

TOWN OF BRIDGEVILLE, DELAWARE  
FINANCIAL STATEMENTS WITH  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2016

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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, 2016, 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, 2016, 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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## **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 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 November 7, 2016, 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 7, 2016

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

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, 2016. 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, 2016

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 4% from 2015 to 2016 (See table below). General Fund net position increased by 17%, while the business-type net position increased by 2%. 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
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
Current and Other Assets	1.09	0.89	0.97	0.91	2.06	1.80	14%
Capital Assets	1.09	1.03	19.48	19.82	20.57	20.85	(1%)
Total Assets and Deferrals	2.18	1.92	20.45	20.73	22.63	22.65	-
Long-Term Debt	-	-	5.56	6.00	5.56	6.00	(7%)
Other Liabilities	0.09	0.10	0.09	0.10	0.18	0.20	(10%)
Deferred Inflows	-	0.03	1.28	1.40	1.28	1.43	(10%)
Total Liabilities & Deferrals	0.09	0.13	6.93	7.50	7.02	7.63	(8%)
Net Position							
Capital Assets Net of Debt	1.09	1.03	12.64	12.43	13.73	13.46	2%
Restricted	0.55	0.31	0.76	0.66	1.31	0.97	35%
Unrestricted	0.45	0.45	0.12	0.14	0.57	0.59	(3%)
Total Net Position	2.09	1.79	13.52	13.23	15.61	15.02	4%

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

The Town's total revenues (excluding transfers) decreased by 2% to \$3.37 million (See table below). Revenue from business-type activities decreased by 6% to \$1.61 million, which is mainly attributable to a decrease in impact fees. Governmental revenues remained steady, increasing by 1% to \$1.75 million.

The total cost of all programs and services increased by 3% to \$2.77 million. The costs of business-type activities increased by 3% to \$1.53 million, which was due to various line item expense increases. The cost of governmental-type activities increased by 2% to \$1.24 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
	2016	2015	2016	2015	2016	2015	
Program Revenue							
Fees, Fines, Services	0.47	0.37	1.61	1.72	2.08	2.09	-
Operating Grants	0.14	0.15	-	-	0.14	0.15	(7%)
Capital Grants	0.03	0.14	-	-	0.03	0.14	(79%)
General Revenue							
Taxes	1.11	1.07	-	-	1.11	1.07	4%
Total Revenue	1.75	1.73	1.61	1.72	3.36	3.45	(3%)
Program Expenses							
General	0.33	0.25	-	-	0.33	0.25	32%
Police	0.71	0.76	-	-	0.71	0.76	(7%)
Streets	0.20	0.20	-	-	0.20	0.20	-
Water and Sewer	-	-	1.53	1.48	1.53	1.48	3%
Total Expenses	1.24	1.21	1.53	1.48	2.77	2.69	3%
Excess (Deficiency)	0.51	0.52	0.08	0.24	0.59	0.76	(22%)
Transfers In/(Out)	(0.21)	0.09	0.21	(0.09)	-	-	-
Change in Net Position	0.30	0.61	0.29	0.15	0.59	0.76	(22%)
Net Position – Beginning	1.79	1.18	13.23	13.08	15.02	14.26	5%
Net Position - Ending	2.09	1.79	13.52	13.23	15.61	15.02	4%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.75 million exceeded budgeted revenues of \$1.34 million by \$0.41 million (31%). This favorable variance was primarily the result of unbudgeted transfer tax revenue.

General fund actual expenditures of \$1.32 million were less than the budgeted expenditures of \$1.36 million by \$0.04 million. This favorable variance is mainly due to various line item expense decreases.

TOWN OF BRIDGEVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the Town had \$20.57 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 \$0.28 million from the prior year.

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

	Governmental		Business-Type		Total	
	2016	2015	2016	2015	2016	2015
Land	0.27	0.29	4.08	4.08	4.35	4.37
Buildings	0.19	0.17	0.01	0.01	0.20	0.18
Equipment	0.07	0.08	1.20	1.27	1.27	1.35
Improvements	0.46	0.42	-	-	0.46	0.42
Vehicles	0.10	0.07	-	-	0.10	0.07
Water and Sewer	-	-	14.19	14.46	14.19	14.46
Total Capital Assets	1.09	1.03	19.48	19.82	20.57	20.85

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 \$5.56 million in bonds and notes outstanding, versus \$6.00 million last year, a decrease of \$0.44 million.

Town of Bridgeville  
Debt  
(in millions)

	Governmental		Business-Type		Total	
	2016	2015	2016	2015	2016	2015
Rural Development - Sewer Bonds	-	-	-	0.30	-	0.30
Rural Development - Sewer Bonds	-	-	0.59	0.61	0.59	0.61
Rural Development - Water Bonds	-	-	0.81	0.83	0.81	0.83
Rural Development - Sewer Bonds	-	-	1.16	1.17	1.16	1.17
State of Delaware	-	-	0.39	0.42	0.39	0.42
State of Delaware	-	-	1.50	1.72	1.50	1.72
State of Delaware	-	-	1.11	0.95	1.11	0.95
Total Debt	-	-	5.56	6.00	5.56	6.00

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, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town remains committed to providing quality services to residents at an affordable rate. The Town completed a necessary water infrastructure improvement project that increased water availability and quality. We continue to see consistent growth in the Heritage Shores development and housing starts remain steady, which are the main factors for Bridgeville when trying to measure the direction of the local economy.

