

TOWN OF BRIDGEVILLE, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2017

TOWN OF BRIDGEVILLE
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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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

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, 2017, 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, 2017, 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, budgetary comparison information, proportionate share of the net pension liability, and required pension contributions 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.

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 C and D), and the Schedule of Operating Revenues and Expenses - Enterprise Fund (Schedule E) 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also 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 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, 2017, 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, 2017

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017. 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, 2017

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 2016 to 2017 (See table below). General Fund net position increased by 24%, 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 Percentage Change
	2017	2016	2017	2016	2017	2016	
Current and Other Assets	1.37	1.09	1.25	0.97	2.62	2.06	27%
Capital Assets	1.38	1.09	19.12	19.48	20.50	20.57	-
Deferred Outflows	0.08	-	-	-	0.08	-	100%
Total Assets and Deferrals	2.83	2.18	20.37	20.45	23.20	22.63	3%
Long-Term Debt	-	-	5.29	5.56	5.29	5.56	(5%)
Other Liabilities	0.25	0.09	0.10	0.09	0.35	0.18	94%
Deferred Inflows	-	-	1.15	1.28	1.15	1.28	(10%)
Total Liabilities & Deferrals	0.25	0.09	6.54	6.93	6.79	7.02	(3%)
Net Position							
Capital Assets Net of Debt	1.38	1.09	12.68	12.64	14.06	13.73	2%
Unrestricted	1.20	1.00	1.15	0.88	2.35	1.88	25%
Total Net Position	2.58	2.09	13.83	13.52	16.41	15.61	5%

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Town's total revenues (excluding transfers) increased by 10% to \$3.71 million (See table below). Revenue from business-type activities increased by 11% to \$1.79 million, which is mainly attributable to increased impact fees. Governmental revenues increased by 10% to \$1.92 million, which is mainly attributable to increased federal and state grants.

The total cost of all programs and services increased by 5% to \$2.91 million. The costs of business-type activities increased by 8% to \$1.65 million, which was due to various line item expense increases. The cost of governmental-type activities increased by 2% to \$1.26 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
	2017	2016	2017	2016	2017	2016	
Program Revenue							
Fees, Fines, Services	0.37	0.47	1.76	1.61	2.13	2.08	2%
Operating Grants	0.16	0.14	0.03	-	0.19	0.14	36%
Capital Grants	0.27	0.03	-	-	0.27	0.03	800%
General Revenue							
Taxes	1.12	1.11	-	-	1.12	1.11	1%
Total Revenue	1.92	1.75	1.79	1.61	3.71	3.36	10%
Program Expenses							
General	0.34	0.33	-	-	0.34	0.33	3%
Police	0.71	0.71	-	-	0.71	0.71	-
Streets	0.21	0.20	-	-	0.21	0.20	5%
Water and Sewer	-	-	1.65	1.53	1.65	1.53	8%
Total Expenses	1.26	1.24	1.65	1.53	2.91	2.77	5%
Excess (Deficiency)	0.66	0.51	0.14	0.08	0.80	0.59	36%
Transfers In/(Out)	(0.17)	(0.21)	0.17	0.21	-	-	-
Change in Net Position	0.49	0.30	0.31	0.29	0.80	0.59	36%
Net Position - Beginning	2.09	1.79	13.52	13.23	15.61	15.02	4%
Net Position - Ending	2.58	2.09	13.83	13.52	16.41	15.61	5%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.92 million exceeded budgeted revenues of \$1.69 million by \$0.23 million (14%). This favorable variance was primarily the result of unbudgeted transfer tax revenue.

General fund actual expenditures of \$1.52 million were less than the budgeted expenditures of \$1.64 million by \$0.12 million (8%). This favorable variance is due to various line items coming in under budget.

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Town had \$20.50 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 \$0.07 million from the prior year.

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

	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Land	0.27	0.27	4.11	4.08	4.38	4.35
Buildings	0.21	0.19	0.01	0.01	0.22	0.20
Equipment	0.08	0.07	1.16	1.20	1.24	1.27
Improvements	0.72	0.46	-	-	0.72	0.46
Vehicles	0.10	0.10	-	-	0.10	0.10
Water and Sewer	-	-	13.84	14.19	13.84	14.19
Total Capital Assets	1.38	1.09	19.12	19.48	20.50	20.57

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 \$5.30 million in bonds and notes outstanding, versus \$5.56 million last year, a decrease of \$0.26 million.

Town of Bridgeville
Debt
(in millions)

	Governmental		Business-Type		Total	
	2017	2016	2017	2016	2017	2016
Rural Development - Sewer Bonds	-	-	0.57	0.59	0.57	0.59
Rural Development - Water Bonds	-	-	0.00	0.81	0.00	0.81
Rural Development - Sewer Bonds	-	-	0.00	1.16	0.00	1.16
State of Delaware	-	-	0.37	0.39	0.37	0.39
State of Delaware	-	-	1.36	1.50	1.36	1.50
State of Delaware	-	-	1.05	1.11	1.05	1.11
State of Delaware	-	-	0.79	-	0.79	-
State of Delaware	-	-	1.15	-	1.15	-
Total Debt	-	-	5.29	5.56	5.29	5.56

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, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town remains committed to providing quality services to residents at an affordable rate. To that end, the Town has agreed to enter into the Western Sussex County Sanitary Sewer District. This will save the Town the cost of multiple future upgrades and allow new users to help pay existing debt. 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.

