

TOWN OF BRIDGEVILLE, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2018

TOWN OF BRIDGEVILLE
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RICHARD L. TULL, CPA
TERRENCE JOHNSON, CPA

GARY W. TUTTLE, CPA
ROBERT B. LANK, JR., CPA/PFS
MARK A. JOHNSON, CPA/ABV



LJT SEAFORD
(302) 629-9543
FAX: (302) 629-3501

LJT MILFORD
(302) 422-3308
FAX: (302) 422-4782
SUPPORT@LJTCPA.COM

P.O. BOX 418 • 521 N. MARKET ST. EXT. • SEAFORD, DE 19973
P.O. BOX 253 • 268 MILFORD-HARRINGTON HWY. • MILFORD, DE 19963

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, 2018, 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, 2018, 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 management's discussion and analysis, 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 schedules referred to in the previous paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, those schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, 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
December 28, 2018

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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, 2018

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 3% from 2017 to 2018 (See table below). General Fund net position increased by 23%, while the business-type net position decreased by 1%. The increase in the general fund is mainly attributed to the Town being able to meet operating expenses and fund capital projects with current year revenues and grants, without incurring any substantial new debt.

Town of Bridgeville
Net Position
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
Current and Other Assets	1.86	1.37	1.25	1.25	3.11	2.62	19%
Capital Assets	1.42	1.38	18.57	19.12	19.99	20.50	(2%)
Deferred Outflows	0.07	0.08	-	-	0.07	0.08	(13%)
Total Assets and Deferrals	3.35	2.83	19.82	20.37	23.17	23.20	-
Long-Term Debt	-	-	5.01	5.29	5.01	5.29	(5%)
Other Liabilities	0.18	0.25	.08	0.10	0.26	0.35	(26%)
Deferred Inflows	-	-	1.03	1.15	1.03	1.15	(10%)
Total Liabilities & Deferrals	0.18	0.25	6.12	6.54	6.30	6.79	(7%)
Net Position							
Capital Assets Net of Debt	1.42	1.38	12.53	12.68	13.95	14.06	(1%)
Unrestricted	1.75	1.20	1.17	1.15	2.92	2.35	24%
Total Net Position	3.17	2.58	13.70	13.83	16.87	16.41	3%

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Town's total revenues (excluding transfers) decreased by 9% to \$3.39 million (See table below). Revenue from business-type activities decreased by 9% to \$1.62 million, which is mainly attributable to a decrease in impact fees and other charges. Governmental revenues decreased by 8% to \$1.77 million, which is mainly attributable to decreased federal and state grants and various other revenue line items.

The total cost of all programs and services increased by 1% to \$2.93 million. The costs of business-type activities decreased by 2% to \$1.61 million. The cost of governmental-type activities increased by 5% to \$1.32 million. This increase was attributable to various line item expense increases.

Town of Bridgeville
Change in Net Position
(in millions)

	Governmental		Business-Type		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
Program Revenue							
Fees, Fines, Services	0.33	0.37	1.59	1.76	1.92	2.13	(10%)
Operating Grants	0.18	0.16	-	0.03	0.18	0.19	(5%)
Capital Grants	0.01	0.27	-	-	0.01	0.27	(96%)
General Revenue							
Taxes	1.24	1.12	-	-	1.24	1.12	11%
Investment Income	0.01	-	0.03	-	.04	-	100%
Total Revenue	1.77	1.92	1.62	1.79	3.39	3.71	(9%)
Program Expenses							
General	0.35	0.34	-	-	0.35	0.34	3%
Police	0.74	0.71	-	-	0.74	0.71	4%
Streets	0.23	0.21	-	-	0.23	0.21	10%
Water and Sewer	-	-	1.61	1.65	1.61	1.65	(2%)
Total Expenses	1.32	1.26	1.61	1.65	2.93	2.91	1%
Excess (Deficiency)	0.45	0.66	0.01	0.14	0.46	0.80	(43%)
Transfers In/(Out)	0.14	(0.17)	(0.14)	0.17	-	-	-
Change in Net Position	0.59	0.49	(0.13)	0.31	0.46	0.80	(43%)
Net Position - Beginning	2.58	2.09	13.83	13.52	16.41	15.61	5%
Net Position - Ending	3.17	2.58	13.70	13.83	16.87	16.41	3%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.77 million exceeded budgeted revenues of \$1.46 million by \$0.31 million (21%). This favorable variance was primarily the result of unbudgeted transfer tax revenue.

General fund actual expenditures of \$1.38 million were less than the budgeted expenditures of \$1.57 million by \$0.19 million (12%). This favorable variance is mainly due to budgeted but uncompleted capital projects.

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, 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	
	2018	2017	2018	2017	2018	2017
Land	0.27	0.27	4.11	4.11	4.38	4.38
Buildings	0.29	0.21	0.01	0.01	0.30	0.22
Equipment	0.07	0.08	1.10	1.16	1.17	1.24
Improvements	0.67	0.72	-	-	0.67	0.72
Vehicles	0.12	0.10	-	-	0.12	0.10
Water and Sewer	-	-	13.35	13.84	13.35	13.84
Total Capital Assets	1.42	1.38	18.57	19.12	19.99	20.50

Note 4 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	
	2018	2017	2018	2017	2018	2017
Rural Development - Sewer Bonds	-	-	0.55	0.57	0.55	0.57
State of Delaware	-	-	0.34	0.37	0.34	0.37
State of Delaware	-	-	1.20	1.36	1.20	1.36
State of Delaware	-	-	1.00	1.05	1.00	1.05
State of Delaware	-	-	0.78	0.79	0.78	0.79
State of Delaware	-	-	1.14	1.15	1.14	1.15
Total Debt	-	-	5.01	5.29	5.01	5.29