The Town will continue to work on the revitalization of our downtown, the rehabilitation of our street, water and wastewater infrastructure. These investments are important for the fiscal stability of the Town. The Town is excited to announce that we were able to use unallocated transfer tax receipts to make a \$312,000 principal payment to pay off a loan that originated in 1990, saving rate payers an additional fifteen years' worth of interest payments.

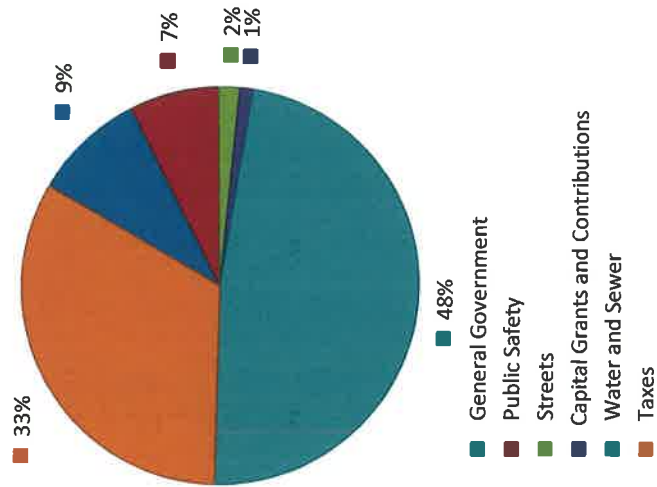
Next year's budget (FY17), as approved, reflects a 4% increase from the prior year, which is attributable to the aforementioned water infrastructure project and the associated debt service. Once again, the Town Commission has refrained from using all anticipated transfer tax revenue to balance the budget, instead choosing to allocate any surplus in those receipts towards future debt payments. 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 budget. Rates for taxes and services were unchanged. The Town currently faces a wastewater treatment plant upgrade as a requirement of Federal and State regulations. We are working tirelessly with our engineer, the State and the EPA and hope to have the plans for the future of our wastewater treatment plant finalized in FY17.

FINANCIAL CONTACT

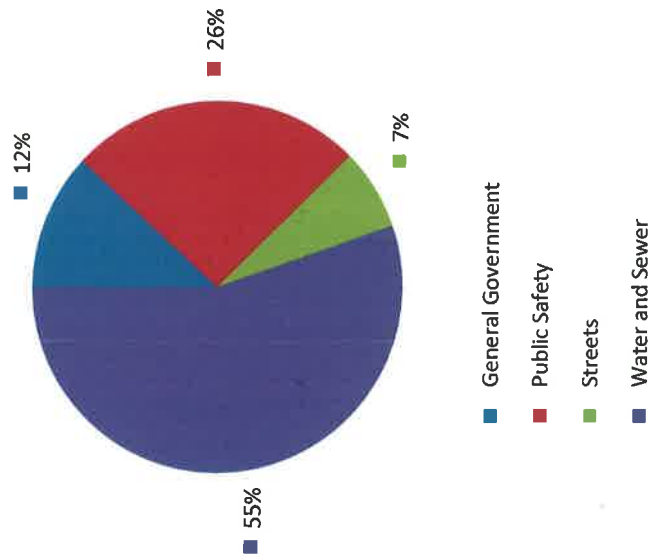
The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the 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, 2016

### Total Revenues



### Total Expenses



TOWN OF BRIDGEVILLE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2016

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 999,615	\$ 757,934	\$ 1,757,549
Accounts Receivable	65,147	208,928	274,075
Net Pension Asset	26,616	-	26,616
Capital Assets:			
Land	266,220	4,077,122	4,343,342
Buildings	271,483	27,798	299,281
Equipment	373,085	1,645,205	2,018,290
Improvements	622,599	18,719,904	19,342,503
Vehicles	581,404	69,651	651,055
Accumulated Depreciation	<u>(1,024,336)</u>	<u>(5,061,168)</u>	<u>(6,085,504)</u>
Total Assets	2,181,833	20,445,374	22,627,207
Deferred Outflow of Resources	<u>2,383</u>	<u>-</u>	<u>2,383</u>
Total Assets and Deferred Outflows	<u>\$ 2,184,216</u>	<u>\$ 20,445,374</u>	<u>\$ 22,629,590</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 49,828	\$ 60,226	\$ 110,054
Accrued Wages	4,747	-	4,747
Non-Current Liabilities:			
Accrued Vacation Leave	37,124	11,139	48,263
Accrued Sick Leave	212	19,822	20,034
Due within one year	-	287,760	287,760
Due in more than one year	<u>-</u>	<u>5,268,902</u>	<u>5,268,902</u>
Total Liabilities	<u>91,911</u>	<u>5,647,849</u>	<u>5,739,760</u>
Deferred Inflow of Resources	<u>-</u>	<u>1,278,000</u>	<u>1,278,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	1,090,455	12,643,850	13,734,305
Restricted	552,894	757,934	1,310,828
Unrestricted	<u>448,956</u>	<u>117,741</u>	<u>566,697</u>
Total Net Position	<u>\$ 2,092,305</u>	<u>\$ 13,519,525</u>	<u>\$ 15,611,830</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

