

TOWN OF BRIDGEVILLE, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2019

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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, 2019, 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, 2019, 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 October 14, 2019, on our consideration of the Town of Bridgeville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bridgeville's internal control over financial reporting and compliance.



Seaford, Delaware
October 14, 2019

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

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, 2019. 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, 2019

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 6% from 2018 to 2019 (See table below). General Fund net position increased by 19%, while the business-type net position increased by 3%. 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, grants and prior year reserves, without incurring any substantial new debt.

Town of Bridgeville
Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	2019	2018	2019	2018	2019	2018	Percentage Change
Current and Other Assets	1.34	1.86	1.68	1.25	3.02	3.11	(3%)
Capital Assets	2.78	1.42	18.15	18.57	20.93	19.99	5%
Deferred Outflows	0.10	0.07	-	-	0.10	0.07	52%
Total Assets and Deferrals	4.22	3.35	19.83	19.82	24.05	23.17	4%
Long-Term Debt	-	-	4.69	5.01	4.69	5.01	(6%)
Other Liabilities	0.46	0.18	0.06	.08	0.52	0.26	99%
Deferred Inflows	-	-	0.95	1.03	0.95	1.03	(8%)
Total Liabilities & Deferrals	0.46	0.18	5.70	6.12	6.16	6.30	(2%)
Net Position							
Capital Assets Net of Debt	2.62	1.42	12.52	12.53	15.14	13.95	8%
Restricted	0.34	-	-	-	0.34	-	100%
Unrestricted	0.80	1.75	1.61	1.17	2.41	2.92	(17%)
Total Net Position	3.76	3.17	14.13	13.70	17.89	16.87	6%

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The Town's total revenues (excluding transfers) increased by 20% to \$4.06 million (See table below). Revenue from business-type activities increased by 19% to \$1.92 million, which is mainly attributable to an increase in impact fees and other charges. Governmental revenues increased by 21% to \$2.14 million, which is mainly attributable to increased federal and state grants and various other revenue line items.

The total cost of all programs and services increased by 4% to \$3.04 million. The costs of business-type activities decreased by 2% to \$1.57 million. The cost of governmental-type activities increased by 11% to \$1.47 million. This increase was attributable to various line item expense increases, including salaries and wages.

Town of Bridgeville
Change in Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>Percentage Change</u>
Program Revenue							
Fees, Fines, Services	0.37	0.33	1.89	1.59	2.26	1.92	18%
Operating Grants	0.12	0.18	-	-	0.12	0.18	(33%)
Capital Grants	0.48	0.01	-	-	0.48	0.01	4,700%
General Revenue							
Taxes	1.15	1.24	-	-	1.15	1.24	(7%)
Investment Income	0.02	0.01	0.03	0.03	0.05	0.04	25%
Total Revenue	2.14	1.77	1.92	1.62	4.06	3.39	20%
Program Expenses							
General	0.36	0.35	-	-	0.36	0.35	3%
Police	0.85	0.74	-	-	0.85	0.74	15%
Streets	0.26	0.23	-	-	0.26	0.23	13%
Water and Sewer	-	-	1.57	1.61	1.57	1.61	(2%)
Total Expenses	1.47	1.32	1.57	1.61	3.04	2.93	4%
Excess (Deficiency)	0.67	0.45	0.35	0.01	1.02	0.46	122%
Transfers In/(Out)	(0.08)	0.14	0.08	(0.14)	-	-	-
Change in Net Position	0.59	0.59	0.43	(0.13)	1.02	0.46	122%
Net Position - Beginning	3.17	2.58	13.70	13.83	16.87	16.41	3%
Net Position - Ending	3.76	3.17	14.13	13.70	17.89	16.87	6%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$2.14 million exceeded budgeted revenues of \$1.80 million by \$0.34 million (19%). This favorable variance was primarily the result of unbudgeted transfer tax revenue and federal and state grants.

General fund actual expenditures of \$2.81 million were less than the budgeted expenditures of \$3.33 million by \$0.52 million (16%). This favorable variance is mainly due to budgeted capital projects that were not completed.

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

ENTERPRISE FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. Enterprise fund actual revenues of \$1.94 million exceeded budgeted revenues of \$1.51 million by \$0.43 million (28%). This favorable variance was primarily the result of unbudgeted impact fees.

Enterprise fund actual expenditures of \$1.57 million were less than the budgeted expenditures of \$1.61 million by \$0.04 million (25%). This favorable variance was due to various line item expenditures coming in under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the Town had \$20.93 million invested in capital assets, including police equipment, buildings, land, vehicles and water and sewer system improvements. This amount represents a net increase (additions, deductions, and depreciation) of \$0.94 million from the prior year.

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

	Governmental		Business-Type		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	0.27	0.27	4.11	4.11	4.38	4.38
Buildings	1.65	0.29	0.01	0.01	1.66	0.30
Equipment	0.07	0.07	1.10	1.10	1.17	1.17
Improvements	0.65	0.67	-	-	0.65	0.67
Vehicles	0.14	0.12	0.02	-	0.16	0.12
Water and Sewer	-	-	12.91	13.35	12.91	13.35
Total Capital Assets	2.78	1.42	18.15	18.57	20.93	19.99

Note 4 of the Notes to the Basic Financial Statements gives further details of the Town's capital asset activity.

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Debt

At year-end, the Town had \$4.69 million in bonds and notes outstanding, versus \$5.01 million last year, a decrease of \$0.32 million.

