

TOWN OF BRIDGEVILLE, DELAWARE
FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION
JUNE 30, 2020

TOWN OF BRIDGEVILLE
TABLE OF CONTENTS
JUNE 30, 2020

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

BASIC FINANCIAL STATEMENTS

Government-Wide Statement of Net Position	Exhibit A
Government Wide Statement of Activities	Exhibit B

FUND FINANCIAL STATEMENTS

Balance Sheet - Governmental Fund	Exhibit C
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	Exhibit D
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	Exhibit E
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	Exhibit F
Statement of Net Position - Enterprise Fund	Exhibit G
Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Fund	Exhibit H
Statement of Cash Flows - Enterprise Fund	Exhibit I

NOTES TO BASIC FINANCIAL STATEMENTS

Exhibit J

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of the Town's Proportionate Share of the Net Pension Liability	Schedule A
Schedule of the Town's Contributions	Schedule B

SUPPLEMENTAL INFORMATION

Revenues - Budget and Actual - All Funds	Schedule C
Expenditures/Expenses - Budget and Actual - All Funds	Schedule D
Schedule of Operating Revenues and Expenses - Enterprise Fund	Schedule E

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

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, 2020, 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, 2020, 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.

Our new Advantage Services line includes tax preparation, bookkeeping and business adviser services. Learn more online and get your advantage today at ljtcpa.com or www.delaware.accountants

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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that 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 30, 2020, 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 30, 2020

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020. Please read it in conjunction with the Town's financial statements, which follow this section.

BASIC FINANCIAL STATEMENTS

The financial statements are presented to 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, 2020

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 2019 to 2020 (See table below). General Fund net position increased by 20%, while the business-type net position decreased by 2%. The increase in the general fund is mainly attributed to additional tax revenues, along with the ability to meet current operating expenses and capital outlay without incurring any new debt.

Town of Bridgeville
Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Current and Other Assets	1.61	1.34	1.52	1.68	3.13	3.02	3%
Capital Assets	3.05	2.78	17.68	18.15	20.73	20.93	(1%)
Deferred Outflows	0.11	0.10	-	-	0.11	0.10	10%
Total Assets and Deferrals	4.77	4.22	19.20	19.83	23.97	24.05	-
Long-Term Debt	-	-	4.36	4.69	4.36	4.69	(7%)
Other Liabilities	0.25	0.46	0.06	0.06	0.31	0.52	(40%)
Deferred Inflows	-	-	0.88	0.95	0.88	0.95	(7%)
Total Liabilities & Deferrals	0.25	0.46	5.30	5.70	5.55	6.16	(10%)
Net Position							
Capital Assets Net of Debt	3.05	2.62	12.44	12.52	15.49	15.14	2%
Restricted	0.27	0.34	-	-	0.27	0.34	(22%)
Unrestricted	1.20	0.80	1.46	1.61	2.66	2.41	10%
Total Net Position	4.52	3.76	13.90	14.13	18.42	17.89	3%

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The Town's total revenues (excluding transfers) decreased by 14% to \$3.49 million (See table below). Revenue from business-type activities decreased by 22% to \$1.50 million, which is mainly attributable to a decrease in impact fees and other charges. Governmental revenues decreased by 7% to \$1.99 million, which is mainly attributable to a decrease in federal and state grants and various other revenue line items.

The total cost of all programs and services decreased by 3% to \$2.96 million. The costs of business-type activities decreased by 7% to \$1.54 million. The cost of governmental-type activities decreased by 3% to \$1.42 million.

Town of Bridgeville
Change in Net Position
(in millions)

	Governmental		Business-Type		Total		Total
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Program Revenue							
Fees, Fines, Services	0.34	0.37	1.48	1.89	1.82	2.26	(19%)
Operating Grants	0.36	0.12	-	-	0.36	0.12	200%
Capital Grants	-	0.48	-	-	-	0.48	(100%)
General Revenue							
Taxes	1.28	1.15	-	-	1.28	1.15	11%
Investment Income	0.01	0.02	0.02	0.03	0.03	0.05	100%
Total Revenue	1.99	2.14	1.50	1.92	3.49	4.06	(14%)
Program Expenses							
General	0.29	0.36	-	-	0.29	0.36	(21%)
Police	0.89	0.85	-	-	0.89	0.85	5%
Streets	0.24	0.26	-	-	0.24	0.26	(6%)
Water and Sewer	-	-	1.54	1.57	1.54	1.57	(2%)
Total Expenses	1.42	1.47	1.54	1.57	2.96	3.04	(3%)
Excess (Deficiency)	0.57	0.67	(0.04)	0.35	0.53	1.02	(48%)
Transfers In/(Out)	0.18	(0.08)	(0.18)	0.08	-	-	-
Change in Net Position	0.75	0.59	(0.22)	0.43	0.53	1.02	(48%)
Net Position - Beginning	3.76	3.17	14.13	13.70	17.89	16.87	6%
Net Position - Ending	4.51	3.76	13.91	14.13	18.42	17.89	3%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. General fund actual revenues of \$1.99 million exceeded budgeted revenues of \$1.32 million by \$0.67 million (51%). This favorable variance was primarily the result of unbudgeted transfer tax revenue and federal/state grants.