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
<u>Governmental Activities:</u>						
General Government	\$ 328,314	\$ 293,530	\$ 14,000	\$ -	\$ (20,784)	\$ -
Public Safety	713,289	173,062	72,173	-	(468,054)	-
Streets	196,115	897	55,834	35,000	(104,384)	-
<u>Total Governmental Activities</u>	<u>1,237,718</u>	<u>467,489</u>	<u>142,007</u>	<u>35,000</u>	<u>(593,222)</u>	<u>-</u>
<u>Business-Type Activities:</u>						
Water and Sewer	1,536,257	1,606,812	-	-	-	70,555
<u>Total Government</u>	<u>\$ 2,773,975</u>	<u>\$ 2,074,301</u>	<u>\$ 142,007</u>	<u>\$ 35,000</u>	<u>(593,222)</u>	<u>70,555</u>
General Revenues:						
Taxes:						
Property Taxes, Penalties, and Interest		728,267			728,267	
Transfer Tax		381,811			381,811	
Investment Income		2,407			-	3,893
Transfer In/(Out)		(214,002)			214,002	-
<u>Total General Revenues</u>		<u>898,483</u>			<u>217,895</u>	<u>1,116,378</u>
Change in Net Position		305,261			288,450	593,711
Net Position - Beginning		1,787,044			13,231,075	15,018,119
Net Position - Ending		<u>\$ 2,092,305</u>			<u>\$ 13,519,525</u>	<u>\$ 15,611,830</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2016

EXHIBIT C

<u>ASSETS</u>	General Fund
Cash	\$ 999,615
Accounts Receivable	<u>65,147</u>
Total Assets	<u>\$ 1,064,762</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 49,828
Accrued Wages	<u>4,747</u>
Total Liabilities	<u>54,575</u>
Fund Balance:	
Assigned	552,894
Unassigned	<u>457,293</u>
Total Fund Balance	<u>1,010,187</u>
Total Liabilities and Fund Balance	<u>\$ 1,064,762</u>

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

Total Fund Balance	\$ 1,010,187
The net pension asset is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	26,616
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.	1,090,455
The deferred outflow of resources is not a current financial resource and therefore is not reported in the governmental fund's balance sheet	2,383
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated Absences	<u>(37,336)</u>
Net Position of Governmental Activities	<u>\$ 2,092,305</u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 728,267
Transfer Tax	381,811
Charges for Services	180,662
Emergency Services	17,139
Intergovernmental	204,082
Licenses and Permits	118,574
Investment Income	2,407
Police Pension Fund	35,548
Fines	84,616
Miscellaneous	<u>3,875</u>
Total Revenues	<u>1,756,981</u>
Expenditures:	
Current:	
General Government	269,750
Public Safety	679,165
Streets	193,702
Capital Outlay	<u>173,652</u>
Total Expenditures	<u>1,316,269</u>
Excess of Revenues over Expenditures	440,712
Other Financing Sources:	
Operating Transfers	<u>(214,002)</u>
Net Change in Fund Balance	226,710
Fund Balance - Beginning	<u>783,477</u>
Fund Balance - Ending	<u>\$ 1,010,187</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, 2016

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ 226,710
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	2,052
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.	173,652
Book value of assets sold does not require the use of current financial resources	(21,060)
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.	11,622
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>(87,715)</u>
Change in Net Position of Governmental Activities	\$ <u><u>305,261</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, 2016

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Unfavorable)</u>
				<u>Variance</u>
Revenues:				
Property Taxes	\$ 706,200	\$ 727,100	\$ 728,267	\$ 1,167
Transfer Tax	180,800	27,250	381,811	354,561
Charges for Services	9,750	171,200	180,662	9,462
Emergency Services	-	30,000	17,139	(12,861)
Intergovernmental	107,800	154,800	204,082	49,282
Licenses and Permits	116,000	130,000	118,574	(11,426)
Investment Income	600	600	2,407	1,807
Police Pension Fund	30,000	30,000	35,548	5,548
Fines	90,000	70,000	84,616	14,616
Miscellaneous	4,000	4,000	3,875	(125)
Total Revenues	<u>1,245,150</u>	<u>1,344,950</u>	<u>1,756,981</u>	<u>412,031</u>
Expenditures:				
Current:				
General Government	303,400	287,600	269,750	17,850
Public Safety	770,850	778,250	679,165	99,085
Streets	208,250	225,550	193,702	31,848
Capital Outlay	-	70,000	173,652	(103,652)
Total Expenditures	<u>1,282,500</u>	<u>1,361,400</u>	<u>1,316,269</u>	<u>45,131</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	(37,350)	(16,450)	440,712	457,162
Other Financing Sources:				
Operating Transfers	<u>(214,002)</u>	<u>(214,002)</u>	<u>(214,002)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(251,352)	(230,452)	226,710	457,162
Fund Balance - Beginning	<u>783,477</u>	<u>783,477</u>	<u>783,477</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 532,125</u>	<u>\$ 553,025</u>	<u>\$ 1,010,187</u>	<u>\$ 457,162</u>



TOWN OF BRIDGEVILLE  
STATEMENT OF NET POSITION - ENTERPRISE FUND  
JUNE 30, 2016

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 757,934
Accounts Receivable	<u>208,928</u>
Total Current Assets	<u>966,862</u>
Capital Assets:	
Land	4,077,122
Building	27,798
Equipment	1,645,205
Improvements	18,719,904
Vehicles	69,651
Accumulated Depreciation	<u>(5,061,168)</u>
Total Capital Assets	<u>19,478,512</u>
Total Assets	<u>\$ 20,445,374</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 60,226
Current Portion of Long-Term Debt	<u>287,760</u>
Total Current Liabilities	<u>347,986</u>
Non-Current Liabilities:	
Accrued Sick Leave	19,822
Accrued Vacation Leave	11,139
Long-Term Debt - Net of Current Portion	<u>5,268,902</u>
Total Non-Current Liabilities	<u>5,299,863</u>
Total Liabilities	<u>5,647,849</u>
Deferred Inflows	<u>1,278,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,643,850
Restricted	757,934
Unrestricted	<u>117,741</u>
Total Net Position	<u>13,519,525</u>
Total Liabilities and Net Position	<u>\$ 20,445,374</u>