Town of Bridgeville
Debt
(in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rural Development - Sewer Bonds	-	-	0.53	0.55	0.53	0.55
State of Delaware	-	-	0.31	0.34	0.31	0.34
State of Delaware	-	-	1.05	1.20	1.05	1.20
State of Delaware	-	-	0.95	1.00	0.95	1.00
State of Delaware	-	-	0.74	0.78	0.74	0.78
State of Delaware	-	-	1.11	1.14	1.11	1.14
Total Debt	-	-	4.69	5.01	4.69	5.01

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

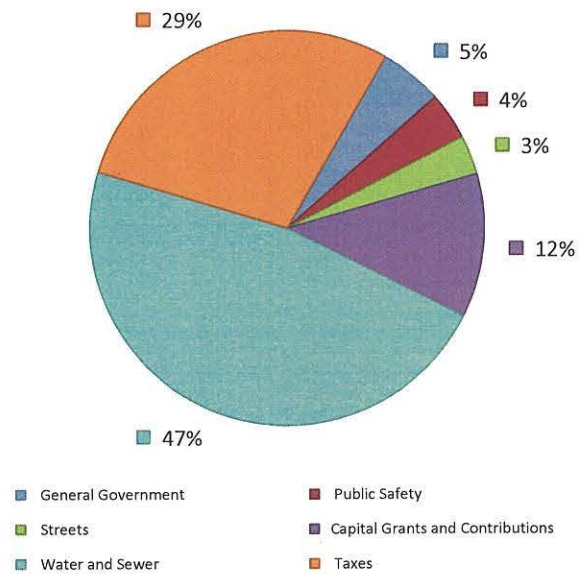
FY19 was another steady year for the Town. Increased development allowed the Town to set aside more than half of what was collected in Realty Transfer Taxes. Those set aside receipts were used to further fund the construction of the new Police Department, allowing for the building to be built without using property tax dollars. We hope to begin using the new building in late 2019. We continue toward the end of the Town's wastewater operation, with construction of the new Western Sussex Sanitary Sewer District infrastructure firmly underway. The turnover period continues to be forecast in late 2020. In an effort to create a smooth transition, given the lost revenue the Town will realize from the loss of the wastewater utility, the Commissioners approved a tax increase of 25%, which will be phased in over a five year period. Construction starts remain constant throughout town, with many infill lots being developed. Utility Rates for FY20 remain unchanged. The Commissioners passed a budget for FY20 that represented a decrease of 4%, while passing a capital improvement plan that will continue to create and maintain vital infrastructure for the Town.

FINANCIAL CONTACT

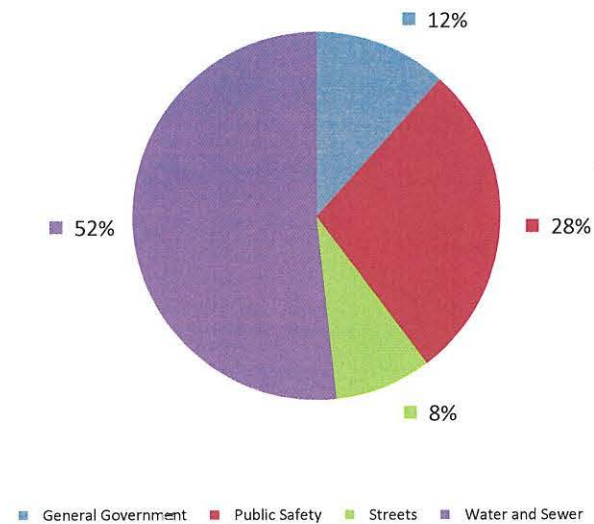
The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the 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, 2019

Total Revenues



Total Expenses



TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,136,300	\$ 1,118,292	\$ 2,254,592
Accounts Receivable	206,641	556,074	762,715
Capital Assets:			
Land	266,220	4,111,614	4,377,834
Buildings	1,742,556	27,798	1,770,354
Equipment	409,125	1,758,355	2,167,480
Improvements	931,274	18,731,549	19,662,823
Vehicles	402,875	109,123	511,998
Accumulated Depreciation	<u>(977,554)</u>	<u>(6,584,690)</u>	<u>(7,562,244)</u>
Total Assets	<u>4,117,437</u>	<u>19,828,115</u>	<u>23,945,552</u>
Deferred Outflow of Resources	<u>106,087</u>	<u>-</u>	<u>106,087</u>
Total Assets and Deferred Outflows	<u>4,223,524</u>	<u>19,828,115</u>	<u>24,051,639</u>
<u>LIABILITIES</u>			
Accounts Payable	281,918	24,050	305,968
Accrued Wages	25,495	-	25,495
Non-Current Liabilities:			
Net Pension Liability	94,069	-	94,069
Accrued Vacation Leave	53,580	13,651	67,231
Accrued Sick Leave	2,134	22,904	25,038
Due within one year	-	347,128	347,128
Due in more than one year	<u>-</u>	<u>4,340,744</u>	<u>4,340,744</u>
Total Liabilities	<u>457,196</u>	<u>4,748,477</u>	<u>5,205,673</u>
Deferred Inflow of Resources	<u>-</u>	<u>951,000</u>	<u>951,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	2,618,300	12,514,877	15,133,177
Restricted	343,297	-	343,297
Unrestricted	<u>804,731</u>	<u>1,613,761</u>	<u>2,418,492</u>
Total Net Position	<u>\$ 3,766,328</u>	<u>\$ 14,128,638</u>	<u>\$ 17,894,966</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		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	\$ 356,699	\$ 182,678	\$ 25,000	\$ -	\$ (149,021)	\$ -	\$ (149,021)
Public Safety	854,642	129,867	26,025	389,325	(309,425)	-	(309,425)
Streets	258,770	54,939	72,619	85,941	(45,271)	-	(45,271)
<u>Total Governmental Activities</u>	1,470,111	367,484	123,644	475,266	(503,717)	-	(503,717)
<u>Business-Type Activities:</u>							
Water and Sewer	1,573,892	1,892,391	-	-	-	318,499	318,499
<u>Total Government</u>	<u>\$ 3,044,003</u>	<u>\$ 2,259,875</u>	<u>\$ 123,644</u>	<u>\$ 475,266</u>	<u>(503,717)</u>	<u>318,499</u>	<u>(185,218)</u>
		General Revenues:					
		Taxes					
		Property Taxes, Penalties, and Interest			798,700	-	798,700
		Transfer Tax			351,778	-	351,778
		Investment Income			26,202	43,420	69,622
		Transfer In/(Out)			(75,347)	75,347	-
		Total General Revenues			1,101,333	118,767	1,220,100
		Change in Net Position			597,616	437,266	1,034,882
		Net Position - Beginning			3,168,712	13,691,372	16,860,084
		Net Position - Ending			<u>\$ 3,766,328</u>	<u>\$ 14,128,638</u>	<u>\$ 17,894,966</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019