Note 5 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, 2018

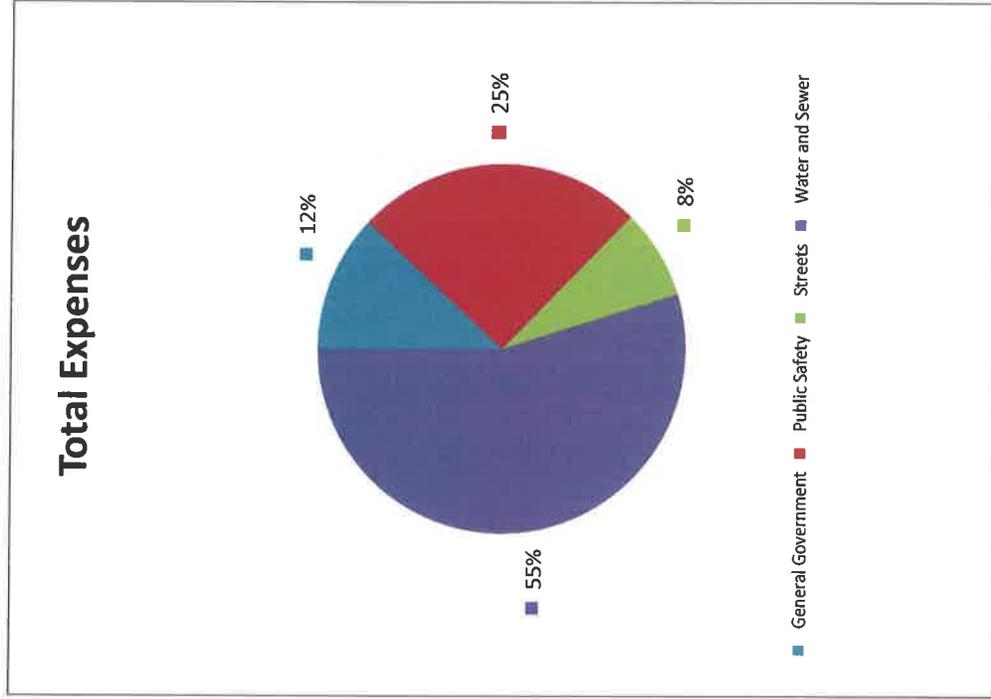
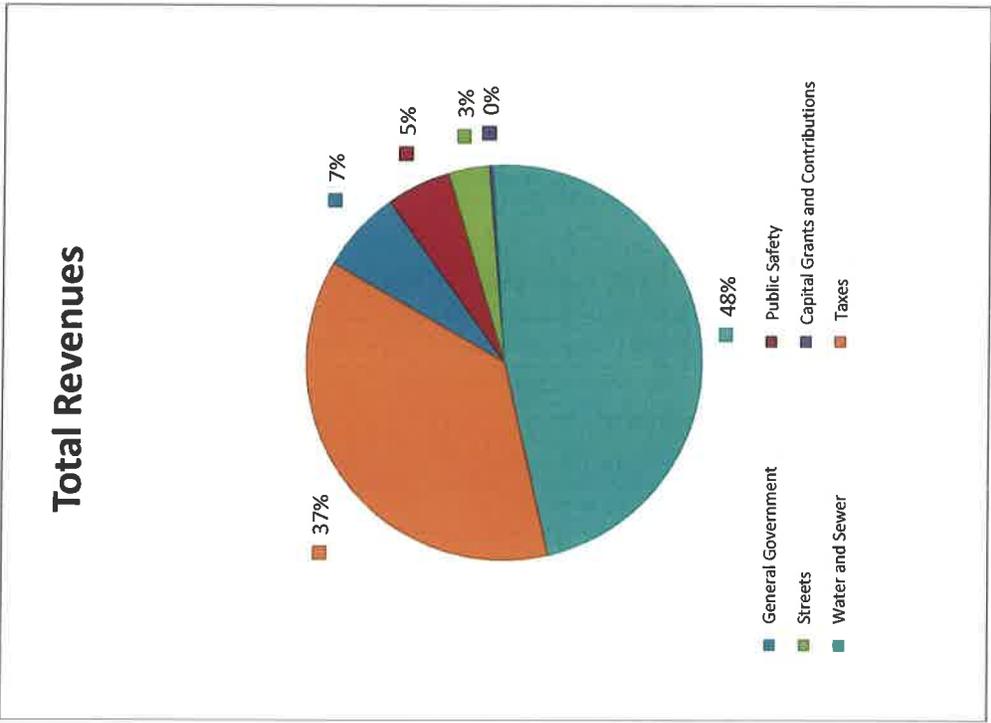
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town remains committed to providing quality services to residents at affordable rates. Capital investments are important for the fiscal stability of the Town. The transition to the Western Sussex Wastewater District is well underway and the parties involved continue to meet regularly to finish the planning phase of the project. The new police department should be fully constructed during the next fiscal year. Town growth remains steady, which was a factor, among others, in preparing the budget for FY2019. We will continue to set aside realty transfer tax receipts in an effort to fully fund a much-needed capital improvement program. Water, sewer and tax rates appear to be sufficient for current services provided and, therefore, were unchanged. The FY2019 budget, as approved, shows an increase of 2.58%. The General Fund, consisting of the Administrative, Police and Street Departments, represents 50% of the budget. The Enterprise Fund, which includes the Water and Wastewater Departments, equals 50% of the budget.

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, 2018



TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,726,609	\$ 1,060,061	\$ 2,786,670
Accounts Receivable	142,802	187,172	329,974
Capital Assets:			
Land	266,220	4,111,614	4,377,834
Buildings	383,688	27,798	411,486
Equipment	384,752	1,679,565	2,064,317
Improvements	908,315	18,719,904	19,628,219
Vehicles	337,090	109,123	446,213
Accumulated Depreciation	<u>(865,041)</u>	<u>(6,080,054)</u>	<u>(6,945,095)</u>
Total Assets	<u>3,284,435</u>	<u>19,815,183</u>	<u>23,099,618</u>
Deferred Outflow of Resources	<u>67,855</u>	<u>-</u>	<u>67,855</u>
Total Assets and Deferred Outflows	<u>\$ 3,352,290</u>	<u>\$ 19,815,183</u>	<u>\$ 23,167,473</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 59,450	\$ 36,820	\$ 96,270
Accrued Wages	28,846	-	28,846
Non-Current Liabilities:			
Net Pension Liability	34,740	-	34,740
Accrued Vacation Leave	57,891	14,920	72,811
Accrued Sick Leave	2,651	31,104	33,755
Due within one year	-	339,250	339,250
Due in more than one year	<u>-</u>	<u>4,669,717</u>	<u>4,669,717</u>
Total Liabilities	<u>183,578</u>	<u>5,091,811</u>	<u>5,275,389</u>
Deferred Inflow of Resources	<u>-</u>	<u>1,032,000</u>	<u>1,032,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	1,415,024	12,526,983	13,942,007
Unrestricted	<u>1,753,688</u>	<u>1,164,389</u>	<u>2,918,077</u>
Total Net Position	<u>\$ 3,168,712</u>	<u>\$ 13,691,372</u>	<u>\$ 16,860,084</u>