TOWN OF BRIDGEVILLE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,569,288
Miscellaneous	37,524
Interest	3,893
	<hr/>
Total Operating Revenues	1,610,705
	<hr/>
Operating Expenses:	
Health Insurance	54,294
Advertising	591
Chemicals	38,909
Depreciation	479,998
Dues	681
Engineering Fees	5,446
Equipment - Purchase/Rental	19,037
Testing Fees	14,848
Sludge Disposal	12,083
Insurance	38,480
Continuing Education	150
Interest Expense	197,722
Leases	50,193
Legal and Auditing	19,717
Maintenance - Buildings/Grounds/Tools	18,233
Maintenance - Collector System	3,525
Newsletter	250
Office Supplies	2,393
Postage	3,900
Payroll Taxes	25,532
Pension Costs	32,193
Repairs	51,494
Salary Expense	327,056
Supplies	7,450
Uniform Expense	1,818
Utilities - Electric	95,187
Utilities - Gas	13,427
Utilities - Telephone	9,921
Miss Utility Locates	840
Vehicle Expense	10,889
	<hr/>
Total Operating Expenses	1,536,257
	<hr/>
Operating Income (Loss)	74,448
Other Income:	
Operating Transfers	214,002
	<hr/>
Net Income	288,450
Net Position - Beginning	13,231,075
	<hr/>
Net Position - Ending	\$ 13,519,525
	<hr/>

TOWN OF BRIDGEVILLE  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

EXHIBIT I

Water and Sewer  
Fund

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,524,807
Investment Income	3,893
Cash Payments for Interest	(220,886)
Cash Payments to Employees for Services	(441,870)
Cash Payments to Suppliers for Goods and Services	<u>(405,205)</u>
Net Cash Flows from Operating Activities	<u>460,739</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>214,002</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(135,048)
Proceeds from Debt	160,017
Retirement of Debt	<u>(601,089)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(576,120)</u>
Net Increase in Cash	98,621
Cash - Beginning	<u>659,313</u>
Cash - Ending	<u><u>\$ 757,934</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 74,448
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	479,998
Change in Accounts Receivable	37,995
Change in Accounts Payable	14,257
Change in Accrued Interest	(23,164)
Change in Deferred Inflow	(120,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>(2,795)</u>
Net Cash Flows from Operating Activities	<u><u>\$ 460,739</u></u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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:

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
PAGE 2

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, 2016

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, 2016

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.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
PAGE 5

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, 2016

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 7, 2016, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 56,180
General Fund Savings	<u>661,671</u>
<u>TOTAL GENERAL FUND</u>	717,851
Water and Sewer Savings	<u>724,110</u>
<u>TOTAL CASH IN BANK (Per Bank Statements)</u>	\$ <u>1,441,961</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>399,111</u>
Uncollateralized	\$ <u>-</u>
Collateralized by securities held by the pledging financial institution's trust department but not in the Town's name.	\$ <u>1,042,850</u>

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$ 208,928
Demolition/Code Enforcement	13,853
Legal Fees	1,679
Property Tax	9,260
Transfer Tax	28,654
Police Overtime	1,050
Miscellaneous	<u>10,651</u>
<u>TOTAL</u>	\$ <u>274,075</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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, 2016, the bond issue had a balance of \$16,778,000.

NOTE 5 - CAPITAL ASSETS:

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

		<u>ASSETS</u>		
	Balance Beginning of Year	Additions During Year	Disposals During Year	Balance End of Year
Land - Governmental	\$ 287,280	\$ -	\$ (21,060)	\$ 266,220
Land - Water and Sewer	4,077,122	-	-	4,077,122
Buildings	247,761	23,722	-	271,483
Equipment	348,105	24,980	-	373,085
Improvements	547,133	75,466	-	622,599
Vehicles	531,920	49,484	-	581,404
Water and Sewer Improvements	20,327,510	135,048	-	20,462,558
<u>TOTALS</u>	\$ 26,366,831	\$ 308,700	\$ (21,060)	\$ 26,654,471

		<u>ACCUMULATED DEPRECIATION</u>		
	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 74,342	\$ 6,478	\$ -	\$ 80,820
Equipment	270,471	27,563	-	298,034
Improvements	132,069	28,462	-	160,531
Vehicles	459,739	25,212	-	484,951
Water and Sewer Improvements	4,581,170	479,998	-	5,061,168
<u>TOTALS</u>	\$ 5,517,791	\$ 567,713	\$ -	\$ 6,085,504
<u>NET CAPITAL ASSETS</u>				\$ 20,568,967

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

Governmental Activities:	
General Government	\$ 35,499
Police	43,961
Streets	8,255
Water and Sewer	479,998
Total Depreciation Expense	\$ 567,713

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
PAGE 8

NOTE 6 - DEBT:

Debt consists of the following:

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.	\$ 587,846
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.	807,039
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.	1,156,162
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.	394,597
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.	1,502,912
Unsecured note payable to the Delaware Department of Natural Resources and Environmental Control in the total amount of \$1,194,300. All proceeds were used for a water system improvement project. Paid in semi-annual installments of \$34,408 including interest of 1.5%. Loan matures on November 1, 2034.	<u>1,108,106</u>
<u>TOTAL DEBT</u>	5,556,662
Less: Current Portion	<u>(287,760)</u>
<u>TOTAL LONG-TERM DEBT</u>	\$ <u>5,268,902</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
PAGE 9