EXHIBIT C

<u>ASSETS</u>	General Fund
Cash	\$ 1,136,300
Accounts Receivable	<u>206,641</u>
Total Assets	<u>\$ 1,342,941</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 281,918
Accrued Wages	<u>25,495</u>
Total Liabilities	<u>307,413</u>
Fund Balance:	
Restricted	343,297
Assigned	86,579
Unassigned	<u>605,652</u>
Total Fund Balance	<u>1,035,528</u>
Total Liabilities and Fund Balance	<u>\$ 1,342,941</u>

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

Total Fund Balance	\$ 1,035,528
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.	2,774,496
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.	106,087
The net pension liability is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	(94,069)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds - Compensated Absences.	<u>(55,714)</u>
Net Position of Governmental Activities	<u>\$ 3,766,328</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT D

	<u>General Fund</u>
Revenues:	
Property Taxes	\$ 798,700
Transfer Tax	351,778
Charges for Services	106,045
Intergovernmental	598,910
Licenses and Permits	145,822
Investment Income	26,202
Police Pension Fund	36,213
Fines	78,329
Miscellaneous	<u>1,075</u>
Total Revenues	<u>2,143,074</u>
Expenditures:	
Current:	
General Government	307,569
Public Safety	780,470
Streets	246,591
Capital Outlay	<u>1,478,684</u>
Total Expenditures	<u>2,813,314</u>
Excess of Revenues over (under) Expenditures	(670,240)
Other Financing Sources:	
Operating Transfers	<u>(75,347)</u>
Net Change in Fund Balance	(745,587)
Fund Balance - Beginning	<u>1,781,115</u>
Fund Balance - Ending	<u>\$ 1,035,528</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, 2019

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ (745,587)
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.	(21,097)
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.	1,478,684
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.	4,828
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>(119,212)</u>
Change in Net Position of Governmental Activities	\$ <u><u>597,616</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, 2019

EXHIBIT F

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Unfavorable)</u>
				<u>Variance</u>
Revenues:				
Property Taxes	\$ 795,000	\$ 797,000	\$ 798,700	\$ 1,700
Transfer Tax	169,650	168,150	351,778	183,628
Charges for Services	90,500	76,300	106,045	29,745
Intergovernmental	110,700	544,500	598,910	54,410
Licenses and Permits	101,500	94,500	145,822	51,322
Investment Income	2,000	6,500	26,202	19,702
Police Pension Fund	28,000	35,000	36,213	1,213
Fines	75,000	80,000	78,329	(1,671)
Miscellaneous	5,250	1,200	1,075	(125)
Total Revenues	<u>1,377,600</u>	<u>1,803,150</u>	<u>2,143,074</u>	<u>339,924</u>
Expenditures:				
Current:				
General Government	310,250	315,450	307,569	7,881
Public Safety	812,600	827,050	780,470	46,580
Streets	268,650	276,600	246,591	30,009
Capital Outlay	<u>1,914,464</u>	<u>1,914,464</u>	<u>1,478,684</u>	<u>435,780</u>
Total Expenditures	<u>3,305,964</u>	<u>3,333,564</u>	<u>2,813,314</u>	<u>520,250</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	(1,928,364)	(1,530,414)	(670,240)	860,174
Other Financing Sources (Uses):				
Prior Year Reserves	1,517,464	1,517,464	-	(1,517,464)
Operating Transfers	<u>(75,347)</u>	<u>(75,347)</u>	<u>(75,347)</u>	<u>-</u>
Total Other Financing Sources (Uses):	<u>1,442,117</u>	<u>1,442,117</u>	<u>(75,347)</u>	<u>(1,517,464)</u>
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	(486,247)	(88,297)	(745,587)	(657,290)
Fund Balance - Beginning	<u>1,781,115</u>	<u>1,781,115</u>	<u>1,781,115</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,294,868</u>	<u>\$ 1,692,818</u>	<u>\$ 1,035,528</u>	<u>\$ (657,290)</u>

