the Town.

Under an amendment to this agreement, the developer agreed to prepay sewer impact fees on 914 residential units, for a total prepayment of \$2,742,000. These funds were used to help purchase the land on which spray irrigation of treated waste water is taking place. The prepaid fees are shown as Deferred Inflows on the financial statements. Current year activity was as follows:

Prepaid Fees – Beginning	\$ 1,662,000
Fees Used	120,000
Prepaid Fees – Ending	\$ <u>1,542,000</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2014

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 REVENUES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE A

	2014				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/13
	Original	Final			
<b>GOVERNMENTAL ACTIVITIES:</b>					
Building Permits	\$ 50,000	\$ 65,000	\$ 92,181	\$ 27,181	\$ 63,474
Newsletter Ads	3,500	3,500	4,150	650	3,725
Property Tax	514,800	516,950	513,572	(3,378)	495,215
Quarterly/Supplemental Taxes	7,000	12,000	12,914	914	8,448
Property Tax Penalties	2,500	1,200	2,057	857	2,611
Transfer Tax	175,000	190,700	292,466	101,766	224,348
Payments in Lieu of Taxes	23,500	23,850	23,861	11	23,485
Sussex County Council - Grant	25,000	25,000	25,000	-	25,000
Interest	500	500	1,262	762	1,307
Grass Cutting	500	500	1,500	1,000	480
Miscellaneous Fees	5,100	6,300	11,666	5,366	16,031
Fines	89,000	89,000	104,903	15,903	89,839
Federal and State Grants	75,000	104,400	166,981	62,581	209,229
Police Pension Fund	30,000	30,000	48,654	18,654	44,905
Appropriated Surplus	45,680	24,500	-	(24,500)	-
Miscellaneous	-	-	293	293	2,425
Contractor Licenses	6,250	6,000	8,000	2,000	7,700
Rental Licenses	17,000	17,000	17,525	525	16,925
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,070,330</b>	<b>1,116,400</b>	<b>1,326,985</b>	<b>210,585</b>	<b>1,235,147</b>
<b>BUSINESS - TYPE ACTIVITIES:</b>					
Fire Lines	12,300	12,300	12,300	-	12,300
Water/Sewer Inspection Fees	1,500	2,000	2,500	500	1,900
Sewer Rents	520,000	520,000	545,419	25,419	506,348
Fats, Oils, Grease Fees	1,500	1,500	1,400	(100)	1,500
Roof Connector Rent	600	300	305	5	585
Sewer Rent - Industrial	90,000	90,000	88,694	(1,306)	90,325
Sewer Fee Penalties	2,500	2,500	2,432	(68)	2,762
Town of Greenwood	225,000	225,000	209,297	(15,703)	224,850
Water Rent	250,000	250,000	252,339	2,339	230,847
Water Meter Rent	58,800	61,000	62,389	1,389	58,831
Water Meter Pit Fees	21,300	29,500	33,725	4,225	30,595
Water Fee Penalties	2,500	2,500	2,361	(139)	2,808
Federal and State Grants	-	-	26,500	26,500	101,607
Tapping Fees	3,000	4,000	6,750	2,750	3,800
Impact Fees	-	-	188,000	188,000	100,830
Connection Fees	3,000	4,000	4,450	450	3,900
Interest	500	500	2,359	1,859	2,042
Energy Grant	-	-	-	-	53,674
Miscellaneous Fees	6,000	15,500	26,438	10,938	11,226
Appropriated Funds	87,850	151,650	-	(151,650)	-
<b>TOTAL BUSINESS - TYPE ACTIVITIES</b>	<b>1,286,350</b>	<b>1,372,250</b>	<b>1,467,658</b>	<b>95,408</b>	<b>1,440,730</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,356,680</b>	<b>\$ 2,488,650</b>	<b>\$ 2,794,643</b>	<b>\$ 305,993</b>	<b>\$ 2,675,877</b>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE B  
PAGE 1