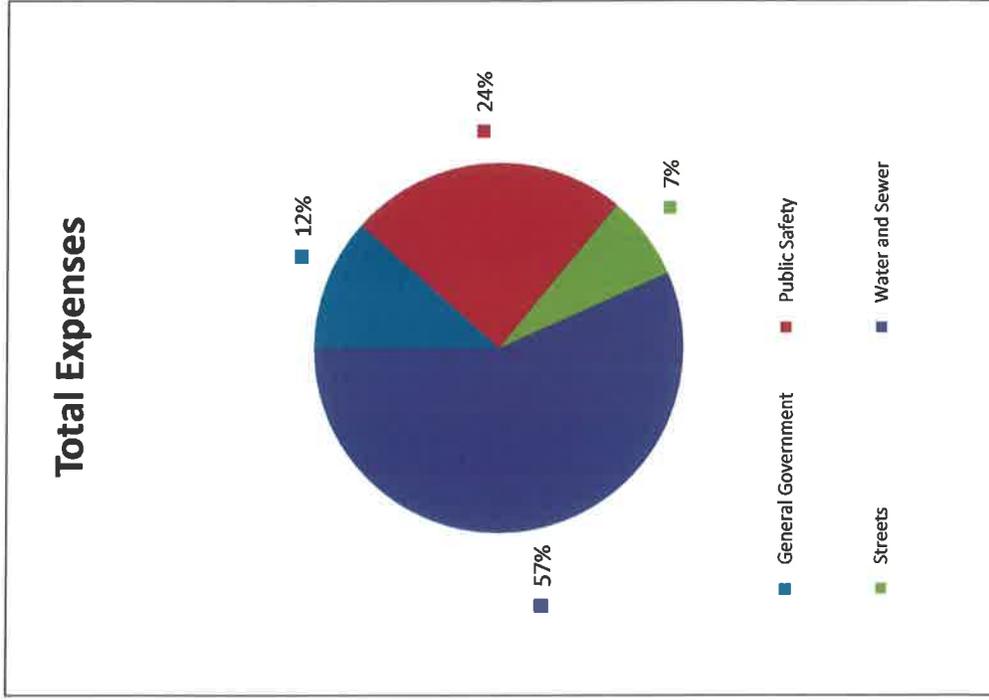
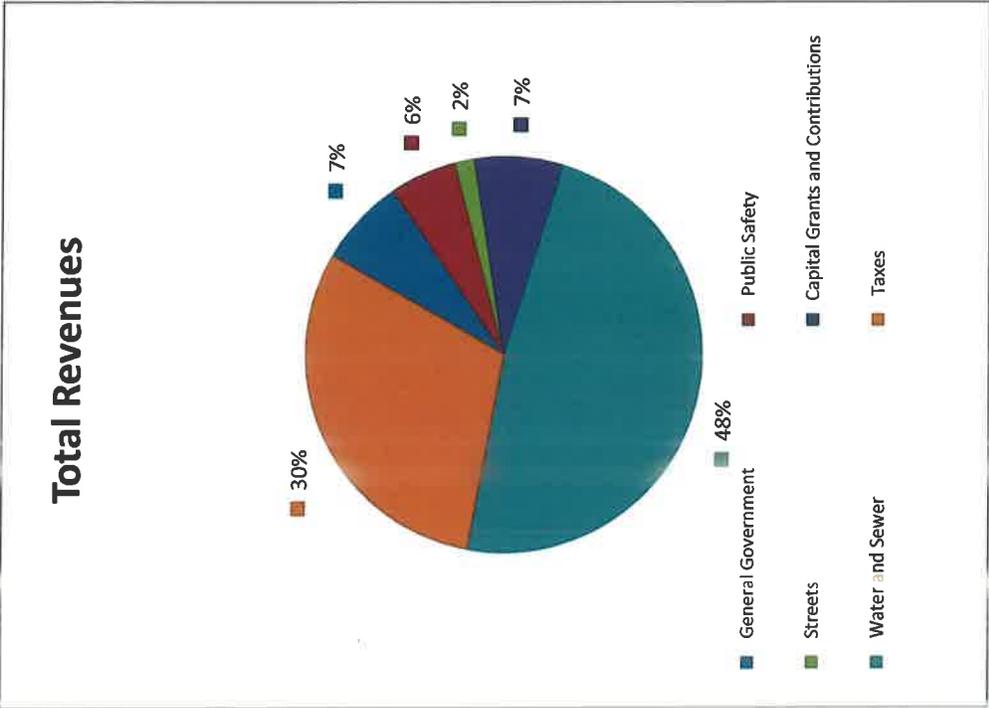
The Town will continue to work on the revitalization of our downtown and the rehabilitation of the Town's infrastructure. Capital investments are important for the fiscal stability of the Town. As a result of conservative budgeting and an emphasis on decreasing our reliance on realty transfer taxes (RTT) to balance the operating budget, we have been able to set aside approximately \$700,000 towards the construction of a new Police Department to be located adjacent to Town Hall. This will centralize Town services in one location and provide our safety officers with adequate space and the most up to date technology.

Next year's operating budget (FY18), as approved, shows almost no change with an increase of one tenth of a percent. The Town will continue the practice of setting aside surplus RTT funds for future capital projects and/or debt retirement payments. The General Fund, consisting of the Administrative, Police and Street Departments, represents 48% of the budget. The Enterprise Fund, which includes the Water and Wastewater Departments, equals 52% of the 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, 2017



TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,283,465	\$ 1,058,800	\$ 2,342,265
Accounts Receivable	88,899	194,994	283,893
Capital Assets:			
Land	266,220	4,111,614	4,377,834
Buildings	302,821	27,798	330,619
Equipment	364,051	1,669,189	2,033,240
Improvements	904,915	18,769,904	19,674,819
Vehicles	469,826	109,123	578,949
Accumulated Depreciation	<u>(932,684)</u>	<u>(5,568,999)</u>	<u>(6,501,683)</u>
Total Assets	<u>2,747,513</u>	<u>20,372,423</u>	<u>23,119,936</u>
Deferred Outflow of Resources	<u>83,807</u>	<u>-</u>	<u>83,807</u>
Total Assets and Deferred Outflows	<u>\$ 2,831,320</u>	<u>\$ 20,372,423</u>	<u>\$ 23,203,743</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 105,823	\$ 68,059	\$ 173,882
Accrued Wages	23,700	-	23,700
Non-Current Liabilities:			
Net Pension Liability	69,540	-	69,540
Accrued Vacation Leave	51,196	11,893	63,089
Accrued Sick Leave	1,147	20,362	21,509
Due within one year	-	266,053	266,053
Due in more than one year	<u>-</u>	<u>5,025,899</u>	<u>5,025,899</u>
Total Liabilities	<u>251,406</u>	<u>5,392,266</u>	<u>5,643,672</u>
Deferred Inflow of Resources	<u>-</u>	<u>1,149,000</u>	<u>1,149,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	1,375,149	12,677,677	14,052,826
Restricted	-	-	-
Unrestricted	<u>1,204,765</u>	<u>1,153,480</u>	<u>2,358,245</u>
Total Net Position	<u>\$ 2,579,914</u>	<u>\$ 13,831,157</u>	<u>\$ 16,411,071</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, 2017