TOWN OF BRIDGEVILLE
STATEMENT OF NET POSITION - ENTERPRISE FUND
JUNE 30, 2019

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 1,118,292
Accounts Receivable	<u>556,074</u>
 Total Current Assets	 <u>1,674,366</u>
Capital Assets:	
Land	4,111,614
Building	27,798
Equipment	1,758,355
Improvements	18,731,549
Vehicles	109,123
Accumulated Depreciation	<u>(6,584,690)</u>
 Total Capital Assets	 <u>18,153,749</u>
 Total Assets	 <u>\$ 19,828,115</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 24,050
Current Portion of Long-Term Debt	<u>347,128</u>
 Total Current Liabilities	 <u>371,178</u>
Non-Current Liabilities:	
Accrued Sick Leave	22,904
Accrued Vacation Leave	13,651
Long-Term Debt - Net of Current Portion	<u>4,340,744</u>
 Total Non-Current Liabilities	 <u>4,377,299</u>
 Total Liabilities	 <u>4,748,477</u>
 Deferred Inflows	 <u>951,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,514,877
Unrestricted	<u>1,613,761</u>
 Total Net Position	 <u>14,128,638</u>
 Total Liabilities and Net Position	 <u>\$ 19,828,115</u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,815,992
Miscellaneous	76,399
Interest	<u>43,420</u>
Total Operating Revenues	<u>1,935,811</u>
Operating Expenses:	
Health Insurance	49,795
Advertising	540
Chemicals	37,861
Depreciation	504,636
Ditch Tax	3,305
Dues	697
Engineering Fees	4,866
Equipment - Purchase/Rental	25,871
Testing Fees	20,787
Sludge Disposal	26,408
Insurance	34,240
Continuing Education	400
Interest Expense	120,822
Leases	102,545
Legal and Auditing	6,260
Maintenance - Buildings/Grounds/Tools	11,682
Newsletter	250
Office Supplies	3,012
Postage	7,500
Payroll Taxes	22,713
Pension Costs	27,580
Repairs	144,360
Salary Expense	298,585
Supplies	9,954
Uniform Expense	3,273
Utilities - Electric	73,143
Utilities - Gas	14,869
Utilities - Telephone	8,022
Miss Utility Locates	748
Vehicle Expense	<u>9,168</u>
Total Operating Expenses	<u>1,573,892</u>
Operating Income (Loss)	361,919
Other Income:	
Operating Transfers	<u>75,347</u>
Net Income (Loss)	437,266
Net Position - Beginning	<u>13,691,372</u>
Net Position - Ending	<u>\$ 14,128,638</u>

TOWN OF BRIDGEVILLE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT I

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,442,489
Investment Income	43,420
Cash Payments for Interest	(120,822)
Cash Payments to Employees for Services	(408,142)
Cash Payments to Suppliers for Goods and Services	<u>(562,531)</u>
Net Cash Flows from Operating Activities	<u>394,414</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>75,347</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(90,435)
Retirement of Debt	<u>(321,095)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(411,530)</u>
Net Increase in Cash	58,231
Cash - Beginning	<u>1,060,061</u>
Cash - Ending	<u><u>\$ 1,118,292</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ 361,919
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	504,636
Change in Accounts Receivable	(368,902)
Change in Accounts Payable	(12,770)
Change in Deferred Inflow	(81,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>(9,469)</u>
Net Cash Flows from Operating Activities	<u><u>\$ 394,414</u></u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

EXHIBIT J
PAGE 3

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

A. 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, 2019

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.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
PAGE 5

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.
- 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, 2019

EXHIBIT J
PAGE 6

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 October 14, 2019, the date the report was available for issuance.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 63,367
General Fund Savings	<u>1,111,925</u>
<u>TOTAL GENERAL FUND</u>	1,175,292
Water and Sewer Savings	<u>1,140,232</u>
<u>TOTAL CASH IN BANK (Per Bank Statements)</u>	\$ <u>2,315,524</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	\$ 374,005
Uncollateralized	-
Collateralized	<u>1,941,519</u>
<u>TOTAL CASH</u>	\$ <u>2,315,524</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
PAGE 7

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$ 556,074
State Grants	82,415
Demolition/Code Enforcement	59,970
Transfer Tax	21,368
Property Tax	7,264
Miscellaneous	<u>35,624</u>
<u>TOTAL</u>	<u>\$ 762,715</u>

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	383,688	1,358,868	-	1,742,556
Equipment	384,752	31,073	(6,700)	409,125
Improvements	908,315	22,959	-	931,274
Vehicles	337,090	65,785	-	402,875
Water and Sewer Improvements	<u>20,536,390</u>	<u>90,435</u>	<u>-</u>	<u>20,626,825</u>
<u>TOTALS</u>	<u>\$ 26,928,069</u>	<u>\$ 1,569,120</u>	<u>\$ (6,700)</u>	<u>\$ 28,490,489</u>

<u>ACCUMULATED DEPRECIATION</u>				
	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 94,930	\$ 5,694	\$ -	\$ 100,624
Equipment	314,146	29,467	(6,700)	336,913
Improvements	233,881	45,120	-	279,001
Vehicles	222,085	38,931	-	261,016
Water and Sewer Improvements	<u>6,080,054</u>	<u>504,636</u>	<u>-</u>	<u>6,584,690</u>
<u>TOTALS</u>	<u>\$ 6,945,096</u>	<u>\$ 623,848</u>	<u>\$ (6,700)</u>	<u>\$ 7,562,244</u>

NET CAPITAL ASSETS \$ 20,928,245

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
PAGE 8

NOTE 4 - CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:	
General Government	\$ 53,958
Police	53,075
Streets	12,179
Water and Sewer	<u>504,636</u>
 Total Depreciation Expense	 \$ <u>623,848</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	\$ 529,240
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	1,108,312
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	744,281
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	307,004
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	1,050,475
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>948,560</u>
 <u>TOTAL DEBT</u>	 4,687,872
 Less: Current Portion	 <u>(347,128)</u>
 <u>TOTAL LONG-TERM DEBT</u>	 \$ <u>4,340,744</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
PAGE 9

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>
2020	\$ -	\$ -	\$ 347,128	\$ 93,913
2021	-	-	355,224	85,817
2022	-	-	363,546	77,494
2023	-	-	372,102	68,939
2024	-	-	380,897	60,144
2025 - 2029	-	-	1,230,879	194,331
2030 - 2034	-	-	964,627	96,797
2035 - 2039	-	-	434,013	22,000
2040 - 2044	-	-	239,456	12,196
<u>TOTALS</u>	\$ -	\$ -	\$ 4,687,872	\$ 711,631

Below summarizes the changes in debt:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance End of Year</u>
Rural Development	\$ 549,654	\$ -	\$ (20,414)	\$ 529,240
State of Delaware	1,136,923	-	(28,611)	1,108,312
State of Delaware	777,231	-	(32,950)	744,281
State of Delaware	337,270	-	(30,266)	307,004
State of Delaware	1,205,350	-	(154,875)	1,050,475
State of Delaware	1,002,539	-	(53,979)	948,560
<u>TOTALS</u>	\$ 5,008,967	\$ -	\$ (321,095)	\$ 4,687,872

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, 2019, the bond issue had a balance of \$14,949,000.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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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 property and automobile liability and damage claims.