TOWN OF BRIDGEVILLE
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 352,243	\$ 175,442	\$ 51,517	\$ -	\$ (125,284)	\$ -	\$ (125,284)
Public Safety	743,709	106,684	67,566	8,850	(560,609)	-	(560,609)
Streets	230,660	50,951	60,696	-	(119,013)	-	(119,013)
Total Governmental Activities	1,326,612	333,077	179,779	8,850	(804,906)	-	(804,906)
<u>Business-Type Activities:</u>							
Water and Sewer	1,610,333	1,588,315	-	-	-	(22,018)	(22,018)
Total Government	\$ 2,936,945	\$ 1,921,392	\$ 179,779	\$ 8,850	(804,906)	(22,018)	(826,924)
General Revenues:							
Taxes							
Property Taxes, Penalties, and Interest		788,544					788,544
Transfer Tax		447,501					447,501
Investment Income		17,631				22,261	39,892
Transfer In/(Out)		140,028				(140,028)	-
Total General Revenues		1,393,704				(117,767)	1,275,937
Change in Net Position		588,798				(139,785)	449,013
Net Position - Beginning		2,579,914				13,831,157	16,411,071
Net Position - Ending		\$ 3,168,712				\$ 13,691,372	\$ 16,860,084

TOWN OF BRIDGEVILLE
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2018

EXHIBIT C

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 1,726,609
Accounts Receivable	<u>142,802</u>
 Total Assets	 \$ <u><u>1,869,411</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 59,450
Accrued Wages	<u>28,846</u>
 Total Liabilities	 <u>88,296</u>
Fund Balance:	
Assigned	1,308,087
Unassigned	<u>473,028</u>
 Total Fund Balance	 <u>1,781,115</u>
 Total Liabilities and Fund Balance	 \$ <u><u>1,869,411</u></u>

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

Total Fund Balance	\$ 1,781,115
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.	1,415,024
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.	67,855
The net pension liability is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	(34,740)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds - Compensated Absences.	<u>(60,542)</u>
Net Position of Governmental Activities	\$ <u><u>3,168,712</u></u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 788,544
Transfer Tax	447,501
Charges for Services	113,334
Intergovernmental	188,629
Licenses and Permits	120,279
Investment Income	17,631
Police Pension Fund	31,822
Fines	62,392
Miscellaneous	<u>5,250</u>
Total Revenues	<u>1,775,382</u>
Expenditures:	
Current:	
General Government	291,808
Public Safety	715,764
Streets	226,341
Capital Outlay	<u>143,223</u>
Total Expenditures	<u>1,377,136</u>
Excess of Revenues over Expenditures	398,246
Other Financing Sources:	
Operating Transfers	<u>140,028</u>
Net Change in Fund Balance	538,274
Fund Balance - Beginning	<u>1,242,841</u>
Fund Balance - Ending	<u>\$ 1,781,115</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, 2018

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$	538,274
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Pension plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities		18,848
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.		143,223
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.		(8,200)
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>(103,347)</u>
Change in Net Position of Governmental Activities	\$	<u><u>588,798</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, 2018

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 780,850	\$ 787,150	\$ 788,544	\$ 1,394
Transfer Tax	122,100	133,300	447,501	314,201
Charges for Services	39,500	69,450	113,334	43,884
Intergovernmental	257,000	279,200	188,629	(90,571)
Licenses and Permits	106,000	101,000	120,279	19,279
Investment Income	1,200	2,500	17,631	15,131
Police Pension Fund	20,000	25,000	31,822	6,822
Fines	85,000	60,000	62,392	2,392
Miscellaneous	5,000	5,000	5,250	250
Total Revenues	<u>1,416,650</u>	<u>1,462,600</u>	<u>1,775,382</u>	<u>312,782</u>
Expenditures:				
Current:				
General Government	309,800	321,300	291,808	29,492
Public Safety	741,850	775,300	715,764	59,536
Streets	232,500	233,500	226,341	7,159
Capital Outlay	240,355	240,355	143,223	97,132
Total Expenditures	<u>1,524,505</u>	<u>1,570,455</u>	<u>1,377,136</u>	<u>193,319</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	(107,855)	(107,855)	398,246	506,101
Other Financing Sources:				
Operating Transfers	140,028	140,028	140,028	-
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	32,173	32,173	538,274	506,101
Fund Balance - Beginning	1,242,841	1,242,841	1,242,841	-
Fund Balance - Ending	<u>\$ 1,275,014</u>	<u>\$ 1,275,014</u>	<u>\$ 1,781,115</u>	<u>\$ 506,101</u>

TOWN OF BRIDGEVILLE
STATEMENT OF NET POSITION - ENTERPRISE FUND
JUNE 30, 2018

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 1,060,061
Accounts Receivable	<u>187,172</u>
Total Current Assets	<u>1,247,233</u>
Capital Assets:	
Land	4,111,614
Building	27,798
Equipment	1,679,565
Improvements	18,719,904
Vehicles	109,123
Accumulated Depreciation	<u>(6,080,054)</u>
Total Capital Assets	<u>18,567,950</u>
Total Assets	<u>\$ 19,815,183</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 36,820
Current Portion of Long-Term Debt	<u>339,250</u>
Total Current Liabilities	<u>376,070</u>
Non-Current Liabilities:	
Accrued Sick Leave	31,104
Accrued Vacation Leave	14,920
Long-Term Debt - Net of Current Portion	<u>4,669,717</u>
Total Non-Current Liabilities	<u>4,715,741</u>
Total Liabilities	<u>5,091,811</u>
Deferred Inflows	<u>1,032,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,526,983
Unrestricted	<u>1,164,389</u>
Total Net Position	<u>13,691,372</u>
Total Liabilities and Net Position	<u>\$ 19,815,183</u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,582,955
Miscellaneous	5,360
Interest	<u>22,261</u>
Total Operating Revenues	<u>1,610,576</u>
Operating Expenses:	
Health Insurance	47,761
Advertising	381
Chemicals	38,515
Depreciation	561,055
Dues	791
Engineering Fees	4,694
Equipment - Purchase/Rental	20,424
Testing Fees	19,979
Sludge Disposal	15,528
Insurance	58,727
Continuing Education	795
Interest Expense	124,172
Leases	75,768
Legal and Auditing	8,670
Maintenance - Buildings/Grounds/Tools	15,462
Newsletter	250
Office Supplies	3,333
Postage	6,032
Payroll Taxes	25,654
Pension Costs	35,502
Repairs	103,153
Salary Expense	295,529
Supplies	11,077
Uniform Expense	2,165
Utilities - Electric	98,697
Utilities - Gas	15,223
Utilities - Telephone	8,357
Miss Utility Locates	676
Vehicle Expense	<u>11,963</u>
Total Operating Expenses	<u>1,610,333</u>
Operating Income (Loss)	243
Other Income:	
Operating Transfers	<u>(140,028)</u>
Net Income (Loss)	(139,785)
Net Position - Beginning	<u>13,831,157</u>
Net Position - Ending	<u>\$ 13,691,372</u>