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	\$ 336,931	\$ 238,496	\$ 25,000	\$ -	\$ (73,435)	\$ -	\$ (73,435)
Public Safety	710,040	124,437	76,857	-	(508,746)	-	(508,746)
Streets	214,969	3,101	55,611	268,055	111,798	-	111,798
Total Governmental Activities	1,261,940	366,034	157,468	268,055	(470,383)	-	(470,383)
<u>Business-Type Activities:</u>							
Water and Sewer	1,649,349	1,751,715	29,870	-	-	132,236	132,236
Total Government	\$ 2,911,289	\$ 2,117,749	\$ 187,338	\$ 268,055	(470,383)	132,236	(338,147)

General Revenues:

Taxes							
Property Taxes, Penalties, and Interest		760,853					760,853
Transfer Tax		361,610					361,610
Investment Income		6,637			8,288		14,925
Transfer In/(Out)		(171,108)			171,108		-
Total General Revenues		957,992			179,396		1,137,388
Change in Net Position		487,609			311,632		799,241
Net Position - Beginning		2,092,305			13,519,525		15,611,830
Net Position - Ending		\$ 2,579,914			\$ 13,831,157		\$ 16,411,071

TOWN OF BRIDGEVILLE
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2017

EXHIBIT C

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 1,283,465
Accounts Receivable	<u>88,899</u>
 Total Assets	 \$ <u><u>1,372,364</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 105,823
Accrued Wages	<u>23,700</u>
 Total Liabilities	 <u>129,523</u>
Fund Balance:	
Assigned	1,361,408
Unassigned	<u>(118,567)</u>
 Total Fund Balance	 <u>1,242,841</u>
 Total Liabilities and Fund Balance	 \$ <u><u>1,372,364</u></u>
Amounts Reported For Governmental Activities in the Statement of Net Position Are Different Because:	
Total Fund Balance	\$ 1,242,841
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.	1,375,149
The deferred outflow of resources is not a use of current financial resources and therefore is not reported in the governmental fund's balance sheet	83,807
The net pension liability is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	(69,540)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds Compensated Absences	<u>(52,343)</u>
Net Position of Governmental Activities	\$ <u><u>2,579,914</u></u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 760,853
Transfer Tax	341,181
Charges for Services	127,174
Emergency Services	20,429
Intergovernmental	425,523
Licenses and Permits	127,900
Investment Income	6,637
Police Pension Fund	31,786
Fines	75,790
Miscellaneous	<u>4,025</u>
Total Revenues	<u>1,921,298</u>
Expenditures:	
Current:	
General Government	294,636
Public Safety	647,193
Streets	202,722
Capital Outlay	<u>372,985</u>
Total Expenditures	<u>1,517,536</u>
Excess of Revenues over Expenditures	403,762
Other Financing Sources:	
Operating Transfers	<u>(171,108)</u>
Net Change in Fund Balance	232,654
Fund Balance - Beginning	<u>1,010,187</u>
Fund Balance - Ending	<u>\$ 1,242,841</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, 2017

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$	232,654
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		(14,732)
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.		372,985
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.		(15,007)
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>(88,291)</u>
Change in Net Position of Governmental Activities	\$	<u><u>487,609</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, 2017

EXHIBIT F

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Revenues:				
Property Taxes	\$ 710,350	\$ 759,200	\$ 760,853	\$ 1,653
Transfer Tax	225,000	169,200	341,181	171,981
Charges for Services	104,000	120,400	127,174	6,774
Emergency Services	20,429	20,429	20,429	-
Intergovernmental	378,800	408,400	425,523	17,123
Licenses and Permits	127,000	102,000	127,900	25,900
Investment Income	800	1,200	6,637	5,437
Police Pension Fund	20,000	30,000	31,786	1,786
Fines	70,000	77,000	75,790	(1,210)
Miscellaneous	4,000	4,000	4,025	25
	1,660,379	1,691,829	1,921,298	229,469
Total Revenues				
Expenditures:				
Current:				
General Government	315,600	335,850	294,636	41,214
Public Safety	731,900	713,150	647,193	65,957
Streets	239,350	221,650	202,722	18,928
Capital Outlay	365,106	365,106	372,985	(7,879)
	1,651,956	1,635,756	1,517,536	118,220
Total Expenditures				
Excess (Deficiency) of Revenues over/(under) Expenditures	8,423	56,073	403,762	347,689
Other Financing Sources:				
Operating Transfers	(171,108)	(171,108)	(171,108)	-
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(162,685)	(115,035)	232,654	347,689
Fund Balance - Beginning	1,010,187	1,010,187	1,010,187	-
Fund Balance - Ending	\$ 847,502	\$ 895,152	\$ 1,242,841	\$ 347,689