	2014				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/13
	Original	Final			
<b>GOVERNMENTAL FUNDS</b>					
<b>GENERAL GOVERNMENT:</b>					
Advertising	\$ 3,500	\$ 3,500	\$ 3,647	\$ (147)	\$ 2,345
Travel	300	150	7	143	246
Continuing Education	500	500	20	480	-
Grass Cutting	1,500	1,500	1,225	275	778
SCAT Meetings	1,800	2,200	2,367	(167)	1,532
Code Update	3,000	3,000	1,195	1,805	2,555
Health Insurance	16,950	16,950	17,603	(653)	10,532
Capital Outlay	-	-	4,950	(4,950)	35,000
Debt Service 103 S. Main Street	32,200	32,200	32,156	44	33,486
Donations	2,000	2,000	2,431	(431)	3,000
Dues	1,300	1,400	1,382	18	2,440
Service Charges	800	800	751	49	582
Economic Development	3,000	3,000	-	3,000	-
Engineering Fees	2,000	1,000	-	1,000	60
Equipment - Purchase/Rental	1,000	1,000	555	445	500
Insurance	10,150	10,150	9,740	410	10,112
Leases	3,600	3,600	3,118	482	3,508
Legal and Auditing	13,000	13,000	12,373	627	15,826
Maintenance - Buildings/Grounds/Tools	1,500	1,500	2,427	(927)	2,204
Newsletter	3,200	3,200	3,797	(597)	3,381
Office Supplies	3,500	3,500	3,144	356	3,645
Postage	3,000	3,000	2,991	9	2,817
Payroll Taxes	8,250	8,250	8,624	(374)	8,114
Pension Costs	11,500	6,500	6,199	301	9,172
Ditch Tax - Annual	1,700	1,700	1,696	4	1,696
Repairs	1,000	1,000	(1,888)	2,888	143
Salaries	109,350	109,350	107,285	2,065	99,629
Special Recognitions	1,000	500	521	(21)	823
Supplies	1,000	2,000	2,313	(313)	1,540
Uniforms	500	500	-	500	447
Employment	1,000	1,000	468	532	782
Utilities - Electric	5,300	5,300	5,389	(89)	4,931
Utilities - Gas	1,200	1,200	1,130	70	1,085
Utilities - Telephone	5,400	6,000	5,711	289	5,035
Vehicle Fuel	1,500	2,000	1,755	245	1,894
Vehicle Expense	1,000	1,000	994	6	1,879
Sanctuary for Kids Park	-	-	1,763	(1,763)	-
<b>TOTAL GENERAL GOVERNMENT</b>	<b>257,500</b>	<b>253,450</b>	<b>247,839</b>	<b>5,611</b>	<b>271,719</b>
<b>POLICE:</b>					
Advertising	100	100	-	100	310
Health Insurance	67,550	67,550	66,332	1,218	46,553
Travel	-	-	18	(18)	-
Capital Outlay	20,000	15,600	78,401	(62,801)	23,807
Continuing Education	500	500	50	450	170
Debt Service	-	-	15,572	(15,572)	-
Donations	400	400	350	50	350
Dues	500	500	450	50	300
Engineering Fees	2,000	1,500	-	1,500	-
Equipment Purchase/Rental	6,200	1,500	1,454	46	-
Insurance	38,250	38,250	39,368	(1,118)	37,814
SALLE	5,000	5,200	3,548	1,652	3,438
Leases, Maintenance Agreements	1,000	1,000	953	47	940
Legal and Auditing	4,000	3,500	3,348	152	3,348
Maintenance - Buildings/Grounds/Tools	1,000	1,500	920	580	2,720
Office Supplies	3,700	1,700	1,319	381	1,393
Postage	1,700	1,700	1,450	250	1,000
Payroll Taxes	30,350	30,350	30,520	(170)	27,734
Pension Costs	50,800	50,800	49,580	1,220	42,018
Repairs	3,000	3,000	1,739	1,261	2,137
Salaries	342,280	342,300	341,852	448	286,258
Salaries - Overtime, Part-time	52,150	48,000	54,871	(6,871)	59,780
EIDE Drug Overtime	5,000	5,500	4,321	1,179	2,659
Supplies	2,500	17,500	4,401	13,099	58,662
Uniforms	4,500	4,500	3,930	570	10,195
Employment	5,000	4,000	2,744	1,256	8,398
Utilities - Electric	4,500	4,500	3,257	1,243	3,662
Utilities - Gas	2,000	2,000	2,128	(128)	1,600
Utilities - Telephone	11,000	12,000	10,900	1,100	10,934
Vehicle Fuel	34,000	32,000	33,105	(1,105)	29,980
Vehicle Expense	10,000	20,000	16,466	3,534	12,781
<b>TOTAL POLICE</b>	<b>708,980</b>	<b>716,950</b>	<b>773,347</b>	<b>(56,397)</b>	<b>678,941</b>