NOTE 6 - DEBT (CONTINUED):

Maturities of debt subsequent to year end are as follows:

	Governmental		Enterprise	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ -	\$ 287,760	\$ 189,843
2018	-	-	296,348	175,467
2019	-	-	305,221	166,594
2020	-	-	314,391	157,425
2021	-	-	323,866	147,949
2022 - 2026	-	-	1,614,858	586,929
2027 - 2031	-	-	892,841	386,018
2032 - 2036	-	-	876,591	235,483
2037 - 2041	-	-	216,827	122,833
2042 - 2046	-	-	271,197	68,463
2047 - 2051	-	-	156,762	9,808
<u>TOTALS</u>	\$ -	\$ -	\$ 5,556,662	\$ 2,246,812

Below summarizes the changes in debt:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance End of Year</u>
Rural Development	\$ 303,223	\$ -	\$ (303,223)	\$ -
Rural Development	605,691	-	(17,845)	587,846
Rural Development	831,533	-	(24,494)	807,039
Rural Development	1,171,623	-	(15,461)	1,156,162
State of Delaware	421,733	-	(27,136)	394,597
State of Delaware	1,715,841	-	(212,929)	1,502,912
State of Delaware	948,089	160,017	-	1,108,106
<u>TOTALS</u>	\$ 5,997,733	\$ 160,017	\$ (601,088)	\$ 5,556,662

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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	\$ -	\$ 237,407
Police Pension	29,936	-
Children's Sanctuary Park/Charity Golf	7,879	-
Capital Improvement Escrows	516,014	519,738
Sewer Sinking	-	789
	<hr/>	<hr/>
<u>TOTALS</u>	\$ 553,829	\$ 757,934

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, 2016, the Town contributed \$50,223 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, 2015 (the latest actuarial valuation date) were at the rate of 14.2% 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. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation. 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. The plan also provides disability, non-duty, and survivor benefits. 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, 2016, the Town contributed \$43,596 to the plan.

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
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NOTE 8 - PENSION PLAN (CONTINUED):

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 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.

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. These actuarial valuations used the following actuarial assumptions:

<u>Actuarial Assumptions</u> - Investment rate of return/discount rate	7.2%
Projected salary increases	4% - 11.5%
Cost of living adjustments	n/a
Inflation rate included	3%

The total pension liability was measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality rates 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.

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

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

Asset Class	Long-term Expected Real Rate of Return	Asset Allocation
Domestic Equity	5.7%	36.5%
International Equity	5.7%	16.5%
Fixed Income	2.0%	22.6%
Alternative Investments	7.8%	19.6%
Cash and Equivalents	-	4.8%

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
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NOTE 8 - PENSION PLAN (CONTINUED):

Discount Rate - The discount rate 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the collective net pension liability (asset) of the plan calculated using the discount rate of 7.2%, as well as what the plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	\$ 115,483
Current Discount Rate	\$ (26,616)
1% Increase	\$ (240,173)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources - The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts).

	Measurement Period Ending June 30	Amortization Period	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Deferred Inflows of resources:						
Difference Between expected and actual experience	2015	11 Years	\$ -	\$ (16,572)	\$ 1,381	\$ (15,191)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2014	5 Years	(81,810)	-	20,453	(61,357)
	2015	5 Years	-	44,169	(8,834)	35,335
Subtotal			(81,810)	44,169	11,619	(26,022)
<u>TOTALS</u>			<u>\$ (81,810)</u>	<u>\$ 27,597</u>	<u>\$ 13,000</u>	<u>\$ (41,213)</u>

TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
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NOTE 8 - PENSION PLAN (CONTINUED):

The difference in the deferred outflows and deferred inflows recorded on the financial statements is due to the deferred inflows being netted against the deferred outflows. The deferred outflows and deferred inflows are \$43,596 and (\$41,213), respectively. The net effect of a deferred outflow of \$2,383.

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2016	\$ (13,000)
2017	(13,000)
2018	(12,998)
2019	7,452
2020	(1,381)
Thereafter	<u>(8,286)</u>
<u>TOTALS</u>	<u>\$ (41,213)</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives, which is 11 years for the 2014 and 2015 amounts.

The Plan is administered in accordance with Title 11, Chapter 88 of the Delaware Code. The Town 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 - 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%.



TOWN OF BRIDGEVILLE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

EXHIBIT J  
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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	\$ 1,398,000
Fees Used	<u>(120,000)</u>
Prepaid Fees - Ending	<u>\$ 1,278,000</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2016

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
REVENUES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE A