TOWN OF BRIDGEVILLE
STATEMENT OF NET POSITION - ENTERPRISE FUND
JUNE 30, 2017

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 1,058,800
Accounts Receivable	<u>194,994</u>
Total Current Assets	<u>1,253,794</u>
Capital Assets:	
Land	4,111,614
Building	27,798
Equipment	1,669,189
Improvements	18,769,904
Vehicles	109,123
Accumulated Depreciation	<u>(5,568,999)</u>
Total Capital Assets	<u>19,118,629</u>
Total Assets	<u>\$ 20,372,423</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 68,059
Current Portion of Long-Term Debt	<u>266,053</u>
Total Current Liabilities	<u>334,112</u>
Non-Current Liabilities:	
Accrued Sick Leave	20,362
Accrued Vacation Leave	11,893
Long-Term Debt - Net of Current Portion	<u>5,025,899</u>
Total Non-Current Liabilities	<u>5,058,154</u>
Total Liabilities	<u>5,392,266</u>
Deferred Inflows	<u>1,149,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,677,677
Restricted	-
Unrestricted	<u>1,153,480</u>
Total Net Position	<u>13,831,157</u>
Total Liabilities and Net Position	<u>\$ 20,372,423</u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,724,341
Grants	29,870
Miscellaneous	27,374
Interest	8,288
	<hr/>
Total Operating Revenues	1,789,873
	<hr/>
Operating Expenses:	
Health Insurance	66,436
Advertising	198
Chemicals	46,378
Depreciation	507,831
Dues	1,411
Engineering Fees	23,803
Equipment - Purchase/Rental	17,931
Testing Fees	22,304
Sludge Disposal	5,359
Insurance	38,587
Continuing Education	424
Interest Expense	181,220
Leases	46,443
Legal and Auditing	7,126
Maintenance - Buildings/Grounds/Tools	13,705
Newsletter	250
Office Supplies	2,130
Postage	4,389
Payroll Taxes	28,078
Pension Costs	32,761
Repairs	89,828
Salary Expense	367,082
Supplies	8,998
Uniform Expense	2,787
Utilities - Electric	98,640
Utilities - Gas	12,607
Utilities - Telephone	8,530
Miss Utility Locates	802
Vehicle Expense	13,311
	<hr/>
Total Operating Expenses	1,649,349
	<hr/>
Operating Income (Loss)	140,524
	<hr/>
Other Income:	
Operating Transfers	171,108
	<hr/>
Net Income	311,632
	<hr/>
Net Position - Beginning	13,519,525
	<hr/>
Net Position - Ending	\$ 13,831,157
	<hr/> <hr/>

TOWN OF BRIDGEVILLE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT I

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,636,649
Cash Received from Grants	29,870
Investment Income	8,288
Cash Payments for Interest	(181,220)
Cash Payments to Employees for Services	(493,063)
Cash Payments to Suppliers for Goods and Services	<u>(458,108)</u>
Net Cash Flows from Operating Activities	<u>542,416</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>171,108</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(147,948)
Proceeds from Debt	1,944,479
Retirement of Debt	<u>(2,209,189)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(412,658)</u>
Net Increase in Cash	300,866
Cash - Beginning	<u>757,934</u>
Cash - Ending	<u>\$ 1,058,800</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 140,524
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	507,831
Change in Accounts Receivable	13,934
Change in Accounts Payable	7,833
Change in Deferred Inflow	(129,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>1,294</u>
Net Cash Flows from Operating Activities	<u>\$ 542,416</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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 I - 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, 2017

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, 2017, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 58,542
General Fund Savings	<u>1,470,126</u>
 <u>TOTAL GENERAL FUND</u>	 1,528,668
 Water and Sewer Savings	 <u>854,685</u>
 <u>TOTAL CASH IN BANK (Per Bank Statements)</u>	 <u>\$ 2,383,353</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>500,000</u>
Uncollateralized	\$ <u>-</u>
 Collateralized by securities held by the pledging financial institution's trust department but not in the Town's name.	 <u>\$ 1,883,353</u>

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$ 192,705
Demolition/Code Enforcement	24,957
Transfer Tax	26,825
PILOT	3,468
Property Tax	8,747
Legal Fees	2,762
Engineering Fees	2,290
Police Overtime	825
Miscellaneous	<u>21,314</u>
 <u>TOTAL</u>	 <u>\$ 283,893</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the bond issue had a balance of \$16,046,000.

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	\$ 266,220	\$ -	\$ -	\$ 266,220
Land - Water and Sewer	4,077,122	34,492	-	4,111,614
Buildings	271,483	31,338	-	302,821
Equipment	373,085	28,725	(37,759)	364,051
Improvements	622,599	282,316	-	904,915
Vehicles	581,404	30,606	(142,184)	469,826
Water and Sewer Improvements	<u>20,462,558</u>	<u>113,456</u>	<u>-</u>	<u>20,576,014</u>
TOTALS	\$ <u>26,654,471</u>	\$ <u>520,933</u>	\$ <u>(179,943)</u>	\$ <u>26,995,461</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	\$ 80,820	\$ 7,185	\$ -	\$ 88,005
Equipment	298,032	28,557	(37,759)	288,830
Improvements	160,531	29,270	-	189,801
Vehicles	484,953	23,279	(142,184)	366,048
Water and Sewer Improvements	<u>5,061,168</u>	<u>507,831</u>	<u>-</u>	<u>5,568,999</u>
TOTALS	\$ <u>6,085,504</u>	\$ <u>596,122</u>	\$ <u>(179,943)</u>	\$ <u>6,501,683</u>

NET CAPITAL ASSETS \$ 20,493,778

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

Governmental Activities:	
General Government	\$ 37,686
Police	44,392
Streets	6,213
Water and Sewer	<u>507,831</u>
Total Depreciation Expense	<u>\$ 596,122</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

EXHIBIT J
PAGE 8

NOTE 6 - DEBT:

Debt consists of the following:

General Obligation Bond payable to USDA Rural Development in the total amount of \$829,100. Paid in quarterly installments of \$11,202 including interest of 4.5%. Loan matures on June 25, 2036. Water system upgrades	\$ 569,175
General Obligation Bond payable to DNREC in the total amount of \$1,156,162. Paid in semi-annual installments of \$26,281 including interest of 2%. Loan matures on September 1, 2047. Sewer system upgrades	1,151,017
General Obligation Bond payable to DNREC in the total amount of \$807,039. Paid in semi-annual installments of \$25,327 including interest of 2%. Loan matures on September 1, 2037. Sewer system upgrades	793,462
General Obligation Bond payable to DNREC in the total amount of \$750,000. Paid in semi-annual installments of \$21,188 including interest of 3.672%. Loan matures on November 11, 2027. Sewer system equipment	366,455
General Obligation Bond payable to DNREC in the total amount of \$2,700,000. Paid in semi-annual installments of \$93,190 including interest of 2.7%. Loan matures on December 20, 2025. Sewer system upgrades	1,356,126
General Obligation Bond payable to DNREC in the total amount of \$1,194,300. Paid in semi-annual installments of \$34,408 including interest of 1.5%. Loan matures on November 1, 2034. Water system upgrades	<u>1,055,717</u>
<u>TOTAL DEBT</u>	5,291,952
Less: Current Portion	<u>(266,053)</u>
<u>TOTAL LONG-TERM DEBT</u>	<u>\$ 5,025,899</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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>
2018	\$ -	\$ -	\$ 266,053	\$ 179,542
2019	-	-	324,071	121,525
2020	-	-	332,447	113,149
2021	-	-	341,059	104,536
2022	-	-	349,916	95,680
2023 - 2027	-	-	1,541,502	342,807
2028 - 2032	-	-	908,117	197,269
2033 - 2037	-	-	759,677	105,317
2038 - 2042	-	-	225,340	37,470
2043 - 2047	-	-	243,770	19,040
2048 - 2052	-	-	-	-
<u>TOTALS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,291,952</u>	<u>\$ 1,316,335</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>
Rural Development	\$ 587,846	\$ -	\$ (18,671)	\$ 569,175
Rural Development	807,039	-	(807,039)	-
Rural Development	1,156,162	-	(1,156,162)	-
State of Delaware	394,597	-	(28,142)	366,455
State of Delaware	1,502,912	-	(146,786)	1,356,126
State of Delaware	1,108,106	-	(52,389)	1,055,717
State of Delaware	-	793,462	-	793,462
State of Delaware	-	1,151,017	-	1,151,017
<u>TOTALS</u>	<u>\$ 5,556,662</u>	<u>\$ 1,944,479</u>	<u>\$ (2,209,189)</u>	<u>\$ 5,291,952</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