General fund actual expenditures of \$1.67 million were more than the budgeted expenditures of \$1.40 million by \$0.27 million (19%). This unfavorable variance was primarily due to unbudgeted capital outlay.

TOWN OF BRIDGEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

ENTERPRISE FUND BUDGETARY HIGHLIGHTS

The original budget was amended once during the current fiscal year. Enterprise fund actual revenues of \$1.50 million were less than budgeted revenues of \$1.49 million by \$0.01 million (1%).

Enterprise fund actual expenditures of \$1.54 million were over budgeted expenditures of \$1.34 million. This unfavorable variance was mainly due to unfunded depreciation and repair costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the Town had \$20.73 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 \$0.20 million from the prior year.

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

	Governmental		Business-Type		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	0.27	0.27	4.11	4.11	4.38	4.38
Buildings	1.76	1.65	-	0.01	1.76	1.66
Equipment	0.15	0.07	1.07	1.10	1.22	1.17
Improvements	0.74	0.65	-	-	0.74	0.65
Vehicles	0.13	0.14	0.02	0.02	0.15	0.16
Water and Sewer	-	-	12.48	12.91	12.48	12.91
Total Capital Assets	3.05	2.78	17.68	18.15	20.73	20.93

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, 2020

Debt

At year-end, the Town had \$4.36 million in bonds and notes outstanding, versus \$4.69 million last year, a decrease of \$0.33 million.

Town of Bridgeville
Debt
(in millions)

	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Rural Development - Sewer Bonds	-	-	0.51	0.53	0.51	0.53
State of Delaware	-	-	0.28	0.31	0.28	0.31
State of Delaware	-	-	0.89	1.05	0.89	1.05
State of Delaware	-	-	0.89	0.95	0.89	0.95
State of Delaware	-	-	0.71	0.74	0.71	0.74
State of Delaware	-	-	1.08	1.11	1.08	1.11
Total Debt	-	-	4.36	4.69	4.36	4.69