	2016				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/15
	Original	Final			
<u>GOVERNMENTAL ACTIVITIES:</u>					
Building Permits	\$ 90,000	\$ 103,000	\$ 91,199	\$ (11,801)	\$ 132,761
Emergency Services	-	30,000	17,139	(12,861)	46,541
Newsletter Ads	4,000	4,000	3,875	(125)	3,725
Property Tax	663,550	675,000	675,023	23	655,012
Quarterly/Supplemental Taxes	10,000	15,000	17,635	2,635	14,010
Property Tax Penalties	1,000	4,200	2,732	(1,468)	2,545
Transfer Tax	180,800	27,250	381,811	354,561	374,730
Payments in Lieu of Taxes	31,650	32,900	32,877	(23)	28,749
Sussex County Council - Grant	25,000	25,000	25,000	-	46,000
Interest	600	600	2,407	1,807	1,564
Grass Cutting	-	200	403	203	1,918
Miscellaneous Fees	9,750	171,000	178,565	7,565	4,218
Fines	90,000	70,000	84,616	14,616	85,440
Federal and State Grants	82,800	129,800	179,082	49,282	272,389
Police Pension Fund	30,000	30,000	35,548	5,548	30,403
Miscellaneous	-	-	1,694	1,694	2,003
Contractor Licenses	8,000	9,000	8,650	(350)	10,200
Rental Licenses	18,000	18,000	18,725	725	18,125
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>1,245,150</u>	<u>1,344,950</u>	<u>1,756,981</u>	<u>412,031</u>	<u>1,730,333</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Fire Lines	12,300	12,300	12,300	-	12,300
Water/Sewer Inspection Fees	2,100	2,500	2,200	(300)	2,850
Sewer Rents	575,000	575,000	584,117	9,117	557,302
Fats, Oils, Grease Fees	1,600	1,600	1,600	-	1,600
Sewer Rent - Industrial	95,000	95,000	94,269	(731)	104,191
Sewer Fee Penalties	1,500	3,000	3,760	760	3,703
Town of Greenwood	219,000	215,600	269,447	53,847	282,368
Water Rent	305,000	300,000	271,672	(28,328)	305,446
Water Meter Rent	140,000	140,000	144,734	4,734	110,124
Water Meter Pit Fees	29,800	38,500	32,430	(6,070)	39,547
Water Fee Penalties	1,500	3,000	3,809	809	3,657
Tapping Fees	4,200	5,000	5,100	100	8,300
Impact Fees	-	-	139,500	139,500	264,830
Connection Fees	4,200	5,000	4,350	(650)	5,400
Interest	600	600	3,893	3,293	2,638
Miscellaneous Fees	15,000	35,500	37,524	2,024	23,103
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>1,406,800</u>	<u>1,432,600</u>	<u>1,610,705</u>	<u>178,105</u>	<u>1,727,359</u>
<u>TOTAL REVENUE</u>	<u>\$ 2,651,950</u>	<u>\$ 2,777,550</u>	<u>\$ 3,367,686</u>	<u>\$ 590,136</u>	<u>\$ 3,457,692</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE B  
PAGE 1

	2016				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/15
	Original	Final			
<b>GOVERNMENTAL FUNDS</b>					
<b>GENERAL GOVERNMENT:</b>					
Advertising	\$ 4,000	\$ 4,000	\$ 4,227	\$ (227)	\$ 3,997
Bad Debts	-	-	-	-	333
Travel	200	200	167	33	185
Continuing Education	500	500	500	-	-
SCAT Meetings	3,500	3,500	3,187	313	2,711
Code Enforcement	10,000	10,000	8,490	1,510	5,507
Code Update	4,000	4,000	2,257	1,743	2,273
Health Insurance	20,700	21,350	21,529	(179)	17,976
Capital Outlay	-	-	12,750	(12,750)	20,157
Debt Service 103 S. Main Street	-	-	-	-	72,826
Donations	2,000	2,000	2,000	-	2,381
Dues	2,250	2,300	2,248	52	1,178
Service Charges	1,600	1,900	2,038	(138)	1,477
Economic Development	10,000	14,000	15,320	(1,320)	320
Engineering Fees	1,000	-	-	-	-
Equipment - Purchase/Rental	2,000	2,000	1,984	16	1,493
Insurance	11,950	11,950	11,478	472	9,299
Leases	4,350	4,350	5,330	(980)	2,850
Legal and Auditing	17,000	17,000	10,410	6,590	13,749
Maintenance - Buildings/Grounds/Tools	2,500	2,500	2,472	28	2,249
Newsletter	4,000	4,300	4,311	(11)	3,765
Office Supplies	3,200	4,000	4,279	(279)	3,047
Postage	1,500	1,500	2,174	(674)	1,342
Payroll Taxes	10,000	10,000	10,854	(854)	8,508
Pension Costs	13,000	13,000	11,944	1,056	11,222
Ditch Tax - Annual	1,700	1,900	1,865	35	1,696
Repairs	1,500	1,500	2,749	(1,249)	452
Salaries	148,750	128,350	119,170	9,180	102,622
Special Recognitions	1,000	1,600	1,543	57	739
Supplies	1,500	1,500	1,574	(74)	1,475
Tree Planting/Removal	1,500	-	-	-	-
Employment	2,000	1,500	780	720	1,212
Utilities - Electric	5,000	6,000	4,725	1,275	4,463
Utilities - Gas	1,500	1,300	723	577	1,168
Utilities - Telephone	6,500	6,500	7,008	(508)	6,181
Vehicle Fuel	2,000	1,600	1,321	279	1,542
Vehicle Expense	1,200	1,500	1,093	407	755
Sanctuary for Kids Park	-	-	-	-	1,179
<b>TOTAL GENERAL GOVERNMENT</b>	<b>303,400</b>	<b>287,600</b>	<b>282,500</b>	<b>5,100</b>	<b>312,329</b>
<b>POLICE:</b>					
Advertising	-	-	443	(443)	-
Health Insurance	80,900	74,100	69,462	4,638	68,426
Capital Outlay	-	50,000	53,104	(3,104)	6,820
Debt Service	-	-	-	-	45,692
Donations	400	400	175	225	315
Dues	550	550	330	220	430
Equipment Purchase/Rental	500	5,500	4,295	1,205	510
Insurance	44,350	40,850	44,368	(3,518)	33,186
SALLE	3,000	4,000	7,722	(3,722)	1,989
Leases, Maintenance Agreements	1,000	1,000	1,330	(330)	957
Legal and Auditing	3,500	3,500	3,283	217	3,190
Maintenance - Buildings/Grounds/Tools	1,000	1,000	1,108	(108)	1,360
Office Supplies	1,200	1,000	1,217	(217)	1,095
Postage	1,000	1,000	843	157	500
Payroll Taxes	34,650	32,900	31,873	1,027	33,623
Pension Costs	50,350	50,150	43,596	6,554	52,121
Repairs	2,000	2,000	714	1,286	1,266
Salaries	390,650	389,500	341,231	48,269	363,668
Salaries - Overtime, Part-time	57,200	77,200	75,607	1,593	70,592
EIDE	5,000	5,000	3,956	1,044	4,021
Supplies	21,500	17,500	30,591	(13,091)	32,426
Uniforms	3,000	2,500	1,151	1,349	4,381
Utilities - Electric	3,600	4,000	3,768	232	3,852
Utilities - Gas	2,000	2,100	1,254	846	2,053
Utilities - Telephone	11,500	11,500	10,479	1,021	10,737
Vehicle Fuel	32,000	29,000	20,103	8,897	30,130
Vehicle Expense	20,000	22,000	19,348	2,652	26,336
<b>TOTAL POLICE</b>	<b>770,850</b>	<b>828,250</b>	<b>771,351</b>	<b>56,899</b>	<b>799,676</b>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE B  
PAGE 2

