

TOWN OF BRIDGEVILLE, DELAWARE  
FINANCIAL STATEMENTS WITH  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2015

TOWN OF BRIDGEVILLE  
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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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Bridgeville'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.

### **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, 2015, 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.

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*Members of the American Institute of Certified Public Accountants and the Delaware Society of Certified Public Accountants*

## Other Matters

### Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the 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 supplemental 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.

Management has omitted the 10 year pension schedule required by GASB 68 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Schedules A, B, C and the schedule of expenditures of federal awards 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, Schedules A, B, C, and the schedule of expenditures of federal awards 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 November 30, 2015, 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  
November 30, 2015

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

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, 2015. 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, 2015

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 fund (one type of proprietary fund) is 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 increased by 5% from 2014 to 2015 (See table below). General Fund net position increased by 52%, while the business-type net position increased by 1%. The increase in the general fund is mainly attributed to the Town being able to meet operating expenses and fund capital projects with current year revenues and grants, without incurring any substantial new debt.

Town of Bridgeville  
Net Position  
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2015	2014 Restated	2015	2014	2015	2014 Restated	
Current and Other Assets	0.89	0.53	0.91	0.84	1.80	1.37	31%
Capital Assets	1.03	0.91	19.82	19.18	20.85	20.09	4%
Deferred Outflows	-	0.05	-	-	-	0.05	(100%)
Total Assets and Deferrals	1.92	1.49	20.73	20.02	22.65	21.51	5%
Long-Term Debt	-	0.11	6.00	5.30	6.00	5.41	11%
Other Liabilities	0.10	0.20	0.10	0.10	0.20	0.30	(33%)
Deferred Inflows	0.03	-	1.40	1.54	1.43	1.54	(7%)
Total Liabilities & Deferrals	0.13	0.31	7.50	6.94	7.63	7.25	5%
Net Position							
Capital Assets Net of Debt	1.03	0.80	12.43	12.34	13.46	13.14	2%
Restricted	0.31	0.28	0.66	0.58	0.97	0.86	13%
Unrestricted - Restated	0.45	0.10	0.14	0.16	0.59	0.26	127%
Total Net Position	1.79	1.18	13.23	13.08	15.02	14.26	5%

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

The Town's total revenues (excluding transfers) increased by 24% to \$3.45 million (See table below). Revenue from business-type activities increased by 17% to \$1.72 million, which is mainly attributable to an increase in user and impact fees. Governmental revenues increased by 31% to \$1.73 million, which is primarily attributable to increases in property taxes, building permits, transfer taxes, and State grants.

The total cost of all programs and services increased by 2% to \$2.69 million. The costs of business-type activities increased by 1% to \$1.48 million, which was due to various line item expense increases. The cost of governmental-type activities increased by 3% to \$1.21 million. This increase was also attributable to various line item expense increases.

Town of Bridgeville  
Change in Net Position  
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	
Program Revenue							
Fees, Fines, Services	0.37	0.31	1.72	1.44	2.09	1.75	19%
Operating Grants	0.15	0.11	-	0.03	0.15	0.14	7%
Capital Grants	0.14	0.06	-	-	0.14	0.06	133%
General Revenue							
Taxes	1.07	0.84	-	-	1.07	0.84	27%
Total Revenue	1.73	1.32	1.72	1.47	3.45	2.79	24%
Program Expenses							
General	0.25	0.24	-	-	0.25	0.24	4%
Police	0.76	0.71	-	-	0.76	0.71	7%
Streets	0.20	0.23	-	-	0.20	0.23	(13%)
Water and Sewer	-	-	1.48	1.47	1.48	1.47	1%
Total Expenses	1.21	1.18	1.48	1.47	2.69	2.65	2%
Excess (Deficiency)	0.52	0.14	0.24	0.00	0.76	0.14	443%
Transfers In/(Out)	0.09	(0.13)	(0.09)	0.13	-	-	-
Change in Net Position	0.61	0.01	0.15	0.13	0.76	0.14	443%
Net Position - Beginning - Restated	1.18	1.17	13.08	12.95	14.26	14.12	1%
Net Position - Ending	1.79	1.18	13.23	13.08	15.02	14.26	5%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.73 million exceeded budgeted revenues of \$1.67 million by \$0.06 million (4%). This favorable variance was primarily the result of greater than anticipated State grants and permits and licenses.

General fund actual expenditures of \$1.45 million were more than the budgeted expenditures of \$1.40 million by \$0.05 million. This unfavorable variance is mainly due to un-budgeted capital outlay expenditures that were funded with grant revenues.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$20.85 million invested in capital assets, including police equipment, buildings, land, vehicles and water and sewer system improvements. This amount represents a net increase (additions, deductions, and depreciation) of \$0.76 million from the prior year.

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

	Governmental		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
Land	0.29	0.27	4.08	4.06	4.37	4.33
Buildings	0.17	0.17	0.01	0.02	0.18	0.19
Equipment	0.08	0.09	1.27	1.34	1.35	1.43
Improvements	0.42	0.29	-	-	0.42	0.29
Vehicles	0.07	0.09	-	-	0.07	0.09
Water and Sewer	-	-	14.46	13.76	14.46	13.76
Total Capital Assets	1.03	0.91	19.82	19.18	20.85	20.09

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 \$6.00 million in bonds and notes outstanding, versus \$5.41 million last year, an increase of \$0.59 million.