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

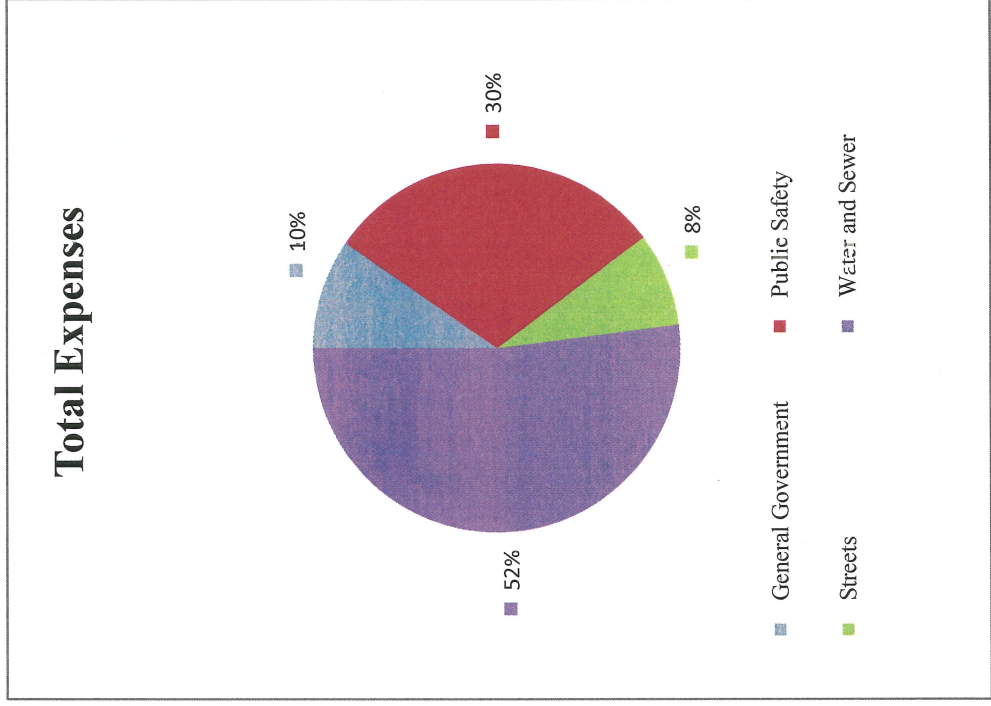
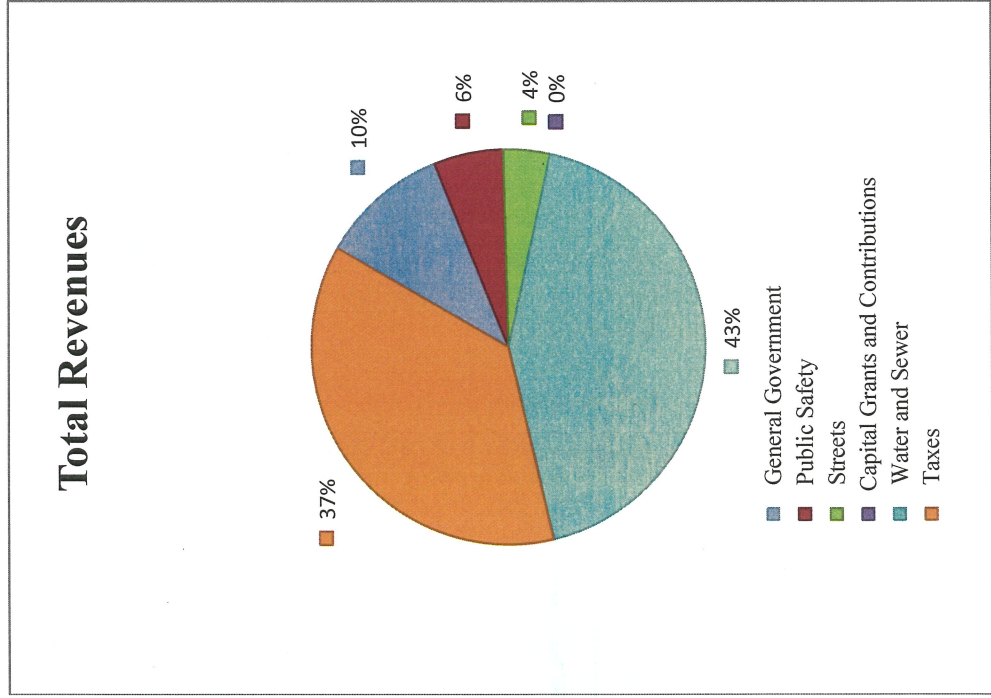
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

FY20 proved to be a year of growth and development, until the COVID-19 pandemic shut down most operations in March 2020. However, by summer, activity showed signs of picking up again and the outlook is optimistic for FY21 as construction continues in the Heritage Shores Community and elsewhere. Commercial development is also flourishing, as demand for retail, restaurant, and hotels increases along the Route 13 corridor. At the end of FY20, the Town had multiple plans under review. Even with the temporary lull in development, Transfer tax funds have continued to replenish after the completion of the Police Department – which was finished at the end of 2019 and put into operation in January 2020. The Western Sussex Sanitary Sewer District saw some delays due to the pandemic as well and received an extension for completion by late Spring 2021. Construction has resumed and the project is on track. We are now in the second year of the approved 25% tax increase to recover the lost revenue from wastewater operations. Utility rates are once again unchanged for FY21. The operating and capital improvement budgets passed were cautious rather than aspirational in light of potential financial uncertainties tied to the pandemic. The capital improvement budget was designed to shift focus to essential Water and Street Department infrastructure and improvements while maintaining Wastewater through the end of the fiscal year. The Town is looking towards Economic Development in FY21, by reviving Downtown Development Initiatives and exploring other community development and engagement opportunities in the wake of COVID-19, including a Municipal Park project, and repurposing of the now vacant Police Station building.