	2016				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/15
	Original	Final			
<b>STREETS:</b>					
Advertising	\$ 100	\$ 100	\$ -	\$ 100	\$ -
Grass Cutting Expense	1,000	1,000	1,186	(186)	1,587
Health Insurance	10,200	10,050	10,154	(104)	8,716
Capital Outlay	-	20,000	33,716	(13,716)	18,802
Community Transportation	-	-	35,000	(35,000)	138,233
Engineering Fees	1,500	1,000	683	317	-
Equipment Purchase/Rental	1,000	500	701	(201)	726
Insurance	8,850	8,500	8,909	(409)	6,701
Legal and Auditing	3,500	3,500	3,200	300	3,190
Maintenance - Buildings/Grounds/Tools	4,200	4,200	1,199	3,001	4,201
Office Supplies	500	500	144	356	511
Payroll Taxes	4,450	4,450	4,422	28	5,266
Permits	50	50	20	30	20
Pension Costs	10,000	10,000	8,471	1,529	11,188
Repairs	3,500	6,500	5,600	900	3,307
Salaries	55,000	55,000	49,424	5,576	63,968
Salaries - Overtime	4,000	4,000	3,760	240	2,233
Snow Removal	13,000	13,000	8,092	4,908	7,366
Supplies	2,000	2,000	1,320	680	1,207
Tree Removal	2,500	4,000	-	4,000	2,500
Uniforms	500	500	569	(69)	494
Utilities - Electric	70,000	85,000	75,312	9,688	48,608
Utilities - Gas	700	700	479	221	810
Utilities - Telephone	2,000	2,000	2,477	(477)	1,831
Vehicle Fuel	3,500	2,500	1,532	968	2,699
Vehicle Expense	6,200	6,500	6,048	452	7,471
<b>TOTAL STREETS</b>	<b>208,250</b>	<b>245,550</b>	<b>262,418</b>	<b>(16,868)</b>	<b>341,635</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>1,282,500</b>	<b>1,361,400</b>	<b>1,316,269</b>	<b>45,131</b>	<b>1,453,640</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>WASTEWATER:</b>					
Advertising	200	200	210	(10)	-
Continuing Education	250	250	50	200	100
Health Insurance	30,600	33,100	32,234	866	25,538
Capital Outlay	-	18,000	-	18,000	-
Chemicals	30,000	25,000	19,420	5,580	20,471
Debt Service - Interest	372,550	651,100	146,077	505,023	122,627
Depreciation	-	-	239,999	(239,999)	232,546
Dues	100	100	100	-	150
Engineering Fees	5,000	5,000	4,396	604	-
Equipment - Purchase/Rental	3,000	3,000	1,887	1,113	1,778
Testing Fees	19,700	19,700	14,448	5,252	15,334
Sludge Disposal	14,400	14,400	12,083	2,317	7,423
Insurance	24,100	23,500	25,689	(2,189)	18,763
Leases/Maintenance Agreements	15,000	15,000	17,382	(2,382)	15,389
Legal and Auditing	4,000	4,000	16,484	(12,484)	4,267
Maintenance - Buildings/Grounds/Tools	14,000	14,000	14,394	(394)	16,908
Maintenance - Collector System	3,000	3,000	3,525	(525)	-
Office Supplies	1,000	1,000	1,018	(18)	1,163
Postage	2,500	2,500	1,950	550	2,250
Payroll Taxes	13,900	14,500	15,256	(756)	13,885
Pension Costs	22,350	22,350	22,310	40	21,197
Permits	150	150	-	150	-
Repairs	20,000	20,000	45,901	(25,901)	85,985
Salaries	175,100	190,100	187,923	2,177	175,966
Salaries - Overtime	8,000	8,000	7,157	843	7,606
Supplies	1,400	1,400	1,223	177	1,305
Uniforms	1,000	1,200	1,180	20	432
Utilities - Electric	72,000	72,000	71,434	566	61,772
Utilities - Gas	21,000	21,000	12,948	8,052	18,576
Utilities - Telephone	4,800	5,000	5,155	(155)	4,248
Miss Utility Locates	500	550	420	130	477
Vehicle Fuel	3,500	2,500	1,897	603	2,413
Vehicle Expense	2,000	2,500	4,449	(1,949)	1,987
<b>TOTAL WASTEWATER</b>	<b>885,100</b>	<b>1,194,100</b>	<b>928,599</b>	<b>265,501</b>	<b>880,556</b>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE B  
PAGE 3