NOTE 8 - RESTRICTED/ASSIGNED FUND BALANCE:

Assigned Fund Balance is available for the following purposes:

	<u>General</u>
Emergency Fund	\$ 34,904
HSSTD	4,584
Children's Sanctuary Park	2,602
Charity Golf Tournament	495
Transfer Tax for Capital Improvements	<u>43,994</u>
 <u>TOTALS</u>	 <u>\$ 86,579</u>
 DOJ Eshare Funds - Restricted Fund Balance/Net Position	 <u>\$ 343,297</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 constructing a Western Sussex regional wastewater facility that would include the Town of Bridgeville and surrounding communities. Once construction is complete, 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, 2019

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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	\$ 1,032,000
Fees Used	<u>(81,000)</u>
Prepaid Fees - Ending	\$ <u>951,000</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, 2019, the Town contributed \$48,168 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, 2019

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NOTE 11 - PENSION PLAN (CONTINUED):

A. Plan Descriptions and Contribution Information (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 the amount of \$36,213 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, 2019, the Town contributed \$62,415 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.

Separately issued financial statements from DPERS are available from the pension office at McAidle 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, 2018, 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 Delaware county or municipality 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, 2019

EXHIBIT J
PAGE 13

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, 2017 through June 30, 2018, 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 11.42% of earnings for the fiscal year 2018 for the Police and Firefighter Plan.

C. Collective Net Pension Liability and Actuarial Information (in thousands)

Employers' Total Pension Liability	\$ 1,595,193
Plan Net Position	<u>(1,501,124)</u>
 Total Net Pension Liability	 <u>\$ 94,069</u>

The Town's proportionate percentage of the collective net pension liability for The Police and Firefighter Plan is 0.4085%.

Actuarial Assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. 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, 2019

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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%	30.7%
International Equity	5.7%	13.9%
Fixed Income	2.0%	23.3%
Alternative Investments	7.8%	24.4%
Cash and Equivalents	-	7.7%

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. 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)	344,872	94,069	(108,922)

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
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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	Additions	Deductions	Balance End of Year
Deferred Outflows of Resources:						
Difference Between						
Expected and Actual	2018	10 Years	\$ -	\$ 80,433	\$ (16,086)	\$ 64,347
Experience	2016	10 Years	9,235	-	(1,319)	7,916
Changes of Assumptions	2017	10 Years	26,071	-	(3,259)	22,812
Changes in Proportion	2018	10 Years	-	3,326	(666)	2,660
Year Ending Contribution	N/A	N/A	<u>38,738</u>	<u>62,415</u>	<u>(38,738)</u>	<u>62,415</u>
<u>Total Deferred Outflows of Resources</u>			<u>\$ 74,044</u>	<u>\$ 146,174</u>	<u>\$ (60,068)</u>	<u>\$ 160,150</u>
Deferred Inflows of Resources:						
Difference between						
Expected and Actual	2017	10 Years	\$ (11,460)	\$ -	\$ 1,433	\$ (10,027)
Experience	2015	11 Years	(7,895)	-	1,316	(6,579)
Net Difference Between	2018	5 Years	-	(45,294)	18,118	(27,176)
Projected and Actual	2017	5 Years	(22,785)	-	7,595	(15,190)
Earnings on Pension	2016	5 Years	42,134	-	(21,067)	21,067
Plan Investments	2015	5 Years	8,035	-	(8,035)	-
Changes in Proportion	2018	10 Years	-	(4,062)	812	(3,250)
	2017	10 Years	(826)	-	104	(722)
Changes of Assumptions	2016	10 Years	<u>(14,218)</u>	<u>-</u>	<u>2,032</u>	<u>(12,186)</u>
<u>Total Deferred Inflows of Resources</u>			<u>\$ (7,015)</u>	<u>\$ (49,356)</u>	<u>\$ 2,308</u>	<u>\$ (54,063)</u>
<u>Net Pension Liability</u>	N/A	N/A	<u>\$ 34,740</u>	<u>\$ 59,329</u>	<u>\$ -</u>	<u>\$ 94,069</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

EXHIBIT J
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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

2020	\$ 74,492
2021	(8,989)
2022	(1,392)
2023	7,665
2024	7,667
Thereafter	<u>26,644</u>
Total	<u>\$ 106,087</u>

E. Pension Expense

The components of pension expense are as follows:

Service Cost	\$ 69,486
Interest on Total Pension Liability	105,438
Member Contributions	(24,788)
Administrative Expense	592
Projected Earnings on Plan Investments	(94,228)
Recognition of Deferred Outflows and Inflows of Resources:	
Differences Between Projected and Actual Earnings on Plan Investments	(7,909)
Differences Between Expected and Actual Experiences with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	6,348
Changes in Assumption with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	<u>1,965</u>
Total Pension Expense	<u>\$ 56,904</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
JUNE 30, 2019