EXHIBIT J
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NOTE 7 - PENSION PLAN:

The Town contributes to two pension plans. The first is 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, 2017, the Town contributed \$58,806 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 1st of each year. Employer contributions for June 30, 2016 (the latest actuarial valuation date) were at the rate of 13.9% 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, 2017, the Town contributed \$38,987 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 and payable in accordance with the terms of the plan.

Investments - Investments are reported at fair value.

The collective total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions:

<u>Actuarial Assumptions</u> - Investment rate of return/discount rate	7.2%
Projected salary increases	2.5% + Merit
Cost of living adjustments	N/A
Inflation rate included	2.5%

NOTE 7 - PENSION PLAN (CONTINUED):

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 2016. 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 RP-2014 combined Mortality Table with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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%	34.0%
International Equity	5.7%	14.7%
Fixed Income	2.0%	25.0%
Alternative Investments	7.8%	20.9%
Cash and Equivalents	-	5.4%

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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Town's net pension liability, calculated using a single discount rate of 7.2%, as well as what the Town's net pension liability would be if it were calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher:

1% Decrease	\$ 276,662
Current Discount Rate	\$ 69,540
1% Increase	\$ (99,251)

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

EXHIBIT J
PAGE 12

NOTE 7 - PENSION PLAN (CONTINUED):

Collective Deferred Outflows of Resources and Deferred Inflows of Resources - The following presents a summary of deferred outflows of resources and deferred inflows of resources that will be recognized in pension expense each year.

	2016	2016	2015	2014	2015	2016	2017
	Difference	Difference	Difference	Net Difference	Net Difference	Net Difference	Pension
	Between	Between	Between	Between Projected	Between Projected	Between Projected	Contribution
	Expected and	Expected and	Expected and	and Actual	and Actual	and Actual	Subsequent to
	Actual	Actual	Actual	Earnings on Pension	Earnings on Pension	Earnings on Pension	Actuarial
Year Ending June 30:	Experience Outflow	Experience Inflow	Experience	Plan Investment	Plan Investment	Plan Investment	Valuation
2018	\$ 1,319	\$ (2,032)	\$ (1,316)	\$ (18,236)	\$ 8,043	\$ 21,067	\$ 38,987
2019	1,319	(2,032)	(1,316)	-	8,035	21,067	-
2020	1,319	(2,031)	(1,316)	-	-	21,067	-
2021	1,319	(2,031)	(1,316)	-	-	-	-
2022	1,319	(2,031)	(1,316)	-	-	-	-
2023	1,319	(2,031)	(1,316)	-	-	-	-
2024	1,320	(2,031)	(1,316)	-	-	-	-
2025	1,320	(2,031)	(1,315)	-	-	-	-
	\$ 10,554	\$ (16,250)	\$ (10,527)	\$ (18,236)	\$ 16,078	\$ 63,201	\$ 38,987

The total amounts to be recognized in pension expense are as follows:

Year Ending June 30:

2018	\$ 47,832
2019	27,073
2020	19,039
2021	(2,028)
2022	(2,028)
Thereafter	<u>(6,081)</u>
TOTALS	\$ <u>83,807</u>

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 McArde Building, Suite #1, 860 Silver Lake Boulevard, Dover, DE 19904-2402, or via the internet at www.delawarepensions.com/financials.

NOTE 8 - 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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

EXHIBIT J
PAGE 13

NOTE 9 - 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%.

The Town has also entered into an agreement with Sussex County to provide a wastewater treatment plant operator to take charge of the Town's plant. The County is currently performing a feasibility study for a Western Sussex regional wastewater facility that would include the Town of Bridgeville and surrounding communities. Should the regional facility come to fruition, the Town would no longer provide wastewater treatment services.

NOTE 10 - 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	\$ 1,278,000
Fees Used	<u>(129,000)</u>
Prepaid Fees - Ending	\$ <u>1,149,000</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
JUNE 30, 2017

TOWN OF BRIDGEVILLE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM-POLICE
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	0.4375%	0.5050%	0.4907%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 69,540	\$ (26,616)	(53,082)
Town's Covered-Employee Payroll	\$ 339,617	\$ 341,231	363,668
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	20.48%	0.00%	0.00%
Plan Fiduciary Net Postion as a Percentage of the Total Pension Liability	95.00%	102.00%	104.00%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, pension plans should present information for those years for which information is available.

TOWN OF BRIDGEVILLE
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM-POLICE
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 38,987	\$ 44,143	\$ 50,843
Contributions in Relation to the Contractually Required Contribution	<u>(38,987)</u>	<u>(44,143)</u>	<u>(50,843)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's Covered-Employee Payroll	\$ <u>339,617</u>	\$ <u>341,231</u>	\$ <u>363,668</u>
Contributions as a Percentage of Covered-Employee Payroll	11.48%	12.94%	13.98%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is completed, pension plans should present information for those years for which information is available.