Town of Bridgeville  
Debt  
(in millions)

	Governmental		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
O'Leary Mortgage	-	0.07	-	-	-	0.07
Rural Development - Water Bonds	-	-	0.83	0.85	0.83	0.85
Rural Development - Sewer Bonds	-	-	0.61	0.62	0.61	0.62
Rural Development - Sewer Bonds	-	-	0.30	0.32	0.30	0.32
Rural Development - Sewer Bonds	-	-	1.17	1.19	1.17	1.19
State of Delaware	-	-	1.72	1.78	1.72	1.78
State of Delaware	-	-	0.42	0.46	0.42	0.46
State of Delaware	-	-	0.95	0.08	0.95	0.08
Ford Motor Credit	-	0.04	-	-	-	0.04
Total Debt	-	0.11	6.00	5.30	6.00	5.41

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, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

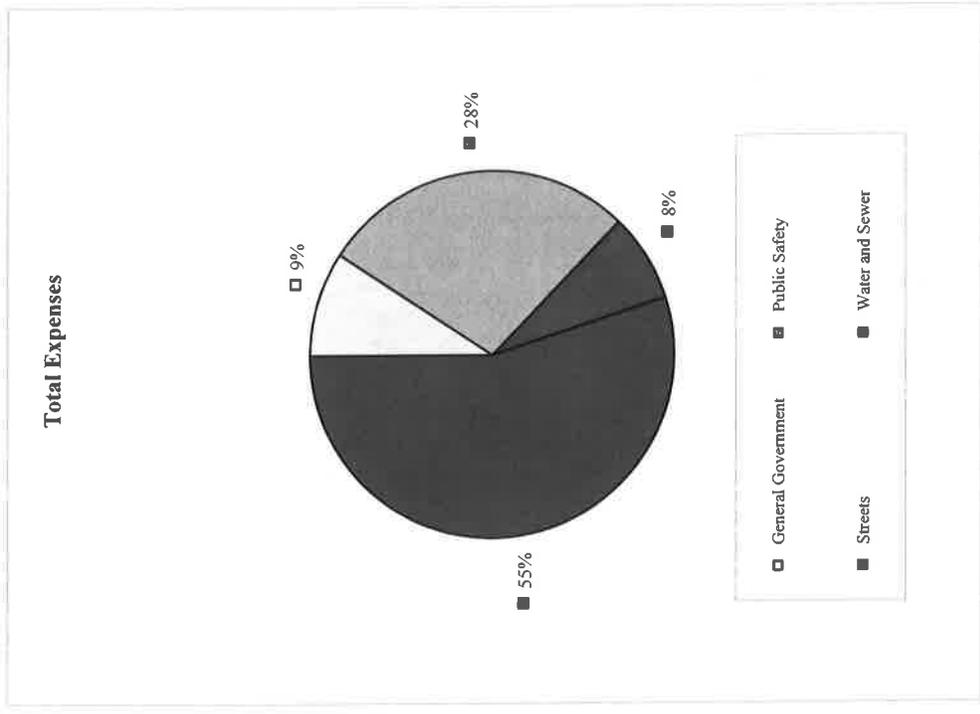
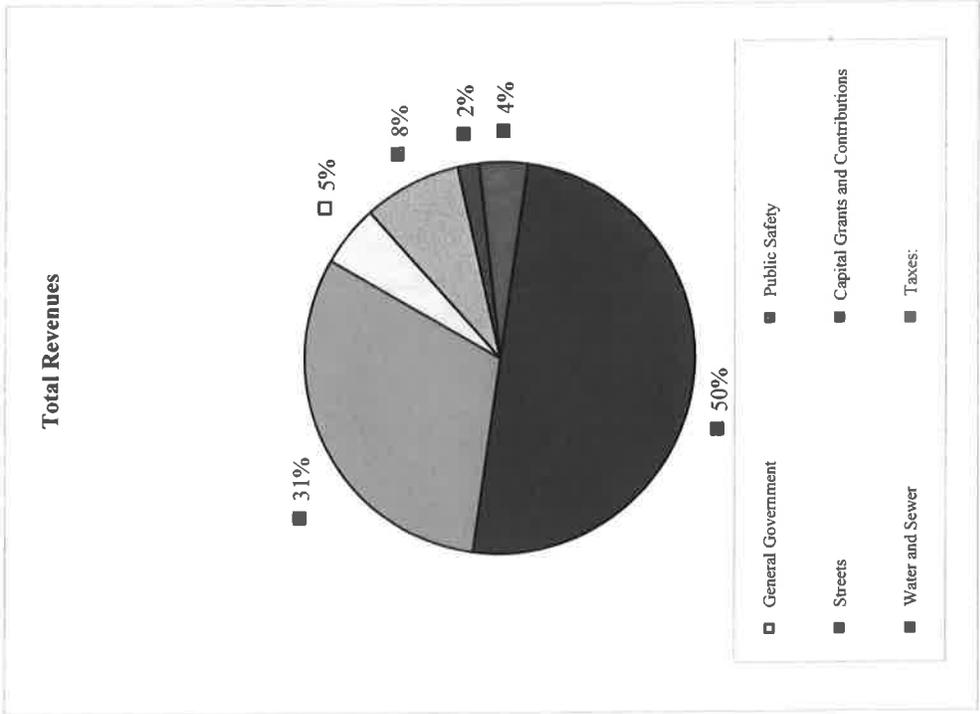
FY15 saw increased growth in residential construction, resulting in an increase in property taxes, building permits and transfer taxes. The Commissioners expect this trend to continue and have budgeted accordingly for FY16. The Town now has an active Economic Development Committee who is working hard to attract new businesses, as well as help those already established.

The Town will be hiring additional staff for the administrative and public works departments. Overall, the FY16 budget reflects a 1% decrease from the prior year, mainly attributable to decreases in expected spending on maintenance and repairs. Contrary to previous budgets, the Town Commission has refrained from using all anticipated transfer tax revenue to balance the budget, instead choosing to allocate any surplus in those receipts towards principle debt payments on existing loans. The General Fund, consisting of the Administrative, Police and Street Departments, represents 47% of the budget. The Enterprise Fund, which includes the Water and Wastewater Departments, equals 53% of the Town's operating budget. Rates for taxes and services were unchanged.