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, 2020



TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

EXHIBIT A

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,488,707	\$ 1,460,391	\$ 2,949,098
Accounts Receivable	116,885	61,174	178,059
Capital Assets:			
Land	266,220	4,111,614	4,377,834
Buildings	1,880,963	27,798	1,908,761
Equipment	515,569	1,794,219	2,309,788
Improvements	1,067,461	18,731,549	19,799,010
Vehicles	420,592	109,123	529,715
Accumulated Depreciation	<u>(1,105,675)</u>	<u>(7,090,613)</u>	<u>(8,196,288)</u>
Total Assets	<u>4,650,722</u>	<u>19,205,255</u>	<u>23,855,977</u>
Deferred Outflow of Resources	<u>112,536</u>	<u>-</u>	<u>112,536</u>
Total Assets and Deferred Outflows	<u>4,763,258</u>	<u>19,205,255</u>	<u>23,968,513</u>
<u>LIABILITIES</u>			
Accounts Payable	49,047	26,208	75,255
Accrued Wages	20,041	-	20,041
Non-Current Liabilities:			
Net Pension Liability	121,582	-	121,582
Accrued Vacation Leave	52,884	9,784	62,668
Accrued Sick Leave	6,149	21,276	27,425
Due within one year	-	355,224	355,224
Due in more than one year	<u>-</u>	<u>4,003,236</u>	<u>4,003,236</u>
Total Liabilities	<u>249,703</u>	<u>4,415,728</u>	<u>4,665,431</u>
Deferred Inflow of Resources	<u>-</u>	<u>879,000</u>	<u>879,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	3,045,130	12,446,230	15,491,360
Restricted	264,600	-	264,600
Unrestricted	<u>1,203,825</u>	<u>1,464,297</u>	<u>2,668,122</u>
Total Net Position	<u>\$ 4,513,555</u>	<u>\$ 13,910,527</u>	<u>\$ 18,424,082</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

- 11 -

TOWN OF BRIDGEVILLE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 285,408	\$ 146,989	\$ 219,914	\$ -	\$ 81,495	\$ -	\$ 81,495
Public Safety	893,796	129,142	67,721	-	(696,933)	-	(696,933)
Streets	243,412	61,628	72,372	-	(109,412)	-	(109,412)
<u>Total Governmental Activities</u>	<u>1,422,616</u>	<u>337,759</u>	<u>360,007</u>	<u>-</u>	<u>(724,850)</u>	<u>-</u>	<u>(724,850)</u>
<u>Business-Type Activities:</u>							
Water and Sewer	1,543,817	1,484,786	-	-	-	(59,031)	(59,031)
<u>Total Government</u>	<u>\$ 2,966,433</u>	<u>\$ 1,822,545</u>	<u>\$ 360,007</u>	<u>\$ -</u>	<u>(724,850)</u>	<u>(59,031)</u>	<u>(783,881)</u>
<u>General Revenues:</u>							
Taxes							
Property Taxes, Penalties, and Interest							
Transfer Tax							
Investment Income							
Transfer In/(Out)							
Total General Revenues							
Change in Net Position							
Net Position - Beginning							
Net Position - Ending							
		854,853	-	-	854,853	-	854,853
		427,296	-	-	427,296	-	427,296
		11,081	19,767	-	19,767	-	30,848
		178,847	(178,847)	-	(178,847)	-	-
		1,472,077	(159,080)	-	(159,080)	-	1,312,997
		747,227	(218,111)	-	(218,111)	-	529,116
		3,766,328	14,128,638	-	14,128,638	-	17,894,966
		\$ 4,513,555	\$ 13,910,527	\$ -	\$ 13,910,527	\$ -	\$ 18,424,082

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2020

EXHIBIT C

<u>ASSETS</u>	General <u>Fund</u>
Cash	\$ 1,488,707
Accounts Receivable	<u>116,885</u>
Total Assets	\$ <u><u>1,605,592</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	\$ 49,047
Accrued Wages	<u>20,041</u>
Total Liabilities	<u>69,088</u>
Fund Balance:	
Restricted	264,600
Assigned	551,985
Unassigned	<u>719,919</u>
Total Fund Balance	<u>1,536,504</u>
Total Liabilities and Fund Balance	\$ <u><u>1,605,592</u></u>

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

Total Fund Balance	\$ 1,536,504
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.	3,045,130
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.	112,536
The net pension liability is not a current financial resource and therefore is not reported in the governmental fund's balance sheet.	(121,582)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds - Compensated Absences.	<u>(59,033)</u>
Net Position of Governmental Activities	\$ <u><u>4,513,555</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT D