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
REVENUES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE C

2017

	<u>Budgeted Amounts</u>		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/16
	<u>Original</u>	<u>Final</u>			
GOVERNMENTAL ACTIVITIES:					
Building Permits	\$ 100,000	\$ 75,000	\$ 101,200	\$ 26,200	\$ 91,199
Emergency Services	20,429	20,429	20,429	-	17,139
Newsletter Ads	4,000	4,000	4,025	25	3,875
Property Tax	658,450	714,200	714,244	44	675,023
Quarterly/Supplemental Taxes	15,000	10,000	10,288	288	17,635
Property Tax Penalties	4,000	1,500	2,800	1,300	2,732
Transfer Tax	225,000	169,200	341,181	171,981	381,811
Payments in Lieu of Taxes	32,900	33,500	33,521	21	32,877
Sussex County Council - Grant	-	30,000	30,000	-	25,000
Interest	800	1,200	6,637	5,437	2,407
Grass Cutting	-	250	210	(40)	403
Miscellaneous Fees	6,500	15,000	22,661	7,661	178,565
Fines	70,000	77,000	75,790	(1,210)	84,616
Federal and State Grants	378,800	378,400	395,523	17,123	179,082
Police Pension Fund	20,000	30,000	31,786	1,786	35,548
Miscellaneous	97,500	105,150	104,303	(847)	1,694
Contractor Licenses	8,500	8,500	8,600	100	8,650
Rental Licenses	18,500	18,500	18,100	(400)	18,725
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,660,379</u>	<u>1,691,829</u>	<u>1,921,298</u>	<u>229,469</u>	<u>1,756,981</u>
BUSINESS-TYPE ACTIVITIES:					
Fire Lines	12,300	12,300	12,300	-	12,300
Water/Sewer Inspection Fees	2,250	1,750	2,250	500	2,200
Sewer Rents	590,000	590,000	601,898	11,898	584,117
Fats, Oils, Grease Fees	1,600	1,600	1,600	-	1,600
Sewer Rent - Industrial	95,000	95,000	106,613	11,613	94,269
Sewer Fee Penalties	3,000	3,000	3,069	69	3,760
Town of Greenwood	226,750	208,500	206,029	(2,471)	269,447
Water Rent	280,000	270,000	269,455	(545)	271,672
Water Meter Rent	140,250	145,000	148,684	3,684	144,734
Water Meter Pit Fees	33,450	26,350	34,505	8,155	32,430
Water Fee Penalties	3,000	3,000	2,888	(112)	3,809
Tapping Fees	4,500	3,500	4,400	900	5,100
Impact Fees	-	-	326,000	326,000	139,500
Connection Fees	4,500	3,800	4,650	850	4,350
Interest	800	1,400	8,288	6,888	3,893
Miscellaneous Fees	66,000	75,000	57,244	(17,756)	37,524
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,463,400</u>	<u>1,440,200</u>	<u>1,789,873</u>	<u>349,673</u>	<u>1,610,705</u>
TOTAL REVENUE	<u>\$ 3,123,779</u>	<u>\$ 3,132,029</u>	<u>\$ 3,711,171</u>	<u>\$ 579,142</u>	<u>\$ 3,367,686</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE D
PAGE 1

	2017				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/16
	Original	Final			
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT:					
Advertising	\$ 4,000	\$ 4,000	\$ 4,843	\$ (843)	\$ 4,227
Travel	200	200	182	18	167
Continuing Education	1,500	1,500	149	1,351	500
SCAT Meetings	4,500	4,500	2,755	1,745	3,187
Code Enforcement	10,000	10,000	1,195	8,805	8,490
Code Update	5,000	2,500	2,223	277	2,257
Health Insurance	24,000	23,150	16,753	6,397	21,529
Capital Outlay	-	-	8,715	(8,715)	12,750
Donations	2,000	2,000	2,000	-	2,000
Dues	3,500	4,000	2,997	1,003	2,248
Service Charges	2,100	2,500	2,537	(37)	2,038
Economic Development	20,000	20,000	20,214	(214)	15,320
Engineering	-	31,000	-	31,000	-
Equipment - Purchase/Rental	8,500	7,000	5,230	1,770	1,984
Insurance	12,300	10,000	9,873	127	11,478
Leases	5,500	6,000	6,189	(189)	5,330
Legal and Auditing	12,000	14,000	19,382	(5,382)	10,410
Maintenance - Buildings/Grounds/Tools	5,000	2,500	2,822	(322)	2,472
Newsletter	4,500	4,500	3,791	709	4,311
Office Supplies	5,000	4,000	2,514	1,486	4,279
Postage	1,500	2,000	2,123	(123)	2,174
Payroll Taxes	10,050	10,300	11,324	(1,024)	10,854
Pension Costs	13,000	13,000	10,328	2,672	11,944
Ditch Tax - Annual	1,900	1,900	1,865	35	1,865
Repairs	1,500	1,000	160	840	2,749
Salaries	131,150	129,800	137,139	(7,339)	119,170
Special Recognitions	2,000	3,000	2,495	505	1,543
Supplies	1,500	2,500	3,228	(728)	1,574
Employment	1,500	1,000	634	366	780
Utilities - Electric	7,000	6,000	5,247	753	4,725
Utilities - Gas	1,300	1,000	904	96	723
Utilities - Telephone	10,000	7,500	6,769	731	7,008
Vehicle Fuel	1,600	1,500	1,281	219	1,321
Vehicle Expense	2,000	2,000	1,525	475	1,093
TOTAL GENERAL GOVERNMENT	315,600	335,850	299,386	36,464	282,500
POLICE:					
Advertising	500	500	384	116	443
Health Insurance	71,550	53,050	53,225	(175)	69,462
Capital Outlay	50,606	50,606	61,943	(11,337)	53,104
Donations	400	400	175	225	175
Dues	550	550	395	155	330
Equipment Purchase/Rental	1,500	1,000	-	1,000	4,295
Insurance	44,400	41,750	40,905	845	44,368
SALLE	4,500	3,900	1,987	1,913	7,722
Leases, Maintenance Agreements	1,000	1,000	1,070	(70)	1,330
Legal and Auditing	4,000	4,000	3,200	800	3,283
Maintenance - Buildings/Grounds/Tools	1,500	1,000	1,703	(703)	1,108
Office Supplies	1,500	1,500	662	838	1,217
Postage	1,500	1,500	825	675	843
Payroll Taxes	32,800	32,150	30,247	1,903	31,873
Pension Costs	47,150	35,850	40,062	(4,212)	43,596
Repairs	2,000	1,500	734	766	714
Salaries	354,250	350,600	339,617	10,983	341,231
Salaries - Overtime, Part-time	75,300	75,500	69,117	6,383	75,607
EIDE	4,000	7,400	1,770	5,630	3,956
Supplies	10,000	36,000	29,735	6,265	30,591
Uniforms	9,000	8,000	4,437	3,563	1,151
Utilities - Electric	4,000	4,000	3,967	33	3,768
Utilities - Gas	2,000	2,000	1,375	625	1,254
Utilities - Telephone	11,500	10,000	8,088	1,912	10,479
Vehicle Fuel	25,000	20,000	16,773	3,227	20,103
Vehicle Expense	22,000	20,000	16,215	3,785	19,348
TOTAL POLICE	782,506	763,756	728,611	35,145	771,351