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Proportion of the Net Pension Liability	0.4085%	0.3446%	0.4375%	0.5050%	0.4907%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 94,069	\$ 34,740	\$ 69,540	\$(26,616)	\$(53,082)
Town's Covered-Employee Payroll	\$ 374,189	\$ 352,057	\$ 339,617	\$ 341,231	\$ 363,668
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	25.14%	9.87%	20.48%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.10%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 62,415	\$ 38,738	\$ 38,987	\$ 44,143	\$ 50,843
Contributions in Relation to the Contractually Required Contribution	<u>(62,415)</u>	<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>	\$ <u>-</u>
Town's Covered-Employee Payroll	\$ <u>374,189</u>	\$ <u>352,057</u>	\$ <u>339,617</u>	\$ <u>341,231</u>	\$ <u>363,668</u>
Contributions as a Percentage of Covered-Employee Payroll	16.68%	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, 2019

SCHEDULE C

	2019				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/18
	Original	Final			
<u>GOVERNMENTAL ACTIVITIES:</u>					
Building Permits	\$ 75,000	\$ 60,000	\$ 99,892	\$ 39,892	\$ 92,004
Newsletter Ads	5,250	1,200	1,075	(125)	5,250
Property Tax	747,000	748,000	748,390	390	737,068
Quarterly/Supplemental Taxes	10,000	10,000	10,727	727	11,388
Property Tax Penalties	2,000	3,000	3,873	873	2,179
Transfer Tax	169,650	168,150	351,778	183,628	447,501
Payments in Lieu of Taxes	36,000	36,000	35,710	(290)	37,909
Sussex County Council - Grant	-	25,000	25,000	-	25,000
Interest	2,000	6,500	26,202	19,702	17,631
Miscellaneous Fees	86,000	75,300	79,982	4,682	88,700
Fines	75,000	80,000	78,329	(1,671)	62,392
Federal and State Grants	110,700	519,500	573,910	54,410	163,629
Police Pension Fund	28,000	35,000	36,213	1,213	31,822
Miscellaneous	4,500	1,000	26,063	25,063	24,634
Contractor Licenses	8,000	16,000	27,705	11,705	9,850
Rental Licenses	18,500	18,500	18,225	(275)	18,425
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	<u>1,377,600</u>	<u>1,803,150</u>	<u>2,143,074</u>	<u>339,924</u>	<u>1,775,382</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Fire Lines	13,300	13,300	13,300	-	13,300
Water/Sewer Inspection Fees	2,100	1,800	1,750	(50)	2,350
Sewer Rents	615,000	660,000	656,623	(3,377)	638,931
Fats, Oils, Grease Fees	1,600	1,600	1,600	-	1,600
Sewer Rent - Industrial	110,000	100,000	87,889	(12,111)	100,674
Sewer Fee Penalties	12,500	29,200	33,466	4,266	42,710
Town of Greenwood	175,000	185,800	194,854	9,054	181,602
Water Rent	275,000	285,000	275,074	(9,926)	277,147
Water Meter Rent	147,800	160,000	157,707	(2,293)	150,540
Water Meter Pit Fees	29,900	22,800	23,430	630	30,038
Water Fee Penalties	12,500	4,200	3,526	(674)	2,726
Tapping Fees	4,500	3,200	14,050	10,850	4,500
Impact Fees	-	-	349,523	349,523	123,500
Connection Fees	4,400	3,300	3,200	(100)	4,600
Interest	5,000	13,000	43,420	30,420	22,261
Miscellaneous Fees	15,750	29,000	76,399	47,399	14,097
<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>1,424,350</u>	<u>1,512,200</u>	<u>1,935,811</u>	<u>423,611</u>	<u>1,610,576</u>
<u>TOTAL REVENUE</u>	<u>\$ 2,801,950</u>	<u>\$ 3,315,350</u>	<u>\$ 4,078,885</u>	<u>\$ 763,535</u>	<u>\$ 3,385,958</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE D
PAGE 1