TOWN OF BRIDGEVILLE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT I

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,479,137
Cash Received from Grants	-
Investment Income	22,261
Cash Payments for Interest	(124,172)
Cash Payments to Employees for Services	(390,677)
Cash Payments to Suppliers for Goods and Services	<u>(551,899)</u>
Net Cash Flows from Operating Activities	<u>434,650</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>(140,028)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(10,376)
Proceeds from Debt	-
Retirement of Debt	<u>(282,985)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(293,361)</u>
Net Increase in Cash	1,261
Cash - Beginning	<u>1,058,800</u>
Cash - Ending	<u>\$ 1,060,061</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 243
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	561,055
Change in Accounts Receivable	7,822
Change in Accounts Payable	(31,239)
Change in Deferred Inflow	(117,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>13,769</u>
Net Cash Flows from Operating Activities	<u>\$ 434,650</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 2,300 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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
PAGE 2

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

C. Basis of Presentation (Continued)

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:

- 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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
PAGE 3

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

D. Measurement Focus/Basis of Accounting (Continued)

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.

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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
PAGE 4

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

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%.

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.

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

K. Net Position (Continued)

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.

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

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

N. Fund Balance Classification (Continued)

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.

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 December 28, 2018, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 88,406
General Fund Savings	<u>1,101,755</u>
 <u>TOTAL GENERAL FUND</u>	 1,190,161
 Water and Sewer Savings	 <u>477,388</u>
 <u>TOTAL CASH IN BANK (Per Bank Statements)</u>	 \$ <u>1,667,549</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	\$ 403,455
Uncollateralized	
Collateralized	<u>1,264,094</u>
 <u>TOTAL CASH</u>	 \$ <u>1,667,549</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
PAGE 7

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$	187,172
Demolition/Code Enforcement		47,199
Transfer Tax		48,910
Property Tax		5,583
Legal Fees		2,837
Miscellaneous		38,273
<u>TOTAL</u>	\$	329,974

NOTE 4 - CAPITAL ASSETS:

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

<u>ASSETS</u>				
	Balance Beginning of Year	Additions During Year	Disposals During Year	Balance End of Year
Land - Governmental	\$ 266,220	\$ -	\$ -	\$ 266,220
Land - Water and Sewer	4,111,614	-	-	4,111,614
Buildings	302,821	80,867	-	383,688
Equipment	364,051	20,701	-	384,752
Improvements	904,915	3,400	-	908,315
Vehicles	469,826	38,255	170,991	337,090
Water and Sewer Improvements	20,576,014	10,376	50,000	20,536,390
<u>TOTALS</u>	\$ 26,995,461	\$ 153,599	\$ 220,991	\$ 26,928,069

ACCUMULATED DEPRECIATION

	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 88,006	\$ 6,924	\$ -	\$ 94,930
Equipment	288,830	25,315	-	314,145
Improvements	189,801	44,080	-	233,881
Vehicles	366,048	27,028	170,991	222,085
Water and Sewer Improvements	5,568,999	561,055	50,000	6,080,054
<u>TOTALS</u>	\$ 6,501,684	\$ 664,402	\$ 220,991	\$ 6,945,095

NET CAPITAL ASSETS \$ 19,982,974

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:		
General Government	\$	52,235
Police		46,793
Streets		4,319
Water and Sewer		<u>561,055</u>
Total Depreciation Expense	\$	<u>664,402</u>

NOTE 5 - 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	\$	549,654
General Obligation Bond payable to DNREC in the total amount of \$1,156,162. Paid in semi-annual installments of \$25,165 including interest of 1%. Loan matures on September 1, 2047. Sewer system upgrades		1,136,923
General Obligation Bond payable to DNREC in the total amount of \$807,039. Paid in semi-annual installments of \$24,165 including interest of 1%. Loan matures on September 1, 2037. Sewer system upgrades		777,231
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		337,270
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		1,205,350
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>1,002,539</u>
<u>TOTAL DEBT</u>		5,008,967
Less: Current Portion		<u>(339,250)</u>
<u>TOTAL LONG-TERM DEBT</u>	\$	<u>4,669,717</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - DEBT (CONTINUED):

Maturities of debt subsequent to year end are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ -	\$ 339,250	\$ 101,790
2020	-	-	347,128	93,913
2021	-	-	355,224	85,817
2022	-	-	363,546	77,494
2023	-	-	372,102	68,939
2024 - 2028	-	-	1,429,147	224,819
2029 - 2033	-	-	947,253	135,358
2034 - 2038	-	-	578,625	32,520
2039 - 2043	-	-	243,238	8,416
2044 - 2048	-	-	33,454	286
2049 - 2053	-	-	-	-
TOTALS	\$ -	\$ -	\$ 5,008,967	\$ 829,352

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	\$ 569,175	\$ -	\$ (19,521)	\$ 549,654
State of Delaware	1,151,017	-	(14,094)	1,136,923
State of Delaware	793,462	-	(16,231)	777,231
State of Delaware	366,455	-	(29,185)	337,270
State of Delaware	1,356,126	-	(150,776)	1,205,350
State of Delaware	1,055,717	-	(53,178)	1,002,539
TOTALS	\$ 5,291,952	\$ -	\$ (282,985)	\$ 5,008,967

NOTE 6 - 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, 2018, the bond issue had a balance of \$15,090,000.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - RISK AND INSURANCE COVERAGE:

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

NOTE 8 - ASSIGNED FUND BALANCE:

Assigned Fund Balance is available for the following purposes:

	<u>General</u>
Emergency Fund	\$ 26,303
Library	1,502
HSSTD	32,292
Children's Sanc. Park	6,344
Reserve - Admin Dept.	216,202
Reserve - Police Dept.	267,572
Reserve - Street	60,143
Charity Golf Tournament	1,987
Deferred Revenue - Transfer Tax	<u>695,742</u>
 <u>TOTALS</u>	 \$ <u>1,308,087</u>

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. The County would assume all assets and liabilities of the treatment operation.