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, 2015



TOWN OF BRIDGEVILLE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 JUNE 30, 2015

EXHIBIT A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 756,066	\$ 659,313	\$ 1,415,379
Accounts Receivable	84,078	246,923	331,001
Net Pension Asset	53,082	-	53,082
Capital Assets:			
Land	287,280	4,077,122	4,364,402
Equipment	348,105	1,645,205	1,993,310
Improvements	547,133	18,584,856	19,131,989
Vehicles	531,920	69,651	601,571
Buildings	247,761	27,798	275,559
Accumulated Depreciation	<u>(936,622)</u>	<u>(4,581,170)</u>	<u>(5,517,792)</u>
 Total Assets	 <u>\$ 1,918,803</u>	 <u>\$ 20,729,698</u>	 <u>\$ 22,648,501</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 52,842	\$ 45,969	\$ 98,811
Accrued Wages	3,825	-	3,825
Accrued Interest	-	23,164	23,164
Non-Current Liabilities:			
Accrued Vacation Leave	48,568	14,323	62,891
Accrued Sick Leave	386	19,433	19,819
Due within one year	-	345,138	345,138
Due in more than one year	<u>-</u>	<u>5,652,596</u>	<u>5,652,596</u>
 Total Liabilities	 <u>105,621</u>	 <u>6,100,623</u>	 <u>6,206,244</u>
Deferred Inflow of Resources	<u>26,138</u>	<u>1,398,000</u>	<u>1,424,138</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	1,025,577	12,427,728	13,453,305
Restricted	312,820	659,313	972,133
Unrestricted - Restated	<u>448,647</u>	<u>144,034</u>	<u>592,681</u>
 Total Net Position	 <u>\$ 1,787,044</u>	 <u>\$ 13,231,075</u>	 <u>\$ 15,018,119</u>

TOWN OF BRIDGEVILLE  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 247,679	\$ 174,364	\$ -	\$ -	\$ (73,315)	\$ -	\$ (73,315)
Public Safety	754,803	189,247	90,172	-	(475,384)	-	(475,384)
Streets	209,371	2,086	59,384	138,470	(9,431)	-	(9,431)
Debt Service	4,962	-	-	-	(4,962)	-	(4,962)
Total Governmental Activities	1,216,815	365,697	149,556	138,470	(563,092)	-	(563,092)
<u>Business-Type Activities:</u>							
Water and Sewer	1,479,481	1,724,722	-	-	-	245,241	245,241
Total Government	\$ 2,696,296	\$ 2,090,419	\$ 149,556	\$ 138,470	(563,092)	245,241	(317,851)
General Revenues:							
Taxes:							
Property Taxes, Penalties, and Interest							700,316
Transfer Tax							374,730
Investment Income							1,564
Transfer In/(Out)							92,789
Total General Revenues							1,169,399
Change in Net Position							606,307
Net Position - Beginning - Restated							1,180,737
Net Position - Ending							1,787,044
							\$ 13,231,075
							\$ 15,018,119

TOWN OF BRIDGEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015

EXHIBIT C

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 756,066
Accounts Receivable	<u>84,078</u>
 Total Assets	 \$ <u><u>840,144</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 52,842
Accrued Wages	<u>3,825</u>
 Total Liabilities	 <u>56,667</u>
Fund Balance:	
Assigned	312,820
Unassigned	<u>470,657</u>
 Total Fund Balance	 <u>783,477</u>
 Total Liabilities and Fund Balance	 \$ <u><u>840,144</u></u>

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

Total Fund Balance	\$ 783,477
The net pension asset is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	53,082
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.	1,025,577
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences	(48,954)
The deferred inflow of resources are not current financial resources and therefore are not reported in the governmental fund's balance sheet	<u>(26,138)</u>
Net Position of Governmental Activities	\$ <u><u>1,787,044</u></u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 700,316
Transfer Tax	374,730
Charges for Services	8,139
Emergency Services	46,541
Intergovernmental	318,389
Licenses and Permits	161,086
Investment Income	1,564
Police Pension Fund	30,403
Fines	85,440
Miscellaneous	<u>3,725</u>
Total Revenues	<u>1,730,333</u>
Expenditures:	
Current:	
General Government	220,933
Public Safety	731,410
Streets	197,385
Debt Service	118,518
Capital Outlay	<u>185,394</u>
Total Expenditures	<u>1,453,640</u>
Excess of Revenues over Expenditures	276,693
Other Financing Sources:	
Operating Transfers In	<u>92,789</u>
Net Change in Fund Balance	369,482
Fund Balance - Beginning	<u>413,995</u>
Fund Balance - Ending	<u>\$ 783,477</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, 2015

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$	369,482
Amounts reported for governmental activities in the statement of activities are different because:		
Pension plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities		25,051
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.		185,394
Debt Service Principal		113,556
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.		(11,785)
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>(75,391)</u>
Change in Net Position of Governmental Activities	\$	<u><u>606,307</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, 2015

EXHIBIT F

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Revenues:				
Property Taxes	\$ 678,700	\$ 695,750	\$ 700,316	\$ 4,566
Transfer Tax	106,200	372,126	374,730	2,604
Charges for Services	9,400	13,050	8,139	(4,911)
Emergency Services	-	32,336	46,541	14,205
Intergovernmental	114,400	167,800	318,389	150,589
Licenses and Permits	83,000	135,900	161,086	25,186
Investment Income	500	750	1,564	814
Police Pension Fund	30,000	25,000	30,403	5,403
Fines	90,000	90,000	85,440	(4,560)
Miscellaneous	4,000	4,000	3,725	(275)
Prior Year Reserves - Capital Programs	50,850	135,824	-	(135,824)
	<u>1,167,050</u>	<u>1,672,536</u>	<u>1,730,333</u>	<u>57,797</u>
Total Revenues				
Expenditures:				
Current:				
General Government	275,550	267,667	220,933	46,734
Public Safety	729,250	809,567	731,410	78,157
Streets	190,550	202,050	197,385	4,665
Debt Service	-	72,826	118,518	(45,692)
Capital Outlay	20,000	50,000	185,394	(135,394)
	<u>1,215,350</u>	<u>1,402,110</u>	<u>1,453,640</u>	<u>(51,530)</u>
Total Expenditures				
Excess (Deficiency) of Revenues over/(under) Expenditures	<u>(48,300)</u>	<u>270,426</u>	<u>276,693</u>	<u>6,267</u>
Other Financing Sources:				
Operating Transfers	<u>92,789</u>	<u>92,789</u>	<u>92,789</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	<u>44,489</u>	<u>363,215</u>	<u>369,482</u>	<u>6,267</u>
Fund Balance - Beginning	<u>413,995</u>	<u>413,995</u>	<u>413,995</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 458,484</u>	<u>\$ 777,210</u>	<u>\$ 783,477</u>	<u>\$ 6,267</u>