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE D
PAGE 2

	2017				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/16
	Original	Final			
STREETS:					
Advertising	\$ 100	\$ 100	\$ 29	\$ 71	\$ -
Grass Cutting Expense	1,200	1,700	1,860	(160)	1,186
Health Insurance	10,300	10,350	10,425	(75)	10,154
Capital Outlay	314,500	314,500	282,317	32,183	33,716
Community Transportation	-	-	2,500	(2,500)	35,000
Engineering Fees	1,000	1,000	-	1,000	683
Equipment Purchase/Rental	1,000	1,000	470	530	701
Insurance	9,400	8,500	8,878	(378)	8,909
Leases/Maintenance Agreements	-	9,000	9,000	-	-
Legal and Auditing	3,500	3,500	3,320	180	3,200
Maintenance - Buildings/Grounds/Tools	4,000	4,000	4,453	(453)	1,199
Office Supplies	500	1,000	458	542	144
Payroll Taxes	4,750	4,000	4,324	(324)	4,422
Permits	50	50	20	30	20
Pension Costs	10,100	10,100	10,724	(624)	8,471
Repairs	7,000	6,400	7,896	(1,496)	5,600
Salaries	56,500	46,400	46,415	(15)	49,424
Salaries - Overtime	5,500	5,500	1,604	3,896	3,760
Snow Removal	13,000	13,000	4,004	8,996	8,092
Supplies	2,500	1,500	2,563	(1,063)	1,320
Tree Removal	2,000	3,600	3,600	-	-
Uniforms	750	750	708	42	569
Utilities - Electric	95,000	75,000	73,583	1,417	75,312
Utilities - Gas	700	700	527	173	479
Utilities - Telephone	2,500	2,500	2,184	316	2,477
Vehicle Fuel	2,500	2,000	1,515	485	1,532
Vehicle Expense	5,500	10,000	6,162	3,838	6,048
TOTAL STREETS	553,850	536,150	489,539	46,611	262,418
TOTAL GOVERNMENTAL ACTIVITIES	1,651,956	1,635,756	1,517,536	118,220	1,316,269
BUSINESS-TYPE ACTIVITIES					
WASTEWATER:					
Advertising	200	300	198	102	210
Continuing Education	250	250	213	37	50
Health Insurance	37,700	39,100	38,828	272	32,234
Chemicals	25,000	20,000	24,291	(4,291)	19,420
Debt Service - Interest	341,500	358,200	135,316	222,884	146,077
Depreciation	-	-	253,915	(253,915)	239,999
Dues	100	150	150	-	100
Engineering Fees	5,000	7,500	22,985	(15,485)	4,396
Equipment - Purchase/Rental	7,500	4,000	4,050	(50)	1,887
Testing Fees	19,700	19,700	21,554	(1,854)	14,448
Sludge Disposal	14,000	14,000	5,359	8,641	12,083
Insurance	26,150	25,250	25,857	(607)	25,689
Leases/Maintenance Agreements	16,500	16,500	13,260	3,240	17,382
Legal and Auditing	18,000	18,000	3,926	14,074	16,484
Maintenance - Buildings/Grounds/Tools	13,000	13,000	10,589	2,411	14,394
Maintenance - Collector System	3,000	2,000	-	2,000	3,525
Office Supplies	1,000	1,000	1,205	(205)	1,018
Postage	2,500	3,000	2,214	786	1,950
Payroll Taxes	15,400	15,450	16,784	(1,334)	15,256
Pension Costs	22,300	22,300	22,298	2	22,310
Permits	150	150	-	150	-
Repairs	25,000	60,000	79,187	(19,187)	45,901
Salaries	207,300	207,300	206,442	858	187,923
Salaries - Overtime	8,500	8,500	7,467	1,033	7,157
Supplies	1,400	1,400	1,554	(154)	1,223
Uniforms	1,500	1,500	1,417	83	1,180
Utilities - Electric	75,000	75,000	71,564	3,436	71,434
Utilities - Gas	15,000	13,000	12,080	920	12,948
Utilities - Telephone	6,000	6,000	5,373	627	5,155
Miss Utility Locates	500	500	401	99	420
Vehicle Fuel	2,200	2,200	2,077	123	1,897
Vehicle Expense	3,000	3,000	3,177	(177)	4,449
TOTAL WASTEWATER	914,350	958,250	993,731	(35,481)	928,599