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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - DEVELOPMENT IMPROVEMENTS AND SERVICES AGREEMENT (CONTINUED):

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	\$ 1,149,000
Fees Used	<u>(117,000)</u>
Prepaid Fees - Ending	\$ <u>1,032,000</u>

NOTE 11 - PENSION PLAN:

A. Plan Descriptions and Contribution Information

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, 2018, the Town contributed \$56,681 to the plan.

The second plan is the County and Municipal Police and Firefighters' Pension Plan (Police and Firefighter Plan), which is a cost sharing multiple employer defined benefit plan established in the Delaware Code (collectively the Plan). The Plan is administered by the Delaware Public Employees' Retirement System (DPERS).

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

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

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
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NOTE 11 - PENSION PLAN (CONTINUED):

Employee pension contributions of 3% of total gross pay begin after employee earnings exceed \$6,000 in a calendar year.

The Town received a grant in amount of \$31,822 from the State of Delaware to be used to fund the Town's share of the Police and Firefighter Plan.

During the year ended June 30, 2018, the Town contributed \$38,738 to the plan.

There are 2 inactive employees who are either receiving, or who are entitled to receive benefit payments, and 7 active, covered employees.

A. Plan Descriptions and Contribution Information (Continued)

Separately issued financial statements from DPERS are available from the pension office at McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, DE 19904-2402, or via the internet at <https://open.omb.delaware.gov/Financials.shtml>.

The following is a brief description of the Plan in effect as of June 30, 2017, the latest report available for the Plan. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Plan Description and Eligibility

The plan covers police officers and firefighters employed by a county or municipality of the State that joined the Plan.

Service Benefits

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 (excluding overtime and special pay)

Vesting - Five years of credited service.

Retirement

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

Disability Benefits

Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents

Duty- Partial Disability - Calculated the same as Service benefits, subject to minimum 50% of final average compensation

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - PENSION PLAN (CONTINUED):

Non-Duty - Same as Service Benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation

Survivor Benefits

If employee is receiving a pension, then eligible survivor receives 50% of pension. If employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

B. Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The allocation percentages used are based on the ratio of each employer's contribution over the total employer contributions during the measurement period July 1, 2016 through June 30, 2017, adjusted to remove contributions to separately finance specific liabilities of an individual employer. Employer contributions to the plan are recognized when due pursuant to legal requirements. The Board of Pension Trustees determines employer contributions. Employer contributions were 13.8% of earnings for the fiscal year 2017 for the Police and Firefighter Plan.

C. Collective Net Pension Liability and Actuarial Information

Employers' Total Pension Liability	\$ 1,157,678
Plan Net Position	<u>1,122,938</u>
 Total Net Pension Liability	 \$ <u>34,740</u>

The Town's proportionate percentage of the collective net pension liability for The Police and Firefighter Plan is 0.3446%.

Actuarial Assumptions - 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. The actuarial valuation used the following actuarial assumptions:

Investment rate of return/discount rate	7.0%
Projected salary increases	2.5% + Merit
Cost of living adjustments	-
Inflation (included in above percentages)	2.5%

The total pension liability is measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. 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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - PENSION PLAN (CONTINUED):

Mortality assumptions are based on the RP-2014 tables 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 COLAs) 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 weighting 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 class included in the Plan's current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Asset Allocation</u>
Domestic Equity	5.7%	33.5%
International Equity	5.7%	13.7%
Fixed Income	2.0%	26.6%
Alternative Investments	7.8%	22.7%
Cash and Equivalents	-	3.5%

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The change in the discount rate assumption to 7.0% from 7.2% was due to an action by the Board of Trustees in Fiscal Year 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability, calculated using the discount rate of 7.0% as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ 219,683	\$ 34,740	\$ (115,844)

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

EXHIBIT J
PAGE 15

NOTE 11 - PENSION PLAN (CONTINUED):

D. Deferred Outflows of Resources, Deferred Inflows of Resources and Net Pension Liability

The following presents a summary of changes in the deferred outflows of resources, deferred inflows of resources and net pension liability:

	Measurement Period Ending <u>June 30,</u>	Amortization Period	Balance Beginning of Year	<u>Additions</u>	<u>Deductions</u>	Balance End of Year
Deferred Outflows of Resources:						
Difference Between Expected and Actual Experience	2016	10 Years	\$ 10,554	\$ -	\$ (1,319)	\$ 9,235
Changes of Assumptions	2017	10 Years	-	32,589	(6,518)	26,071
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2017 2016 2015 2014	5 Years 5 Years 5 Years 5 Years	- 63,201 16,078 (18,236)	(37,975) - - -	15,190 (21,067) (8,043) 18,236	(22,785) 42,134 8,035 -
Year Ending Contribution	N/A	N/A	38,987	38,738	(38,987)	38,738
Total Deferred Outflows of Resources			\$ <u>110,584</u>	\$ <u>33,352</u>	\$ <u>(42,508)</u>	\$ <u>101,428</u>
Deferred Inflows of Resources:						
Difference between Expected and Actual Experience	2017 2015	10 Years 11 Years	\$ - (10,527)	\$ (14,236) -	\$ 2,866 2,632	\$ (11,460) (7,895)
Changes of Assumptions	2016	10 Years	(16,250)	-	2,032	(14,218)
Total Deferred Inflows of Resources			\$ <u>(26,777)</u>	\$ <u>(14,326)</u>	\$ <u>7,530</u>	\$ <u>(33,573)</u>
Net Pension Liability	N/A	N/A	\$ <u>69,540</u>	\$ <u>-</u>	\$ <u>(34,800)</u>	\$ <u>(34,740)</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - PENSION PLAN (CONTINUED):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plans will be recognized in pension expense as follows:

Years Ending June 30

2019	\$	60,042
2020		13,270
2021		(7,797)
2022		(202)
2023		(201)
Thereafter		<u>2,743</u>
Total	\$	<u>67,855</u>

E. Pension Expense

The components of pension expense are as follows:

Service Cost	\$	50,384
Interest on Total Pension Liability		76,308
Member Contributions		(20,466)
Administrative Expense		531
Projected Earnings on Plan Investments		(71,722)
Recognition of Deferred Outflows and Inflows of Resources:		
Differences Between Projected and Actual Earnings on Plan Investments		968
Differences Between Expected and Actual Experiences with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability		(1,430)
Changes in Assumption with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability		<u>1,658</u>
Total Pension Expense	\$	<u>36,231</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
JUNE 30, 2018

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	0.3446%	0.4375%	0.5050%	0.4907%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 34,740	\$ 69,540	\$ (26,616)	\$ (53,082)
Town's Covered-Employee Payroll	\$ 352,057	\$ 339,617	\$ 341,231	\$ 363,668
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	9.87%	20.48%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.00%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 38,738	\$ 38,987	\$ 44,143	\$ 50,843
Contributions in Relation to the Contractually Required Contribution	<u>(38,738)</u>	<u>(38,987)</u>	<u>(44,143)</u>	<u>(50,843)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 352,057</u>	<u>\$ 339,617</u>	<u>\$ 341,231</u>	<u>\$ 363,668</u>
Contributions as a Percentage of Covered-Employee Payroll	11.00%	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, 2018

SCHEDULE C

	2018				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/17
	Original	Final			
GOVERNMENTAL ACTIVITIES:					
Building Permits	\$ 80,000	\$ 75,000	\$ 92,004	\$ 17,004	\$ 101,200
Newsletter Ads	5,000	5,000	5,250	250	4,025
Property Tax	735,350	737,150	737,068	(82)	714,244
Quarterly/Supplemental Taxes	10,000	12,000	11,388	(612)	10,288
Property Tax Penalties	2,000	2,000	2,179	179	2,800
Transfer Tax	122,100	133,300	447,501	314,201	361,610
Payments in Lieu of Taxes	33,500	36,000	37,909	1,909	33,521
Sussex County Council - Grant	25,000	25,000	25,000	-	30,000
Interest	1,200	2,500	17,631	15,131	6,637
Miscellaneous Fees	27,500	42,450	88,700	46,250	22,871
Fines	85,000	60,000	62,392	2,392	75,790
Federal and State Grants	232,000	254,200	163,629	(90,571)	395,523
Police Pension Fund	20,000	25,000	31,822	6,822	31,786
Miscellaneous	12,000	27,000	24,634	(2,366)	104,303
Contractor Licenses	8,000	8,000	9,850	1,850	8,600
Rental Licenses	18,000	18,000	18,425	425	18,100
TOTAL GOVERNMENTAL ACTIVITIES	1,416,650	1,462,600	1,775,382	312,782	1,921,298
BUSINESS-TYPE ACTIVITIES:					
Fire Lines	13,500	13,300	13,300	-	12,300
Water/Sewer Inspection Fees	2,200	2,100	2,350	250	2,250
Sewer Rents	600,000	600,000	638,931	38,931	601,898
Fats, Oils, Grease Fees	1,600	1,600	1,600	-	1,600
Sewer Rent - Industrial	95,000	110,000	100,674	(9,326)	106,613
Sewer Fee Penalties	23,000	27,000	42,710	15,710	3,069
Town of Greenwood	200,000	173,700	181,602	7,902	206,029
Water Rent	270,000	270,000	277,147	7,147	269,455
Water Meter Rent	145,000	145,000	150,540	5,540	148,684
Water Meter Pit Fees	29,100	29,700	30,038	338	34,505
Water Fee Penalties	3,000	3,000	2,726	(274)	2,888
Tapping Fees	5,000	5,000	4,500	(500)	4,400
Impact Fees	6,500	6,500	123,500	117,000	326,000
Connection Fees	4,300	4,200	4,600	400	4,650
Interest	1,600	5,000	22,261	17,261	8,288
Grant-Office of Drinking Water	20,000	20,000	-	(20,000)	-
Miscellaneous Fees	10,000	11,650	14,097	2,447	57,244
TOTAL BUSINESS-TYPE ACTIVITIES	1,429,800	1,427,750	1,610,576	182,826	1,789,873
TOTAL REVENUE	\$ 2,846,450	\$ 2,890,350	\$ 3,385,958	\$ 495,608	\$ 3,711,171