	2016				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/15
	Original	Final			
<u>WATER:</u>					
Advertising	\$ 200	\$ 200	\$ 381	\$ (181)	\$ 49
Continuing Education	300	300	100	200	100
Health Insurance	27,000	23,050	22,060	990	16,922
Capital Outlay	-	-	-	-	9,000
Chemicals	18,000	21,000	19,489	1,511	19,478
Debt Service - Interest	131,500	80,000	51,645	28,355	68,413
Depreciation	-	-	239,999	(239,999)	232,546
Dues	600	600	581	19	777
Engineering	2,000	2,000	1,050	950	3,446
Equipment - Purchase/Rental	20,000	20,000	17,150	2,850	21,264
Testing Fees	500	500	400	100	400
Insurance	14,200	12,000	12,791	(791)	9,000
Leases	33,000	33,000	32,811	189	33,733
Legal and Auditing	3,500	3,500	3,233	267	3,751
Maintenance - Buildings/Grounds/Tools	4,650	4,650	3,839	811	2,604
Newsletter	500	500	250	250	500
Office Supplies	1,000	1,000	1,375	(375)	988
Postage	3,000	3,000	1,950	1,050	2,250
Payroll Taxes	11,300	9,300	10,276	(976)	8,589
Pension Costs	9,900	9,900	9,883	17	9,288
Repairs	4,000	6,000	5,593	407	2,892
Salaries	140,800	126,700	124,668	2,032	105,503
Salaries - Overtime	9,500	9,500	7,308	2,192	8,472
Supplies	9,000	9,000	6,227	2,773	6,254
Uniforms	1,000	1,000	638	362	275
Utilities - Gas	900	900	479	421	809
Utilities - Electric	25,000	25,000	23,753	1,247	22,299
Utilities - Telephone	6,500	6,500	4,766	1,734	5,540
Miss Utility Locates	500	550	420	130	477
Vehicle Fuel	4,000	3,000	1,376	1,624	2,258
Vehicle Expense	2,000	2,000	3,167	(1,167)	1,048
<u>TOTAL WATER</u>	<u>484,350</u>	<u>414,650</u>	<u>607,658</u>	<u>(193,008)</u>	<u>598,925</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>1,369,450</u>	<u>1,608,750</u>	<u>1,536,257</u>	<u>72,493</u>	<u>1,479,481</u>
<u>TOTAL EXPENDITURES/EXPENSES</u>	<u>\$ 2,651,950</u>	<u>\$ 2,970,150</u>	<u>\$ 2,852,526</u>	<u>\$ 117,624</u>	<u>\$ 2,933,121</u>

TOWN OF BRIDGEVILLE  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF OPERATING REVENUES AND EXPENSES  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE C

	Wastewater Department	Water Department	Total
Operating Revenues:			
Charges for Services	\$ 1,089,493	\$ 479,795	\$ 1,569,288
Miscellaneous	17,953	19,571	37,524
Interest	2,664	1,229	3,893
Total Operating Revenues	<u>1,110,110</u>	<u>500,595</u>	<u>1,610,705</u>
Operating Expenses:			
Health Insurance	32,234	22,060	54,294
Advertising	210	381	591
Chemicals	19,420	19,489	38,909
Depreciation	239,999	239,999	479,998
Dues	100	581	681
Engineering Fees	4,396	1,050	5,446
Equipment - Purchase/Rental	1,887	17,150	19,037
Testing Fees	14,448	400	14,848
Sludge Disposal	12,083	-	12,083
Insurance	25,689	12,791	38,480
Continuing Education	50	100	150
Interest Expense	146,077	51,645	197,722
Leases	17,382	32,811	50,193
Legal and Auditing	16,484	3,233	19,717
Maintenance - Buildings/Grounds/Tools	14,394	3,839	18,233
Maintenance - Collector System	3,525	-	3,525
Newsletter	-	250	250
Office Supplies	1,018	1,375	2,393
Postage	1,950	1,950	3,900
Payroll Taxes	15,256	10,276	25,532
Pension Costs	22,310	9,883	32,193
Repairs	45,901	5,593	51,494
Salaries	187,923	124,668	312,591
Salaries - Overtime	7,157	7,308	14,465
Supplies	1,223	6,227	7,450
Uniform Expense	1,180	638	1,818
Utilities - Electric	71,434	23,753	95,187
Utilities - Gas	12,948	479	13,427
Utilities - Telephone	5,155	4,766	9,921
Miss Utility Locates	420	420	840
Vehicle Expense	6,346	4,543	10,889
Total Operating Expenses	<u>928,599</u>	<u>607,658</u>	<u>1,536,257</u>
Net Operating Income (Loss)	<u>\$ 181,511</u>	<u>\$ (107,063)</u>	<u>\$ 74,448</u>

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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, 2016, 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 November 7, 2016.

**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.

**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.

*Lank, Johnson & Tull*

Seaford, Delaware  
November 7, 2016