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE B  
 PAGE 2

	2014				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/13
	Original	Final			
<b>STREETS:</b>					
Advertising	100	100	220	(120)	137
Health Insurance	8,600	8,600	8,687	(87)	7,530
Christmas Lighting/Repairs	-	-	-	-	489
Capital Outlay	9,700	7,200	7,200	-	-
Community Transportation	-	-	58,960	(58,960)	58,226
Engineering	-	-	-	-	220
Equipment Purchase/Rental	1,000	1,000	-	1,000	-
Insurance	8,500	8,500	7,219	1,281	7,337
Legal and Auditing	3,500	3,500	3,309	191	3,100
Maintenance - Buildings/Grounds/Tools	3,500	3,000	1,867	1,133	4,102
Office Supplies	500	500	495	5	400
Payroll Taxes	5,350	5,350	4,830	520	4,919
Permits	50	50	20	30	20
Pension Costs	10,500	10,500	10,449	51	9,869
Repairs	2,500	2,000	608	1,392	17,303
Salary Expense	66,700	66,700	56,265	10,435	64,982
Salary - Overtime	2,500	2,350	2,078	272	1,181
Snow Removal	6,000	5,500	2,725	2,775	3,732
Supplies	3,000	3,000	2,248	752	3,325
Town Cleanup	3,000	-	-	-	-
Tree Removal	-	800	795	5	-
Uniforms	800	800	813	(13)	791
Utilities - Electric	50,000	49,000	52,549	(3,549)	44,713
Utilities - Gas	800	800	727	73	557
Utilities - Telephone	1,800	2,300	1,831	469	1,943
Vehicle Fuel	3,500	3,500	3,029	471	3,027
Vehicle Expense	6,000	10,000	3,430	6,570	5,965
<b>TOTAL STREETS</b>	<b>197,900</b>	<b>195,050</b>	<b>230,354</b>	<b>(35,304)</b>	<b>243,868</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,164,380</b>	<b>1,165,450</b>	<b>1,251,540</b>	<b>(86,090)</b>	<b>1,194,528</b>
<b>BUSINESS - TYPE ACTIVITIES</b>					
<b>WASTEWATER:</b>					
Advertising	100	100	207	(107)	233
Continuing Education	250	250	80	170	90
Health Insurance	25,650	25,650	25,972	(322)	24,052
Capital Outlay	-	97,200	-	97,200	30,250
Chemicals	30,000	23,000	24,747	(1,747)	22,564
Debt Service - Interest	372,550	372,550	154,061	218,489	191,726
Depreciation	-	-	231,649	(231,649)	231,100
Dues	100	100	50	50	100
Engineering Fees	3,000	5,000	8,982	(3,982)	40,632
Equipment - Purchase/Rental	2,000	2,000	2,203	(203)	2,848
Testing Fees	19,700	16,000	15,378	622	17,250
Sludge Disposal	12,500	12,500	9,362	3,138	9,885
Insurance	20,950	20,950	21,093	(143)	21,001
Leases/Maintenance Agreements	14,200	14,200	13,928	272	14,144
Legal and Auditing	4,000	4,000	3,678	322	3,183
Maintenance - Buildings/Grounds/Tools	15,000	14,000	14,556	(556)	2,348
Maintenance - Collector System	2,150	2,150	4,615	(2,465)	3,603
Office Supplies	1,250	1,000	558	442	1,011
Postage	2,000	2,000	2,000	-	1,507
Payroll Taxes	13,250	13,250	13,661	(411)	12,299
Pension Costs	20,650	19,400	19,365	35	18,566
Permits	-	150	140	10	-
Repairs	20,000	63,000	48,979	14,021	46,767
Salaries	165,000	165,000	166,910	(1,910)	163,638
Salaries - Overtime	8,000	8,000	8,002	(2)	6,852
Supplies	1,400	1,400	1,051	349	2,350
Uniforms	1,000	1,000	854	146	902
Utilities - Electric	80,600	75,000	65,693	9,307	75,412
Utilities - Gas	19,000	23,000	24,284	(1,284)	6,707
Utilities - Telephone	4,050	4,050	4,036	14	3,888
Miss Utility Locates	250	250	450	(200)	293
Vehicle Fuel	3,500	3,500	3,277	223	3,357
Vehicle Expense	2,500	2,500	802	1,698	4,041
<b>TOTAL WASTEWATER</b>	<b>864,600</b>	<b>992,150</b>	<b>890,623</b>	<b>101,527</b>	<b>962,599</b>