TOWN OF BRIDGEVILLE  
STATEMENT OF NET POSITION - ENTERPRISE FUND  
JUNE 30, 2015

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 659,313
Accounts Receivable	246,923
Total Current Assets	<u>906,236</u>
Capital Assets:	
Land	4,077,122
Improvements	18,584,856
Equipment	1,645,205
Building	27,798
Vehicles	69,651
Accumulated Depreciation	<u>(4,581,170)</u>
Total Capital Assets	<u>19,823,462</u>
Total Assets	<u>\$ 20,729,698</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 45,969
Accrued Wages	-
Accrued Interest	23,164
Current Portion of Long-Term Debt	<u>345,138</u>
Total Current Liabilities	<u>414,271</u>
Non-Current Liabilities:	
Accrued Sick Leave	19,433
Accrued Vacation Leave	14,323
Long-Term Debt - Net of Current Portion	<u>5,652,596</u>
Total Non-Current Liabilities	<u>5,686,352</u>
Total Liabilities	<u>6,100,623</u>
Deferred Inflows	<u>1,398,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,427,728
Restricted	659,313
Unrestricted	<u>144,034</u>
Total Net Position	<u>13,231,075</u>
Total Liabilities and Net Position	<u>\$ 20,729,698</u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,701,619
Miscellaneous	23,103
Interest	<u>2,638</u>
 Total Operating Revenues	 <u>1,727,360</u>
Operating Expenses:	
Health Insurance	42,460
Advertising	49
Capital Outlay - Small Items	9,000
Chemicals	39,949
Depreciation	465,092
Dues	927
Engineering Fees	3,446
Equipment - Purchase/Rental	23,042
Testing Fees	15,734
Sludge Disposal	7,423
Insurance	27,763
Continuing Education	200
Interest Expense	191,040
Leases	49,122
Legal and Auditing	8,018
Maintenance - Buildings/Grounds/Tools	19,512
Newsletter	500
Office Supplies	2,151
Postage	4,500
Payroll Taxes	22,474
Pension Costs	30,485
Repairs	88,877
Salary Expense	297,547
Supplies	7,559
Uniform Expense	707
Utilities - Electric	84,071
Utilities - Gas	19,385
Utilities - Telephone	9,788
Miss Utility Locates	954
Vehicle Expense	<u>7,706</u>
 Total Operating Expenses	 <u>1,479,481</u>
Operating Income (Loss)	<u>247,879</u>
Other Income:	
Operating Transfers	<u>(92,789)</u>
Net Income	155,090
Net Position - Beginning	<u>13,075,985</u>
Net Position - Ending	<u>\$ 13,231,075</u>

TOWN OF BRIDGEVILLE  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT I

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,586,052
Investment Income	2,638
Cash Payments for Interest	(167,876)
Cash Payments to Employees for Services	(396,304)
Cash Payments to Suppliers for Goods and Services	<u>(444,225)</u>
Net Cash Flows from Operating Activities	<u>580,285</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>(92,789)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(1,107,012)
Proceeds from Debt	869,524
Retirement of Debt	<u>(175,559)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(413,047)</u>
Net Increase in Cash	74,449
Cash - Beginning	<u>584,864</u>
Cash - Ending	<u>\$ 659,313</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 247,879
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	465,092
Change in Accounts Receivable	5,330
Change in Accounts Payable	(13,842)
Change in Accrued Interest	23,164
Change in Deferred Inflow	(144,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>(3,338)</u>
Net Cash Flows from Operating Activities	<u>\$ 580,285</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 1

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 fund 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 revenue as available if it is 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, 2015

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%.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 4

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, 2015

EXHIBIT J  
PAGE 6

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 November 30, 2015, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$	78,406
General Fund Savings		<u>695,495</u>
 <u>TOTAL GENERAL FUND</u>		 773,901
 Water and Sewer Savings		 <u>702,087</u>
 <u>TOTAL CASH IN BANK (Per Bank Statements)</u>	\$	 <u>1,475,988</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>585,106</u>
 Uncollateralized		 <u>32,572</u>
 Collateralized by securities held by the pledging financial institution's trust department but not in the Town's name.	\$	 <u>858,310</u>

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$	178,805
Demolition/Code Enforcement		31,191
Town of Greenwood - Sewer Charges		68,118
Fines		8,231
Property Tax		6,797
Transfer Tax		23,372
Supplemental Tax		816
Grant Funds		750
Police Overtime		12,018
Miscellaneous		<u>1,239</u>
 <u>TOTAL</u>	\$	 <u>331,337</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 7

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, 2015, the bond issue had a balance of \$17,507,000.

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	\$ 267,123	\$ 20,157	\$ -	\$ 287,280
Land - Water and Sewer	4,056,297	20,825	-	4,077,122
Buildings	240,941	6,820	-	247,761
Equipment	332,351	15,754	-	348,105
Improvements	404,470	142,663	-	547,133
Vehicles	531,920	-	-	531,920
Water and Sewer Improvements	<u>19,241,323</u>	<u>1,086,187</u>	<u>-</u>	<u>20,327,510</u>
<u>TOTALS</u>	<u>\$ 25,074,425</u>	<u>\$ 1,292,406</u>	<u>\$ -</u>	<u>\$ 26,366,831</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	\$ 67,090	\$ 7,252	\$ -	\$ 74,342
Equipment	244,427	26,045	-	270,472
Improvements	110,963	21,106	-	132,069
Vehicles	438,751	20,988	-	459,739
Water and Sewer Improvements	<u>4,116,078</u>	<u>465,092</u>	<u>-</u>	<u>4,581,170</u>
<u>TOTALS</u>	<u>\$ 4,977,309</u>	<u>\$ 540,483</u>	<u>\$ -</u>	<u>\$ 5,517,792</u>
<u>NET CAPITAL ASSETS</u>				<u>\$ 20,849,039</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 8

NOTE 5 - CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:		
General Government	\$	24,640
Police		39,779
Streets		10,972
Water and Sewer		465,092
Total Depreciation Expense	\$	<u>540,483</u>

NOTE 6 - DEBT:

Debt consists of the following:

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.	\$	303,223
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.		605,691
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.		831,533
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.		1,171,623
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.		421,733
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.		1,715,841
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.		<u>948,090</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 9

NOTE 6 - DEBT (CONTINUED):

<u>TOTAL DEBT</u>	\$ 5,997,734
Less: Current Portion	<u>(345,138)</u>
<u>TOTAL LONG-TERM DEBT</u>	<u>\$ 5,652,596</u>