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE D
PAGE 1

	2018				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/17
	Original	Final			
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT:					
Advertising	\$ 3,000	\$ 3,000	\$ 2,252	\$ 748	\$ 4,843
Travel	200	200	223	(23)	182
Continuing Education	1,500	1,500	108	1,392	149
SCAT Meetings	3,500	3,000	3,099	(99)	2,755
Code Enforcement	10,000	15,000	11,995	3,005	1,195
Code Update	3,700	4,000	2,701	1,299	2,223
Health Insurance	19,950	19,950	15,598	4,352	16,753
Capital Outlay	-	-	3,400	(3,400)	8,715
Donations	2,000	2,000	2,000	-	2,000
Dues	3,500	3,500	3,157	343	2,997
Service Charges	3,000	3,000	2,610	390	2,537
Economic Development	20,000	20,000	6,751	13,249	20,214
Engineering	25,000	30,000	33,288	(3,288)	-
Equipment - Purchase/Rental	2,000	2,000	457	1,543	5,230
Insurance	12,100	10,700	15,259	(4,559)	9,873
Leases	7,000	7,000	6,283	717	6,189
Legal and Auditing	14,000	16,000	16,468	(468)	19,382
Maintenance - Buildings/Grounds/Tools	6,500	6,500	7,752	(1,252)	2,822
Newsletter	4,600	5,000	4,928	72	3,791
Office Supplies	3,500	3,000	2,884	116	2,514
Postage	2,000	2,000	1,035	965	2,123
Payroll Taxes	8,550	9,300	11,095	(1,795)	11,324
Pension Costs	13,000	13,250	13,914	(664)	10,328
Ditch Tax - Annual	1,900	3,300	3,305	(5)	1,865
Repairs	1,000	1,000	456	544	160
Salaries	111,800	114,300	101,008	13,292	137,139
Special Recognitions	3,500	2,000	853	1,147	2,495
Supplies	2,800	2,000	1,899	101	3,228
Employment	1,000	1,000	938	62	634
Utilities - Electric	6,500	6,000	6,161	(161)	5,247
Utilities - Gas	1,200	1,200	1,180	20	904
Utilities - Telephone	8,000	7,500	5,934	1,566	6,769
Vehicle Fuel	2,000	1,600	1,295	305	1,281
Vehicle Expense	1,500	1,500	1,522	(22)	1,525
TOTAL GENERAL GOVERNMENT	309,800	321,300	291,808	29,492	299,386
POLICE:					
Advertising	500	500	278	222	384
Health Insurance	71,750	71,850	71,898	(48)	53,225
Capital Outlay	125,755	125,755	135,622	(9,867)	61,943
Donations	400	400	70	330	175
Dues	500	500	250	250	395
Equipment Purchase/Rental	7,500	7,500	3,912	3,588	-
Insurance	46,900	46,150	53,046	(6,896)	40,905
SALLE	4,000	2,100	960	1,140	1,987
Leases, Maintenance Agreements	2,000	2,000	1,037	963	1,070
Legal and Auditing	4,000	6,000	3,940	2,060	3,200
Maintenance - Buildings/Grounds/Tools	5,000	5,000	4,624	376	1,703
Office Supplies	1,500	1,300	807	493	662
Postage	1,500	1,200	1,107	93	825
Payroll Taxes	31,450	35,900	34,385	1,515	30,247
Pension Costs	47,600	40,300	38,738	1,562	40,062
Repairs	1,000	1,000	717	283	734
Salaries	375,800	376,550	354,057	22,493	339,617
Salaries - Overtime, Part-time	52,850	81,700	68,467	13,233	69,117
EIDE	5,000	5,600	3,314	2,286	1,770
Supplies	20,000	27,650	18,605	9,045	29,735
Uniforms	7,000	7,000	5,930	1,070	4,437
Utilities - Electric	4,000	4,000	3,869	131	3,967
Utilities - Gas	1,600	1,600	1,990	(390)	1,375
Utilities - Telephone	10,000	9,500	8,997	503	8,088
Vehicle Fuel	20,000	24,000	23,323	677	16,773
Vehicle Expense	20,000	16,000	15,644	356	16,215
TOTAL POLICE	867,605	901,055	855,587	45,468	728,611

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE D
PAGE 2

	2018				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/17
	Original	Final			
STREETS:					
Advertising	\$ 100	\$ 100	\$ 85	\$ 15	\$ 29
Grass Cutting Expense	1,500	1,500	2,084	(584)	1,860
Health Insurance	10,350	10,350	10,474	(124)	10,425
Capital Outlay	114,600	114,600	-	114,600	282,317
Community Transportation	-	-	-	-	2,500
Engineering Fees	1,000	1,000	236	764	-
Equipment Purchase/Rental	2,700	1,800	891	909	470
Insurance	7,100	6,900	7,973	(1,073)	8,878
Leases/Maintenance Agreements	11,000	11,000	9,662	1,338	9,000
Legal and Auditing	3,500	3,500	2,400	1,100	3,320
Maintenance - Buildings/Grounds/Tools	5,000	5,000	10,472	(5,472)	4,453
Office Supplies	1,000	1,000	520	480	458
Payroll Taxes	4,850	4,950	5,317	(367)	4,324
Permits	50	50	20	30	20
Pension Costs	8,950	7,300	7,265	35	10,724
Repairs	6,000	4,900	6,744	(1,844)	7,896
Salaries	57,900	59,150	58,238	912	46,415
Salaries - Overtime	5,500	5,500	1,048	4,452	1,604
Snow Removal	10,000	8,700	5,210	3,490	4,004
Supplies	2,500	2,500	3,199	(699)	2,563
Tree Removal	5,000	5,000	-	5,000	3,600
Uniforms	800	800	1,031	(231)	708
Utilities - Electric	75,000	80,000	84,373	(4,373)	73,583
Utilities - Gas	700	700	651	49	527
Utilities - Telephone	2,500	3,000	2,975	25	2,184
Vehicle Fuel	2,500	1,800	1,632	168	1,515
Vehicle Expense	7,000	7,000	7,241	(241)	6,162
TOTAL STREETS	347,100	348,100	229,741	118,359	489,539
TOTAL GOVERNMENTAL ACTIVITIES	1,524,505	1,570,455	1,377,136	193,319	1,517,536
BUSINESS-TYPE ACTIVITIES					
WASTEWATER:					
Advertising	3,000	300	74	226	198
Continuing Education	250	250	125	125	213
Health Insurance	35,850	22,650	24,713	(2,063)	38,828
Chemicals	27,500	14,600	18,617	(4,017)	24,291
Debt Service - Interest	328,050	293,400	83,248	210,152	135,316
Depreciation	-	-	280,528	(280,528)	253,915
Dues	100	100	50	50	150
Engineering Fees	5,000	5,000	(242)	5,242	22,985
Equipment - Purchase/Rental	3,500	6,300	7,377	(1,077)	4,050
Testing Fees	19,700	20,000	19,579	421	21,554
Sludge Disposal	14,000	19,400	15,528	3,872	5,359
Insurance	27,500	22,350	36,265	(13,915)	25,857
Leases/Maintenance Agreements	17,500	52,500	41,133	11,367	13,260
Legal and Auditing	6,000	6,000	6,270	(270)	3,926
Maintenance - Buildings/Grounds/Tools	14,500	15,000	12,712	2,288	10,589
Maintenance - Collector System	2,000	2,000	-	2,000	-
Office Supplies	1,000	2,000	1,675	325	1,205
Postage	3,000	3,000	3,016	(16)	2,214
Payroll Taxes	16,000	10,850	15,241	(4,391)	16,784
Pension Costs	24,850	23,600	23,577	23	22,298
Permits	150	150	-	150	-
Repairs	90,650	90,650	83,016	7,634	79,187
Salaries	201,700	135,700	155,034	(19,334)	206,442
Salaries - Overtime	8,500	9,000	7,924	1,076	7,467
Supplies	1,400	1,400	2,798	(1,398)	1,554
Uniforms	1,500	1,200	1,077	123	1,417
Utilities - Electric	75,000	75,000	71,829	3,171	71,564
Utilities - Gas	13,000	13,000	14,572	(1,572)	12,080
Utilities - Telephone	6,000	5,500	4,998	502	5,373
Miss Utility Locates	500	500	338	162	401
Vehicle Fuel	2,200	1,700	1,387	313	2,077
Vehicle Expense	3,000	4,000	3,676	324	3,177
TOTAL WASTEWATER	952,900	857,100	936,135	(79,035)	993,731