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE B  
 PAGE 3

	2014				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/13
	Original	Final			
<u>WATER:</u>					
Advertising	100	200	119	81	-
Continuing Education	1,500	600	310	290	140
Health Insurance	16,700	16,700	17,101	(401)	16,708
Capital Outlay	-	-	7,313	(7,313)	20,000
Chemicals	20,500	20,500	15,578	4,922	12,765
Debt Service - Interest	61,500	61,500	67,594	(6,094)	24,480
Depreciation	-	-	231,649	(231,649)	231,100
Dues	550	550	549	1	745
Engineering	1,000	2,000	1,108	892	1,650
Equipment - Purchase/Rental	12,850	16,650	21,236	(4,586)	19,834
Testing Fees	750	750	725	25	400
Insurance	10,050	10,050	10,267	(217)	10,256
Leases	30,250	30,250	30,462	(212)	15,771
Legal and Auditing	6,000	4,000	3,250	750	3,100
Maintenance - Buildings/Grounds/Tools	3,500	3,000	2,598	402	3,388
Newsletter	500	500	-	500	250
Office Supplies	1,000	1,000	919	81	781
Postage	1,500	2,000	2,000	-	1,250
Payroll Taxes	7,700	7,700	7,598	102	7,440
Pension Costs	5,500	4,250	4,213	37	3,667
Repairs	3,000	3,000	6,242	(3,242)	5,425
Salaries	92,250	92,250	92,497	(247)	92,072
Salaries - Overtime	8,000	8,000	7,588	412	7,041
Supplies	7,300	7,300	5,853	1,447	5,020
Uniforms	500	500	505	(5)	500
Utilities - Gas	800	800	727	73	557
Utilities - Electric	25,000	25,000	25,027	(27)	20,130
Utilities - Telephone	5,400	7,500	6,114	1,386	5,887
Miss Utility Locates	500	500	450	50	293
Vehicle Fuel	2,500	2,500	2,316	184	2,116
Vehicle Expense	1,000	1,500	2,633	(1,133)	877
<u>TOTAL WATER</u>	<u>327,700</u>	<u>331,050</u>	<u>574,541</u>	<u>(243,491)</u>	<u>513,643</u>
<u>TOTAL BUSINESS - TYPE ACTIVITIES</u>	<u>1,192,300</u>	<u>1,323,200</u>	<u>1,465,164</u>	<u>(141,964)</u>	<u>1,476,242</u>
<u>TOTAL EXPENDITURES/EXPENSES</u>	<u>\$ 2,356,680</u>	<u>\$ 2,488,650</u>	<u>\$ 2,716,704</u>	<u>\$ (228,054)</u>	<u>\$ 2,670,770</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF OPERATING REVENUES AND EXPENSES  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2014

SCHEDULE C

	<u>Wastewater Department</u>	<u>Water Department</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,034,747	\$ 377,614	\$ 1,412,361
Miscellaneous	14,745	11,693	26,438
Grant	1,500	25,000	26,500
Interest	1,400	959	2,359
	<u>1,052,392</u>	<u>415,266</u>	<u>1,467,658</u>
Total Operating Revenues			
Operating Expenses:			
Health Insurance	25,972	17,101	43,073
Advertising	207	119	326
Capital Outlay	-	7,313	7,313
Chemicals	24,747	15,578	40,325
Depreciation	231,649	231,649	463,298
Dues	50	549	599
Engineering Fees	8,982	1,108	10,090
Equipment - Purchase/Rental	2,203	21,236	23,439
Testing Fees	15,378	725	16,103
Sludge Disposal	9,362	-	9,362
Insurance	21,093	10,267	31,360
Continuing Education	80	310	390
Interest Expense	154,061	67,594	221,655
Leases	13,928	30,462	44,390
Legal and Auditing	3,678	3,250	6,928
Maintenance - Buildings/Grounds/Tools	14,556	2,598	17,154
Maintenance - Collector System	4,615	-	4,615
Office Supplies	558	919	1,477
Postage	2,000	2,000	4,000
Payroll Taxes	13,661	7,598	21,259
Pension Costs	19,365	4,213	23,578
Permits	140	-	140
Repairs	48,979	6,242	55,221
Salary Expense	166,910	92,497	259,407
Salary - Overtime	8,002	7,588	15,590
Supplies	1,051	5,853	6,904
Uniform Expense	854	505	1,359
Utilities - Electric	65,693	25,027	90,720
Utilities - Gas	24,284	727	25,011
Utilities - Telephone	4,036	6,114	10,150
Miss Utility Locates	450	450	900
Vehicle Expense	4,079	4,949	9,028
	<u>890,623</u>	<u>574,541</u>	<u>1,465,164</u>
Total Operating Expenses			
Net Operating Income (Loss)	\$ <u>161,769</u>	\$ <u>(159,275)</u>	\$ <u>2,494</u>



Robert B. Lank, C.P.A.  
Terrence Johnson, C.P.A.  
Richard L. Tull, C.P.A.

Gary W. Tuttle, C.P.A.  
John E. Cullen, Jr., C.P.A.  
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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 Commissioners  
Town of Bridgeville, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Bridgeville, as of and for the fiscal year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the Town of Bridgeville's basic financial statements, and have issued our report thereon dated October 21, 2014.

### Internal Control Over Financial Reporting

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

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 may exist that have not been identified.