Maturities of debt subsequent to year end are as follows:

	<u>Governmental</u>		<u>Enterprise</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ -	\$ -	\$ 345,138	\$ 216,280
2017	-	-	291,074	198,413
2018	-	-	300,345	189,142
2019	-	-	309,949	179,538
2020	-	-	319,902	169,586
2021 - 2025	-	-	1,761,988	685,448
2026 - 2030	-	-	1,002,491	434,952
2031 - 2035	-	-	885,792	262,696
2036 - 2040	-	-	305,767	135,007
2041 - 2045	-	-	259,329	80,331
2046 - 2050	-	-	215,959	18,440
<u>TOTALS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,997,734</u>	<u>\$ 2,569,833</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	\$ 70,000	\$ -	\$ (70,000)	\$ -
Rural Development	315,506	-	(12,283)	303,223
Rural Development	622,759	-	(17,068)	605,691
Rural Development	854,954	-	(23,421)	831,533
Rural Development	1,186,418	-	(14,795)	1,171,623
State of Delaware	460,630	-	(38,897)	421,733
State of Delaware	1,784,934	-	(69,093)	1,715,841
State of Delaware	78,568	869,522	-	948,090
Ford Motor Credit	43,556	-	(43,556)	-
<u>TOTALS</u>	<u>\$ 5,417,325</u>	<u>\$ 869,522</u>	<u>\$ (289,113)</u>	<u>\$ 5,997,734</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 10

NOTE 7 - NET POSITION RESTRICTIONS:

The following amounts have been restricted for the purpose indicated:

	<u>General</u>	<u>Enterprise</u>
Impact Fee Fund	\$ -	\$ 209,987
Police Pension	46,808	-
Children's Sanctuary Park/Charity Golf	6,930	-
Capital Improvement Escrows	259,082	440,479
Sewer Sinking	-	8,847
	-	8,847
<u>TOTALS</u>	\$ 312,820	\$ 659,313

NOTE 8 - PENSION PLAN:

The Town contributes to two pension plans. The first is 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.

During the year ended June 30, 2015, the Town contributed \$49,191 to the plan.

The second Plan is the State of Delaware County and Municipal Police/Firefighter Pension Plan, which is a cost sharing multiple employer defined benefit plan. 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. Employer contributions for June 30, 2014 were at the rate of 15.5% of earnings. A deduction is made from each employee's compensation equal to 7% of base pay. A police officer is vested after 5 years of service. The plan provides a benefit of 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. Qualified retirement is at age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation. The Town receives a grant from the State of Delaware to be used to fully fund the Town's share of the plan.

This plan provides for disability and survivor benefits.

During the year ended June 30, 2015, the Town contributed \$54,740 to the plan.

Basis of Accounting – The plan's financial statements have been presented in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The statements have been presented on the accrual basis of accounting. Employer contributions, benefits and refunds are recognized when due

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED):

and payable in accordance with the terms of the plan. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

Investments - Investments are reported at fair value.

<u>Actuarial Assumptions</u> - Investment rate of return/discount rate	7.2%
Projected salary increases	3.5% - 11.5%
Cost of living adjustments	Ad hoc
Inflation rate included	3%

Mortality rates are based on the Sex distinct RP - 2000 combined Mortality Table projected to 2015 using scale AA for males and females, as appropriate, for mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2014.

Discount Rate - The discount rate for all plans used to measure the total pension liability was 7.2%. 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the plan's current and expected asset allocation is summarized in the following table:

Asset Class	Rate
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and Equivalents	-

The following presents the collective net pension liability (asset) of the plans calculated using the discount rate of 7.2%, as well as what the plans' 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	\$139,079
Current Discount Rate	(\$53,082)
1% Increase	(\$210,461)

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 8 - PENSION PLAN (CONTINUED):

The Town's share of the net pension liability (asset) was calculated based on a percentage, the numerator of which is the Town's contribution for June 30, 2014, and the denominator is the total employer contributions for all participating employers. The total plan pension liability (asset) was multiplied by this percentage to arrive at the Town's share. The percentages for the police pension for June 30, 2014 and 2013 were .4907% and .4805%, respectively. The collective total pension liability (asset) for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, and update procedures were used to roll forward the total pension liability to June 30, 2014.

Deferred Inflows and Outflows of Resources – The Town's share of the deferred inflows and outflows of resources are as follows:

Deferred Outflow for Changes in Proportion	(\$935)
Deferred Inflow for Projected & Actual Investment Differences	81,810
Deferred Outflow for Contributions after Measurement Date	(54,740)
Net Deferred Inflow of Resources	\$26,135

The components of collective deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on DPERS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The amortization period is 8 years for deferred amounts arising in 2014. The annual difference between the projected and actual earnings on investments is amortized over a 5 year closed period beginning the year in which the difference occurs. The cumulative amounts of collective net deferred outflows (inflows) of resources reported as of June 30, 2014 will be recognized in pension expense as follows:

Year Ending	Amount
6/30/15	(\$5,227)
6/30/16	(\$5,227)
6/30/17	(\$5,227)
6/30/18	(\$5,227)
6/30/19	(\$5,227)

The Plan is administered in accordance with Title 11, Chapter 88 of the Delaware Code. The Town Council assigns the authority to establish and amend the benefit provisions of the plans that participate in the State 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 supplemental 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).

NOTE 9 - PRIOR PERIOD ADJUSTMENT

Due to the implementation of GASB 68, the beginning net position on the government wide financial statements has been increased by \$1,896, the deferred outflow of resources for 2014 was increased by \$50,457, and the net pension liability for 2014 was increased by \$48,561.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015

EXHIBIT J  
PAGE 13

NOTE 10 - 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 11 - 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 12 - 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	\$ 1,542,000
Fees Used	<u>144,000</u>
Prepaid Fees – Ending	\$ <u>1,398,000</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2015

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 REVENUES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE A