TOWN OF BRIDGEVILLE
 SUPPLEMENTAL INFORMATION
 EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

2018

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/17
	Original	Final			
WATER:					
Advertising	\$ 200	\$ 400	\$ 307	\$ 93	\$ -
Continuing Education	350	350	670	(320)	211
Health Insurance	25,350	20,900	23,048	(2,148)	27,608
Chemicals	21,000	21,000	19,898	1,102	22,087
Debt Service - Interest	113,650	113,650	40,924	72,726	45,904
Depreciation	-	-	280,527	(280,527)	253,916
Dues	700	700	741	(41)	1,261
Engineering	22,000	25,000	4,936	20,064	818
Equipment - Purchase/Rental	20,500	20,500	13,047	7,453	13,881
Testing Fees	1,350	1,350	400	950	750
Insurance	17,000	16,350	22,462	(6,112)	12,730
Leases	36,000	36,000	34,635	1,365	33,183
Legal and Auditing	3,500	3,500	2,400	1,100	3,200
Maintenance - Buildings/Grounds/Tools	4,000	4,000	2,750	1,250	3,116
Newsletter	500	500	250	250	250
Office Supplies	1,200	2,000	1,658	342	925
Postage	3,000	3,000	3,016	(16)	2,175
Payroll Taxes	10,600	10,850	10,413	437	11,294
Pension Costs	13,200	11,950	11,925	25	10,463
Repairs	15,700	15,700	20,137	(4,437)	10,641
Salaries	129,450	132,100	124,556	7,544	147,085
Salaries - Overtime	8,500	9,000	8,015	985	6,088
Supplies	10,000	10,000	8,279	1,721	7,444
Uniforms	1,500	1,200	1,088	112	1,370
Utilities - Gas	900	1,200	651	549	527
Utilities - Electric	25,000	28,000	26,868	1,132	27,076
Utilities - Telephone	4,000	3,500	3,359	141	3,157
Miss Utility Locates	500	500	338	162	401
Vehicle Fuel	2,500	2,500	2,100	400	1,699
Vehicle Expense	5,000	5,000	4,800	200	6,358
TOTAL WATER	497,150	500,700	674,198	(173,498)	655,618
TOTAL BUSINESS-TYPE ACTIVITIES	1,450,050	1,357,800	1,610,333	(252,533)	1,649,349
TOTAL EXPENDITURES/EXPENSES	\$ 2,974,555	\$ 2,928,255	\$ 2,987,469	\$ (59,214)	\$ 3,166,885

TOWN OF BRIDGEVILLE
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING REVENUES AND EXPENSES
 ENTERPRISE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE E

	<u>Wastewater Department</u>	<u>Water Department</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,082,087	\$ 500,868	\$ 1,582,955
Miscellaneous	1,442	3,918	5,360
Interest	14,892	7,369	22,261
	<u>1,098,421</u>	<u>512,155</u>	<u>1,610,576</u>
Total Operating Revenues			
Operating Expenses:			
Health Insurance	24,713	23,048	47,761
Advertising	74	307	381
Chemicals	18,617	19,898	38,515
Depreciation	280,528	280,527	561,055
Dues	50	741	791
Engineering Fees	(242)	4,936	4,694
Equipment - Purchase/Rental	7,377	13,047	20,424
Testing Fees	19,579	400	19,979
Sludge Disposal	15,528	-	15,528
Insurance	36,265	22,462	58,727
Continuing Education	125	670	795
Interest Expense	83,248	40,924	124,172
Leases	41,133	34,635	75,768
Legal and Auditing	6,270	2,400	8,670
Maintenance - Buildings/Grounds/Tools	12,712	2,750	15,462
Newsletter	-	250	250
Office Supplies	1,675	1,658	3,333
Postage	3,016	3,016	6,032
Payroll Taxes	15,241	10,413	25,654
Pension Costs	23,577	11,925	35,502
Repairs	83,016	20,137	103,153
Salaries	155,034	124,556	279,590
Salaries - Overtime	7,924	8,015	15,939
Supplies	2,798	8,279	11,077
Uniform Expense	1,077	1,088	2,165
Utilities - Electric	71,829	26,868	98,697
Utilities - Gas	14,572	651	15,223
Utilities - Telephone	4,998	3,359	8,357
Miss Utility Locates	338	338	676
Vehicle Expense	5,063	6,900	11,963
	<u>936,135</u>	<u>674,198</u>	<u>1,610,333</u>
Total Operating Expenses			
Net Operating Income (Loss)	\$ <u>162,286</u>	\$ <u>(162,043)</u>	\$ <u>243</u>

RICHARD L. TULL, CPA
TERRENCE JOHNSON, CPA

GARY W. TUTTLE, CPA
ROBERT B. LANK, JR., CPA/PFS
MARK A. JOHNSON, CPA/ABV



LJT SEAFORD
(302) 629-9543
FAX: (302) 629-3501

LJT MILFORD
(302) 422-3308
FAX: (302) 422-4782
SUPPORT@LJTCPA.COM

P.O. BOX 418 • 521 N. MARKET ST. EXT. • SEAFORD, DE 19973
P.O. BOX 253 • 268 MILFORD-HARRINGTON HWY. • MILFORD, DE 19963

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, 2018, 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, 2018.

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*.

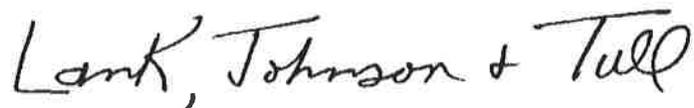
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Purpose of this Report

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 cursive script that reads "Lank, Johnson + Tull". The signature is written in dark ink and is positioned above the typed location information.

Seaford, Delaware
December 28, 2018