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	2017				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/16
	Original	Final			
<u>WATER:</u>					
Advertising	\$ 200	\$ 200	\$ -	\$ 200	\$ 381
Continuing Education	350	350	211	139	100
Health Insurance	27,350	28,600	27,608	992	22,060
Chemicals	21,000	21,000	22,087	(1,087)	19,489
Debt Service - Interest	131,500	113,650	45,904	67,746	51,645
Depreciation	-	-	253,916	(253,916)	239,999
Dues	700	800	1,261	(461)	581
Engineering	2,000	2,000	818	1,182	1,050
Equipment - Purchase/Rental	20,000	12,550	13,881	(1,331)	17,150
Testing Fees	850	850	750	100	400
Insurance	13,400	12,900	12,730	170	12,791
Leases	35,000	35,000	33,183	1,817	32,811
Legal and Auditing	3,500	3,500	3,200	300	3,233
Maintenance - Buildings/Grounds/Tools	4,000	3,000	3,116	(116)	3,839
Newsletter	500	500	250	250	250
Office Supplies	1,200	1,200	925	275	1,375
Postage	3,000	3,000	2,175	825	1,950
Payroll Taxes	10,050	10,050	11,294	(1,244)	10,276
Pension Costs	10,500	10,500	10,463	37	9,883
Repairs	5,000	7,000	10,641	(3,641)	5,593
Salaries	137,150	139,650	147,085	(7,435)	124,668
Salaries - Overtime	8,500	8,500	6,088	2,412	7,308
Supplies	9,000	9,000	7,444	1,556	6,227
Uniforms	1,500	1,500	1,370	130	638
Utilities - Gas	900	900	527	373	479
Utilities - Electric	25,000	25,000	27,076	(2,076)	23,753
Utilities - Telephone	4,000	4,000	3,157	843	4,766
Miss Utility Locates	500	500	401	99	420
Vehicle Fuel	3,000	2,500	1,699	801	1,376
Vehicle Expense	2,000	5,000	6,358	(1,358)	3,167
<u>TOTAL WATER</u>	<u>481,650</u>	<u>463,200</u>	<u>655,618</u>	<u>(192,418)</u>	<u>607,658</u>
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>1,396,000</u>	<u>1,421,450</u>	<u>1,649,349</u>	<u>(227,899)</u>	<u>1,536,257</u>
<u>TOTAL EXPENDITURES/EXPENSES</u>	<u>\$ 3,047,956</u>	<u>\$ 3,057,206</u>	<u>\$ 3,166,885</u>	<u>\$ (109,679)</u>	<u>\$ 2,852,526</u>

TOWN OF BRIDGEVILLE
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING REVENUES AND EXPENSES
 ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE E

	<u>Wastewater Department</u>	<u>Water Department</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,198,359	\$ 525,982	\$ 1,724,341
Grants	29,870	-	29,870
Miscellaneous	12,375	14,999	27,374
Interest	5,639	2,649	8,288
	<u>1,246,243</u>	<u>543,630</u>	<u>1,789,873</u>
Total Operating Revenues			
Operating Expenses:			
Health Insurance	38,828	27,608	66,436
Advertising	198	-	198
Chemicals	24,291	22,087	46,378
Depreciation	253,915	253,916	507,831
Dues	150	1,261	1,411
Engineering Fees	22,985	818	23,803
Equipment - Purchase/Rental	4,050	13,881	17,931
Testing Fees	21,554	750	22,304
Sludge Disposal	5,359	-	5,359
Insurance	25,857	12,730	38,587
Continuing Education	213	211	424
Interest Expense	135,316	45,904	181,220
Leases	13,260	33,183	46,443
Legal and Auditing	3,926	3,200	7,126
Maintenance - Buildings/Grounds/Tools	10,589	3,116	13,705
Newsletter	-	250	250
Office Supplies	1,205	925	2,130
Postage	2,214	2,175	4,389
Payroll Taxes	16,784	11,294	28,078
Pension Costs	22,298	10,463	32,761
Repairs	79,187	10,641	89,828
Salaries	206,442	147,085	353,527
Salaries - Overtime	7,467	6,088	13,555
Supplies	1,554	7,444	8,998
Uniform Expense	1,417	1,370	2,787
Utilities - Electric	71,564	27,076	98,640
Utilities - Gas	12,080	527	12,607
Utilities - Telephone	5,373	3,157	8,530
Miss Utility Locates	401	401	802
Vehicle Expense	5,254	8,057	13,311
	<u>993,731</u>	<u>655,618</u>	<u>1,649,349</u>
Total Operating Expenses			
Net Operating Income (Loss)	\$ 252,512	\$ (111,988)	\$ 140,524

TOWN OF BRIDGEVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE F

<u>FEDERAL GRANTOR/PASS- THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Environmental Protection Agency/Delaware Department of Natural Resources and Environmental Control		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 793,462
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>1,151,017</u>
<u>Total</u>		<u>\$ 1,944,479</u>

NOTE 1 - BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards includes the federal expenditure activity of the Town of Bridgeville, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Town did not elect to use the 10% de minimis indirect cost rate.

NOTE 2 - DEBT:

The above referenced federal expenditures were made to refinance existing loans to the Town from the State of Delaware. The new loan terms are as follows:

General Obligation Bond for sewer system upgrades payable to DNREC in the total amount of \$807,039. Paid in semi-annual installments of \$25,327 including interest of 2%. Loan matures on September 1, 2037. Balance of \$793,462 as of June 30, 2017.

General Obligation Bond for sewer system upgrades payable to DNREC in the total amount of \$1,156,162. Paid in semi-annual installments of \$26,281 including interest of 2%. Loan matures on September 1, 2047. Balance of \$1,151,017 as of June 30, 2017.

TOWN OF BRIDGEVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE G

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:									
Material weakness(es) identified?	No								
Significant Deficiency(ies) identified that are 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 2CFR section 200.516(a)?	No								
Identification of major program:									
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>CFDA Number</u></th> <th style="text-align: left;"><u>Name of Federal Program or Cluster</u></th> </tr> </thead> <tbody> <tr> <td>66.458</td> <td>Environmental Protection Agency</td> </tr> <tr> <td>66.458</td> <td>Capitalization Grants for Clean Water State Revolving Funds</td> </tr> <tr> <td>66.458</td> <td>Capitalization Grants for Clean Water State Revolving Funds</td> </tr> </tbody> </table>	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	66.458	Environmental Protection Agency	66.458	Capitalization Grants for Clean Water State Revolving Funds	66.458	Capitalization Grants for Clean Water State Revolving Funds	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>								
66.458	Environmental Protection Agency								
66.458	Capitalization Grants for Clean Water State Revolving Funds								
66.458	Capitalization Grants for Clean Water State Revolving Funds								
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000								
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, 2017, 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 30, 2017.

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.

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

Seaford, Delaware
November 30, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on each of the Town of Bridgeville's major federal programs for the year ended June 30, 2017. The Town of Bridgeville's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Seaford, Delaware
November 30, 2017