2015

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>GOVERNMENTAL ACTIVITIES:</b>					
Building Permits	\$ 60,000	\$ 110,000	\$ 132,761	\$ 22,761	\$ 92,181
Emergency Services	-	32,336	46,541	14,205	-
Newsletter Ads	4,000	4,000	3,725	(275)	4,150
Property Tax	645,300	655,000	655,012	12	513,572
Quarterly/Supplemental Taxes	8,000	11,000	14,010	3,010	12,914
Property Tax Penalties	1,500	1,000	2,545	1,545	2,057
Transfer Tax	106,200	372,126	374,730	2,604	292,466
Payments in Lieu of Taxes	23,900	28,750	28,749	(1)	23,861
Sussex County Council - Grant	25,000	46,000	46,000	-	25,000
Interest	500	750	1,564	814	1,262
Grass Cutting	1,000	1,050	1,918	868	1,500
Miscellaneous Fees	8,400	10,000	4,218	(5,782)	11,666
Fines	90,000	90,000	85,440	(4,560)	104,903
Federal and State Grants	89,400	121,800	272,389	150,589	166,981
Police Pension Fund	30,000	25,000	30,403	5,403	48,654
Miscellaneous	-	2,000	2,003	3	293
Contractor Licenses	6,000	7,400	10,200	2,800	8,000
Rental Licenses	17,000	18,500	18,125	(375)	17,525
Prior Year Reserves - Capital Programs	50,850	135,824	-	(135,824)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,167,050</b>	<b>1,672,536</b>	<b>1,730,333</b>	<b>57,797</b>	<b>1,326,985</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Fire Lines	12,300	12,300	12,300	-	12,300
Water/Sewer Inspection Fees	2,000	2,550	2,850	300	2,500
Sewer Rents	600,000	585,150	557,302	(27,848)	545,419
Fats, Oils, Grease Fees	1,500	1,600	1,600	-	1,400
Roof Connector Rent	-	-	-	-	305
Sewer Rent - Industrial	90,000	90,000	104,191	14,191	88,694
Sewer Fee Penalties	2,500	2,500	3,703	1,203	2,432
Town of Greenwood	215,000	275,000	282,368	7,368	209,297
Water Rent	315,000	331,000	305,446	(25,554)	252,339
Water Meter Rent	62,200	113,000	110,124	(2,876)	62,389
Water Meter Pit Fees	26,350	31,950	39,547	7,597	33,725
Water Fee Penalties	2,500	2,500	3,657	1,157	2,361
Federal and State Grants	-	-	-	-	26,500
Tapping Fees	4,000	7,000	8,300	1,300	6,750
Impact Fees	-	-	264,830	264,830	188,000
Connection Fees	3,800	4,700	5,400	700	4,450
Interest	500	500	2,638	2,138	2,359
Miscellaneous Fees	12,000	18,000	23,103	5,103	26,438
Prior Year Reserves - Capital Programs	39,000	70,700	-	(70,700)	26,438
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,388,650</b>	<b>1,548,450</b>	<b>1,727,359</b>	<b>178,909</b>	<b>1,494,096</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,555,700</b>	<b>\$ 3,220,986</b>	<b>\$ 3,457,692</b>	<b>\$ 236,706</b>	<b>\$ 2,821,081</b>

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE B

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>GOVERNMENTAL FUNDS</b>					
<b>GENERAL GOVERNMENT:</b>					
Advertising	\$ 3,500	\$ 3,500	\$ 3,997	\$ (497)	\$ 3,647
Bad Debts	-	-	333	(333)	-
Travel	100	100	185	(85)	7
Continuing Education	500	500	-	500	20
Grass Cutting	1,500	1,500	1,587	(87)	1,225
SCAT Meetings	2,400	3,000	2,711	289	2,367
Code Enforcement	10,000	10,000	5,507	4,493	-
Code Update	3,000	2,300	2,273	27	1,195
Health Insurance	18,050	17,000	17,976	(976)	17,603
Capital Outlay	30,850	18,617	20,157	(1,540)	4,950
Debt Service 103 S. Main Street	-	72,826	72,826	-	32,156
Donations	2,000	2,000	2,381	(381)	2,431
Dues	1,500	1,500	1,178	322	1,382
Service Charges	800	1,600	1,477	123	751
Economic Development	3,000	3,000	320	2,680	-
Engineering Fees	1,000	1,000	-	1,000	-
Equipment - Purchase/Rental	1,500	1,500	1,493	7	555
Insurance	11,000	11,000	9,299	1,701	9,740
Leases	3,200	3,200	2,850	350	3,118
Legal and Auditing	15,000	15,000	13,749	1,251	12,373
Maintenance - Buildings/Grounds/Tools	2,500	2,500	2,249	251	2,427
Newsletter	4,000	4,000	3,765	235	3,797
Office Supplies	3,500	3,500	3,047	453	3,144
Postage	3,500	3,500	1,342	2,158	2,991
Payroll Taxes	8,800	8,800	8,508	292	8,624
Pension Costs	6,300	11,000	11,222	(222)	6,199
Ditch Tax - Annual	1,700	1,700	1,696	4	1,696
Repairs	1,000	1,500	452	1,048	(1,888)
Salaries	114,650	114,650	102,622	12,028	107,285
Special Recognitions	750	750	739	11	521
Supplies	2,500	2,000	1,475	525	2,313
Employment	750	750	1,212	(462)	468
Utilities - Electric	6,000	6,000	4,463	1,537	5,389
Utilities - Gas	1,200	1,200	1,168	32	1,130
Utilities - Telephone	6,500	6,500	6,181	319	5,711
Vehicle Fuel	2,000	2,000	1,542	458	1,755
Vehicle Expense	1,000	1,000	755	245	994
Sanctuary for Kids Park	-	-	1,179	(1,179)	1,763
<b>TOTAL GENERAL GOVERNMENT</b>	<b>275,550</b>	<b>340,493</b>	<b>313,916</b>	<b>26,577</b>	<b>247,839</b>
<b>POLICE:</b>					
Advertising	500	250	-	250	-
Health Insurance	71,700	68,050	68,426	(376)	66,332
Travel	100	100	-	100	18
Capital Outlay	10,000	10,000	6,820	3,180	78,401
Continuing Education	500	-	-	-	50
Debt Service	-	46,717	45,692	1,025	15,572
Donations	400	400	315	85	350
Dues	550	550	430	120	450
Equipment Purchase/Rental	1,500	1,000	510	490	1,454
Insurance	33,600	33,600	33,186	414	39,368
SALLE	5,000	4,500	1,989	2,511	3,548
Leases, Maintenance Agreements	1,000	1,000	957	43	953
Legal and Auditing	3,500	3,500	3,190	310	3,348
Maintenance - Buildings/Grounds/Tools	1,500	1,500	1,360	140	920
Office Supplies	1,500	1,500	1,095	405	1,319
Postage	2,000	2,000	500	1,500	1,450
Payroll Taxes	32,800	33,200	33,623	(423)	30,520
Pension Costs	55,300	49,100	52,121	(3,021)	49,580
Repairs	2,000	2,000	1,266	734	1,739
Salaries	372,000	372,000	363,668	8,332	341,852
Salaries - Overtime, Part-time	50,500	67,000	70,592	(3,592)	54,871
EIDE Drug Overtime	5,000	5,300	4,021	1,279	4,321
Supplies	13,000	33,000	32,426	574	4,401
Uniforms	6,000	5,000	4,381	619	3,930
Employment	-	-	-	-	2,744
Utilities - Electric	3,600	3,600	3,852	(252)	3,257
Utilities - Gas	2,200	2,200	2,053	147	2,128
Utilities - Telephone	11,500	11,500	10,737	763	10,900
Vehicle Fuel	32,000	36,000	30,130	5,870	33,105
Vehicle Expense	20,000	25,000	26,336	(1,336)	16,466
<b>TOTAL POLICE</b>	<b>739,250</b>	<b>819,567</b>	<b>799,676</b>	<b>19,891</b>	<b>773,347</b>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE B  
PAGE 2