	2019				
	Budgeted Amounts			Favorable	Prior Year
	Original	Final	Actual Amounts	(Unfavorable) Variance	6/30/18
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT:					
Advertising	\$ 3,000	\$ 3,000	\$ 1,844	\$ 1,156	\$ 2,252
Travel	400	400	350	50	223
Continuing Education	3,000	3,000	393	2,607	108
SCAT Meetings	3,500	3,500	1,936	1,564	3,099
Code Enforcement	10,000	10,000	7,716	2,284	11,995
Code Update	3,000	3,000	3,740	(740)	2,701
Health Insurance	20,000	20,000	19,604	396	15,598
Capital Outlay	68,000	68,000	38,598	29,402	3,400
Donations	2,000	4,500	4,500	-	2,000
Dues	3,500	3,500	3,202	298	3,157
Service Charges	2,600	2,600	2,628	(28)	2,610
Economic Development	20,000	20,000	19,020	980	6,751
Engineering	10,000	10,000	23,201	(13,201)	33,288
Equipment - Purchase/Rental	2,000	2,000	1,289	711	457
Insurance	9,000	5,000	3,432	1,568	15,259
Leases	14,000	14,000	11,960	2,040	6,283
Legal and Auditing	14,000	20,000	26,665	(6,665)	16,468
Maintenance - Buildings/Grounds/Tools	8,000	8,000	5,395	2,605	7,752
Newsletter	5,000	5,000	3,725	1,275	4,928
Office Supplies	3,200	3,200	3,135	65	2,884
Postage	1,500	1,500	1,434	66	1,035
Payroll Taxes	9,150	9,400	8,707	693	11,093
Pension Costs	14,200	14,200	12,858	1,342	13,914
Ditch Tax - Annual	3,300	-	-	-	3,305
Repairs	2,000	2,000	6,573	(4,573)	456
Salaries	119,200	122,950	120,067	2,883	101,008
Special Recognitions	2,000	2,000	655	1,345	853
Supplies	3,000	3,000	2,033	967	1,899
Employment	1,000	1,000	184	816	938
Utilities - Electric	6,200	6,200	6,105	95	6,161
Utilities - Gas	2,500	2,500	1,020	1,480	1,180
Utilities - Telephone	6,500	6,500	6,222	278	5,934
Vehicle Fuel	1,500	1,500	1,703	(203)	1,295
Vehicle Expense	2,000	2,000	1,772	228	1,522
TOTAL GENERAL GOVERNMENT	378,250	383,450	351,666	31,784	291,808
POLICE:					
Advertising	500	500	-	500	278
Health Insurance	71,700	71,700	72,358	(658)	71,898
Capital Outlay	1,557,964	1,557,964	1,398,588	159,376	135,622
Donations	400	400	275	125	70
Dues	500	500	200	300	250
Equipment Purchase/Rental	8,000	8,000	1,666	6,334	3,912
Insurance	44,300	44,300	40,922	3,378	53,046
SALLE	5,000	5,000	3,973	1,027	960
Leases, Maintenance Agreements	2,000	2,000	1,085	915	1,037
Legal and Auditing	4,000	4,000	3,113	887	3,940
Maintenance - Buildings/Grounds/Tools	5,000	5,000	4,184	816	4,624
Office Supplies	2,000	2,000	1,306	694	807
Postage	1,200	1,200	1,283	(83)	1,107
Payroll Taxes	35,500	37,150	36,504	646	34,385
Pension Costs	62,400	62,400	62,415	(15)	38,738
Repairs	1,000	1,000	108	892	717
Salaries	401,500	409,300	395,808	13,492	354,057
Salaries - Overtime, Part-time	65,000	78,000	78,341	(341)	68,467
EIDE	5,000	5,000	2,720	2,280	3,314
Supplies	35,000	25,000	12,222	12,778	18,605
Uniforms	8,000	8,000	6,222	1,778	5,930
Utilities - Electric	4,000	4,000	5,236	(1,236)	3,869
Utilities - Gas	2,100	2,100	1,362	738	1,990
Utilities - Telephone	9,500	9,500	9,382	118	8,997
Vehicle Fuel	23,000	23,000	26,147	(3,147)	23,323
Vehicle Expense	16,000	18,000	22,765	(4,765)	15,644
TOTAL POLICE	2,370,564	2,385,014	2,188,185	196,829	855,587

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE D
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	2019				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/18
	Original	Final			
STREETS:					
Advertising	\$ 500	\$ 500	\$ -	\$ 500	\$ 85
Grass Cutting Expense	1,500	1,500	889	611	2,084
Health Insurance	10,400	10,400	10,419	(19)	10,474
Capital Outlay	288,500	288,500	29,758	258,742	-
Engineering Fees	2,500	2,500	-	2,500	236
Equipment Purchase/Rental	1,000	1,000	1,003	(3)	891
Insurance	6,400	6,400	5,988	412	7,973
Leases/Maintenance Agreements	10,000	10,000	8,832	1,168	9,662
Legal and Auditing	2,500	2,500	1,800	700	2,400
Maintenance - Buildings/Grounds/Tools	6,000	6,000	5,608	392	10,472
Office Supplies	1,000	1,000	370	630	520
Payroll Taxes	5,100	5,300	5,166	134	5,317
Permits	50	50	20	30	20
Pension Costs	10,400	10,400	9,755	645	7,265
Repairs	10,000	15,000	14,695	305	6,744
Salaries	61,400	63,750	62,762	988	58,238
Salaries - Overtime	5,500	5,500	1,695	3,805	1,048
Snow Removal	10,000	10,000	4,164	5,836	5,210
Supplies	5,000	5,000	4,695	305	3,199
Tree Removal	5,000	5,000	4,990	10	-
Uniforms	1,000	1,000	1,140	(140)	1,031
Utilities - Electric	95,000	95,000	85,777	9,223	84,373
Utilities - Gas	700	700	626	74	651
Utilities - Telephone	2,700	3,100	2,451	649	2,975
Vehicle Fuel	2,500	2,500	2,335	165	1,632
Vehicle Expense	12,500	12,500	8,525	3,975	7,241
TOTAL STREETS	557,150	565,100	273,463	291,637	229,741
TOTAL GOVERNMENTAL ACTIVITIES	3,305,964	3,333,564	2,813,314	520,250	1,377,136
BUSINESS-TYPE ACTIVITIES					
WASTEWATER:					
Advertising	500	500	-	500	74
Continuing Education	250	250	155	95	125
Health Insurance	20,500	20,500	20,408	92	24,713
Capital Outlay	91,878	91,878	-	91,878	-
Chemicals	29,500	29,500	16,003	13,497	18,617
Debt Service - Interest	328,300	328,300	81,592	246,708	83,248
Depreciation	-	-	252,318	(252,318)	280,528
Dues	150	150	100	50	50
Ditch Tax	-	3,350	3,305	45	-
Engineering Fees	5,000	3,000	3,671	(671)	(242)
Equipment - Purchase/Rental	7,100	7,100	1,962	5,138	7,377
Testing Fees	22,000	22,000	20,287	1,713	19,579
Sludge Disposal	20,900	20,900	26,408	(5,508)	15,528
Insurance	18,300	18,300	19,116	(816)	36,265
Leases/Maintenance Agreements	70,000	70,000	65,320	4,680	41,133
Legal and Auditing	5,000	5,000	4,000	1,000	6,270
Maintenance - Buildings/Grounds/Tools	25,000	25,000	9,818	15,182	12,712
Maintenance - Collector System	2,000	2,000	-	2,000	-
Office Supplies	1,500	1,500	1,588	(88)	1,675
Postage	3,000	3,000	3,750	(750)	3,016
Payroll Taxes	10,500	10,750	9,536	1,214	15,241
Pension Costs	23,050	23,050	16,649	6,401	23,577
Permits	150	150	-	150	-
Repairs	60,000	100,000	126,197	(26,197)	83,016
Salaries	127,200	138,650	117,535	21,115	155,034
Salaries - Overtime	8,500	9,500	9,537	(37)	7,924
Supplies	2,000	2,000	2,873	(873)	2,798
Uniforms	900	900	1,106	(206)	1,077
Utilities - Electric	75,000	75,000	47,860	27,140	71,829
Utilities - Gas	15,000	15,000	14,243	757	14,572
Utilities - Telephone	5,000	5,000	5,099	(99)	4,998
Miss Utility Locates	500	500	374	126	338
Vehicle Fuel	2,000	2,000	1,779	221	1,387
Vehicle Expense	4,000	3,000	1,693	1,307	3,676
TOTAL WASTEWATER	984,678	1,037,728	884,282	153,446	936,135