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>STREETS:</b>					
Advertising	\$ 100	\$ 100	\$ -	\$ 100	\$ 220
Health Insurance	9,100	9,100	8,716	384	8,687
Capital Outlay	10,000	40,000	18,802	21,198	7,200
Community Transportation	-	-	138,233	(138,233)	58,960
Equipment Purchase/Rental	1,000	1,000	726	274	-
Insurance	8,000	8,000	6,701	1,299	7,219
Legal and Auditing	3,500	3,500	3,190	310	3,309
Maintenance - Buildings/Grounds/Tools	2,500	2,500	4,201	(1,701)	1,867
Office Supplies	500	500	511	(11)	495
Payroll Taxes	5,500	5,500	5,266	234	4,830
Permits	50	50	20	30	20
Pension Costs	10,800	11,300	11,188	112	10,449
Repairs	2,000	3,000	3,307	(307)	608
Salary Expense	68,500	68,500	63,968	4,532	56,265
Salary - Overtime	2,500	2,500	2,233	267	2,078
Snow Removal	5,500	7,000	7,366	(366)	2,725
Supplies	2,500	2,000	1,207	793	2,248
Tree Removal	2,500	2,500	2,500	-	795
Uniforms	600	600	494	106	813
Utilities - Electric	54,000	60,000	48,608	11,392	52,549
Utilities - Gas	900	900	810	90	727
Utilities - Telephone	2,000	2,000	1,831	169	1,831
Vehicle Fuel	3,500	3,500	2,699	801	3,029
Vehicle Expense	5,000	8,000	7,471	529	3,430
<b>TOTAL STREETS</b>	<b>200,550</b>	<b>242,050</b>	<b>340,048</b>	<b>(97,998)</b>	<b>230,354</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,215,350</b>	<b>1,402,110</b>	<b>1,453,640</b>	<b>(51,530)</b>	<b>1,251,540</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>WASTEWATER:</b>					
Advertising	200	200	-	200	207
Continuing Education	250	250	100	150	80
Health Insurance	27,200	27,200	25,538	1,662	25,972
Capital Outlay	30,000	35,000	-	35,000	-
Chemicals	27,000	27,000	20,471	6,529	24,747
Debt Service - Interest	122,627	122,627	122,627	-	154,061
Debt Service - Principal	249,923	389,923	-	389,923	-
Depreciation	-	-	232,546	(232,546)	231,649
Dues	100	100	150	(50)	50
Engineering Fees	5,000	5,000	-	5,000	8,982
Equipment - Purchase/Rental	2,500	2,500	1,778	722	2,203
Testing Fees	15,000	15,000	15,334	(334)	15,378
Sludge Disposal	11,500	11,500	7,423	4,077	9,362
Insurance	20,900	20,900	18,763	2,137	21,093
Leases/Maintenance Agreements	14,500	14,500	15,389	(889)	13,928
Legal and Auditing	14,000	14,000	4,267	9,733	3,678
Maintenance - Buildings/Grounds/Tools	14,000	14,000	16,908	(2,908)	14,556
Maintenance - Collector System	3,000	3,000	-	3,000	4,615
Office Supplies	1,000	1,000	1,163	(163)	558
Postage	2,000	3,000	2,250	750	2,000
Payroll Taxes	13,700	13,700	13,885	(185)	13,661
Pension Costs	20,800	21,200	21,197	3	19,365
Permits	150	150	-	150	140
Repairs	20,000	250,000	85,985	164,015	48,979
Salaries	171,200	171,200	175,966	(4,766)	166,910
Salaries - Overtime	8,000	8,000	7,606	394	8,002
Supplies	1,400	1,400	1,305	95	1,051
Uniforms	500	500	432	68	854
Utilities - Electric	75,000	70,000	61,772	8,228	65,693
Utilities - Gas	25,000	22,000	18,576	3,424	24,284
Utilities - Telephone	4,000	4,000	4,248	(248)	4,036
Miss Utility Locates	500	500	477	23	450
Vehicle Fuel	3,500	3,500	2,413	1,087	3,277
Vehicle Expense	2,000	2,000	1,987	13	802
<b>TOTAL WASTEWATER</b>	<b>906,450</b>	<b>1,274,850</b>	<b>880,556</b>	<b>394,294</b>	<b>890,623</b>

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE B  
 PAGE 3

	2015				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/14
	Original	Final			
<b>WATER:</b>					
Advertising	\$ 200	\$ 200	\$ 49	\$ 151	\$ 119
Continuing Education	300	300	100	200	310
Health Insurance	18,000	18,000	16,922	1,078	17,101
Capital Outlay	9,000	35,700	9,000	26,700	7,313
Chemicals	17,450	18,000	19,478	(1,478)	15,578
Debt Service - Interest	68,413	68,413	68,413	-	67,594
Debt Service - Principal	63,087	141,713	-	141,713	-
Depreciation	-	-	232,546	(232,546)	231,649
Dues	600	600	777	(177)	549
Engineering	1,000	3,900	3,446	454	1,108
Equipment - Purchase/Rental	22,300	22,300	21,264	1,036	21,236
Testing Fees	500	500	400	100	725
Insurance	10,650	10,650	9,000	1,650	10,267
Leases	35,500	35,500	33,733	1,767	30,462
Legal and Auditing	3,500	3,500	3,751	(251)	3,250
Maintenance - Buildings/Grounds/Tools	3,000	2,450	2,604	(154)	2,598
Newsletter	500	500	500	-	-
Office Supplies	1,000	1,000	988	12	919
Postage	2,000	3,000	2,250	750	2,000
Payroll Taxes	8,400	8,400	8,589	(189)	7,598
Pension Costs	8,900	9,300	9,288	12	4,213
Repairs	3,000	3,000	2,892	108	6,242
Salaries	101,450	101,450	105,503	(4,053)	92,497
Salaries - Overtime	8,000	8,500	8,472	28	7,588
Supplies	7,500	7,500	6,254	1,246	5,853
Uniforms	250	250	275	(25)	505
Utilities - Gas	900	900	809	91	727
Utilities - Electric	27,000	27,000	22,299	4,701	25,027
Utilities - Telephone	6,500	6,500	5,540	960	6,114
Miss Utility Locates	500	500	477	23	450
Vehicle Fuel	2,500	2,500	2,258	242	2,316
Vehicle Expense	2,000	2,000	1,048	952	2,633
<b>TOTAL WATER</b>	<u>433,900</u>	<u>544,026</u>	<u>598,925</u>	<u>(54,899)</u>	<u>574,541</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>1,340,350</u>	<u>1,818,876</u>	<u>1,479,481</u>	<u>339,395</u>	<u>1,465,164</u>
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 2,555,700</u>	<u>\$ 3,220,986</u>	<u>\$ 2,933,121</u>	<u>\$ 287,865</u>	<u>\$ 2,716,704</u>

TOWN OF BRIDGEVILLE  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF OPERATING REVENUES AND EXPENSES  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE C

	Wastewater Department	Water Department	Total
Operating Revenues:			
Charges for Services	\$ 1,213,644	\$ 487,975	\$ 1,701,619
Miscellaneous	10,383	12,720	23,103
Interest	1,730	908	2,638
Total Operating Revenues	1,225,757	501,603	1,727,360
Operating Expenses:			
Health Insurance	25,538	16,922	42,460
Advertising	-	49	49
Capital Outlay	-	9,000	9,000
Chemicals	20,471	19,478	39,949
Depreciation	232,546	232,546	465,092
Dues	150	777	927
Engineering Fees	-	3,446	3,446
Equipment - Purchase/Rental	1,778	21,264	23,042
Testing Fees	15,334	400	15,734
Sludge Disposal	7,423	-	7,423
Insurance	18,763	9,000	27,763
Continuing Education	100	100	200
Interest Expense	122,627	68,413	191,040
Leases	15,389	33,733	49,122
Legal and Auditing	4,267	3,751	8,018
Maintenance - Buildings/Grounds/Tools	16,908	2,604	19,512
Newsletter	-	500	500
Office Supplies	1,163	988	2,151
Postage	2,250	2,250	4,500
Payroll Taxes	13,885	8,589	22,474
Pension Costs	21,197	9,288	30,485
Repairs	85,985	2,892	88,877
Salary Expense	175,966	105,503	281,469
Salary - Overtime	7,606	8,472	16,078
Supplies	1,305	6,254	7,559
Uniform Expense	432	275	707
Utilities - Electric	61,772	22,299	84,071
Utilities - Gas	18,576	809	19,385
Utilities - Telephone	4,248	5,540	9,788
Miss Utility Locates	477	477	954
Vehicle Expense	4,400	3,306	7,706
Total Operating Expenses	880,556	598,925	1,479,481
Net Operating Income (Loss)	\$ 345,201	\$ (97,322)	\$ 247,879

TOWN OF BRIDGEVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE D

<u>FEDERAL GRANTOR/PASS- THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Environmental Protection Agency's State Revolving Fund Capitalization Grants	66.458	\$ <u>732,984</u>
Total		\$ <u>732,984</u>

TOWN OF BRIDGEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

SCHEDULE E

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant Deficiency(ies) identified?	No
Significant Deficiency(ies) Identified as Material Weakness(es)?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS:

Internal control over major programs:					
Significant Deficiency(ies) identified?	No				
Reportable condition(s) identified not considered to be material weaknesses?	No				
Type of auditor's report issued on compliance for major programs	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No				
Identification of major programs:					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><u>CFDA Number</u></td> <td style="width: 70%;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td>66.458</td> <td>U.S. EPA State Revolving Fund Capitalization Grants</td> </tr> </table>	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	66.458	U.S. EPA State Revolving Fund Capitalization Grants	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>				
66.458	U.S. EPA State Revolving Fund Capitalization Grants				
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000				
Auditee qualified as low-risk auditee?	Yes				

SECTION II - FINANCIAL STATEMENT FINDINGS:

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

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*Lank, Johnson & Tull, CPAs is a full service Delaware accounting firm specializing in tax planning and audit services.*

**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

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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Bridgeville's basic financial statements, and have issued our report thereon dated November 30, 2015.

**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 opinions 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Bridgeville'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 determination of financial statement amounts. 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*.

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**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lank, Johnson & Tull". The signature is written in a cursive, flowing style.

Seaford, Delaware  
November 30, 2015

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Commissioners  
Town of Bridgeville, Delaware

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Bridgeville's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town of Bridgeville's major federal program for the year ended June 30, 2015. The Town of Bridgeville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Bridgeville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bridgeville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Bridgeville's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town of Bridgeville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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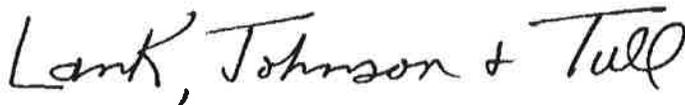
### Report on Internal Control over Compliance

Management of the Town of Bridgeville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bridgeville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bridgeville's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Seaford, Delaware  
November 30, 2015