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE D
PAGE 3

	2019				
	Budgeted Amounts				
	Original	Final	Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/18
WATER:					
Advertising	\$ 500	\$ 500	\$ 540	\$ (40)	\$ 307
Continuing Education	2,350	2,350	245	2,105	670
Health Insurance	29,700	29,700	29,387	313	23,048
Capital Outlay	39,819	39,819	-	39,819	-
Chemicals	21,000	21,000	21,858	(858)	19,898
Debt Service - Interest	113,650	113,650	39,230	74,420	40,924
Depreciation	-	-	252,318	(252,318)	280,527
Dues	800	800	597	203	741
Engineering	2,500	2,000	1,195	805	4,936
Equipment - Purchase/Rental	28,400	28,400	23,909	4,491	13,047
Testing Fees	1,000	1,000	500	500	400
Insurance	15,700	15,700	15,124	576	22,462
Leases	36,000	36,000	37,225	(1,225)	34,635
Legal and Auditing	2,500	2,500	2,260	240	2,400
Maintenance - Buildings/Grounds/Tools	4,000	4,000	1,864	2,136	2,750
Newsletter	500	500	250	250	250
Office Supplies	2,000	200	1,424	(1,224)	1,658
Postage	3,000	3,000	3,750	(750)	3,016
Payroll Taxes	12,850	13,450	13,177	273	10,413
Pension Costs	11,800	11,800	10,931	869	11,925
Repairs	10,000	20,000	16,158	3,842	20,137
Salaries	159,400	166,850	162,214	4,636	124,556
Salaries - Overtime	8,500	8,300	9,299	(799)	8,015
Supplies	10,000	10,000	7,081	2,919	8,279
Uniforms	1,800	1,800	2,167	(367)	1,088
Utilities - Gas	1,000	1,000	626	374	651
Utilities - Electric	28,500	28,500	25,283	3,217	26,868
Utilities - Telephone	3,200	3,200	2,923	277	3,359
Miss Utility Locates	500	500	374	126	338
Vehicle Fuel	3,000	3,000	2,732	268	2,100
Vehicle Expense	3,500	3,500	2,964	536	4,800
TOTAL WATER	557,469	573,219	687,605	(114,386)	674,198
TOTAL BUSINESS-TYPE ACTIVITIES	1,542,147	1,610,947	1,571,887	39,060	1,610,333
TOTAL EXPENDITURES/EXPENSES	\$ 4,848,111	\$ 4,944,511	\$ 4,385,201	\$ 559,310	\$ 2,987,469

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE E

	Wastewater Department	Water Department	Total
Operating Revenues:			
Charges for Services	\$ 1,322,513	\$ 493,479	\$ 1,815,992
Miscellaneous	28,906	47,493	76,399
Interest	11,423	31,997	43,420
Total Operating Revenues	<u>1,362,842</u>	<u>572,969</u>	<u>1,935,811</u>
Operating Expenses:			
Health Insurance	20,408	29,387	49,795
Advertising	-	540	540
Chemicals	16,003	21,858	37,861
Depreciation	252,318	252,318	504,636
Ditch Tax	3,305	-	3,305
Dues	100	597	697
Engineering Fees	3,671	1,195	4,866
Equipment - Purchase/Rental	1,962	23,909	23,871
Testing Fees	20,287	500	20,787
Sludge Disposal	26,408	-	26,408
Insurance	19,116	15,124	34,240
Continuing Education	155	245	400
Interest Expense	81,592	39,230	120,822
Leases	65,320	37,225	102,545
Legal and Auditing	4,000	2,260	6,260
Maintenance - Buildings/Grounds/Tools	9,818	1,864	11,682
Newsletter	-	250	250
Office Supplies	1,588	1,424	3,012
Postage	3,750	3,750	7,500
Payroll Taxes	9,536	13,177	22,713
Pension Costs	16,649	10,931	27,580
Repairs	126,197	18,163	144,360
Salaries	117,535	162,214	279,749
Salaries - Overtime	9,537	9,299	18,836
Supplies	2,873	7,081	9,954
Uniform Expense	1,106	2,167	3,273
Utilities - Electric	47,860	25,283	73,143
Utilities - Gas	14,243	626	14,869
Utilities - Telephone	5,099	2,923	8,022
Miss Utility Locates	374	374	748
Vehicle Expense	3,472	5,696	9,168
Total Operating Expenses	<u>884,282</u>	<u>689,610</u>	<u>1,573,892</u>
Net Operating Income (Loss)	<u>\$ 478,560</u>	<u>\$ (116,641)</u>	<u>\$ 361,919</u>

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners
Town of Bridgeville

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Bridgeville, as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the Town of Bridgeville's basic financial statements, and have issued our report thereon dated October 14, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bridgeville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lank, Johnson & Tull

Seaford, Delaware
October 14, 2019