	<u>General</u> <u>Fund</u>
Revenues:	
Property Taxes	\$ 854,853
Transfer Tax	427,296
Charges for Services	152,697
Intergovernmental	360,007
Licenses and Permits	112,726
Investment Income	11,081
Police Pension Fund	36,888
Fines	34,748
Miscellaneous	<u>700</u>
Total Revenues	<u>1,990,996</u>
Expenditures:	
Current:	
General Government	223,608
Public Safety	795,170
Streets	228,302
Capital Outlay	<u>421,787</u>
Total Expenditures	<u>1,668,867</u>
Excess of Revenues over (under) Expenditures	322,129
Other Financing Sources:	
Operating Transfers	<u>178,847</u>
Net Change in Fund Balance	500,976
Fund Balance - Beginning	<u>1,035,528</u>
Fund Balance - Ending	<u>\$ 1,536,504</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, 2020

EXHIBIT E

Net Change in Fund Balance - Total Governmental Fund	\$ 500,976
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.	(21,064)
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.	421,787
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.	(3,319)
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>(151,153)</u>
Change in Net Position of Governmental Activities	\$ <u><u>747,227</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, 2020

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	\$ 851,550	\$ 854,200	\$ 854,853	\$ 653
Transfer Tax	-	-	427,296	427,296
Charges for Services	113,000	85,350	152,697	67,347
Intergovernmental	152,000	180,400	360,007	179,607
Licenses and Permits	83,500	110,500	112,726	2,226
Investment Income	5,000	4,000	11,081	7,081
Police Pension Fund	35,000	36,000	36,888	888
Fines	76,800	49,000	34,748	(14,252)
Miscellaneous	1,200	1,200	700	(500)
Total Revenues	<u>1,318,050</u>	<u>1,320,650</u>	<u>1,990,996</u>	<u>670,346</u>
Expenditures:				
Current:				
General Government	286,100	269,800	223,608	46,192
Public Safety	843,700	872,250	795,170	77,080
Streets	267,950	254,750	228,302	26,448
Capital Outlay	-	-	421,787	(421,787)
Total Expenditures	<u>1,397,750</u>	<u>1,396,800</u>	<u>1,668,867</u>	<u>(272,067)</u>
Excess (Deficiency) of Revenues over/(under) Expenditures	(79,700)	(76,150)	322,129	398,279
Other Financing Sources (Uses):				
Operating Transfers	<u>178,847</u>	<u>178,847</u>	<u>178,847</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over/(under) Expenditures	99,147	102,697	500,976	398,279
Fund Balance - Beginning	<u>1,035,528</u>	<u>1,035,528</u>	<u>1,035,528</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,134,675</u>	<u>\$ 1,138,225</u>	<u>\$ 1,536,504</u>	<u>\$ 398,279</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

- 16 -

TOWN OF BRIDGEVILLE
STATEMENT OF NET POSITION - ENTERPRISE FUND
JUNE 30, 2020

EXHIBIT G

ASSETS

Current Assets:	
Cash	\$ 1,460,391
Accounts Receivable	<u>61,174</u>
 Total Current Assets	 <u>1,521,565</u>
Capital Assets:	
Land	4,111,614
Building	27,798
Equipment	1,794,219
Improvements	18,731,549
Vehicles	109,123
Accumulated Depreciation	<u>(7,090,613)</u>
 Total Capital Assets	 <u>17,683,690</u>
 Total Assets	 <u>\$ 19,205,255</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 26,208
Current Portion of Long-Term Debt	<u>355,224</u>
 Total Current Liabilities	 <u>381,432</u>
Non-Current Liabilities:	
Accrued Sick Leave	21,276
Accrued Vacation Leave	9,784
Long-Term Debt - Net of Current Portion	<u>4,003,236</u>
 Total Non-Current Liabilities	 <u>4,034,296</u>
 Total Liabilities	 <u>4,415,728</u>
 Deferred Inflows	 <u>879,000</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	12,446,230
Unrestricted	<u>1,464,297</u>
 Total Net Position	 <u>13,910,527</u>
 Total Liabilities and Net Position	 <u>\$ 19,205,255</u>

TOWN OF BRIDGEVILLE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT H

Operating Revenues:	
Charges for Services	\$ 1,483,456
Miscellaneous	1,330
Interest	<u>19,767</u>
Total Operating Revenues	<u>1,504,553</u>
Operating Expenses:	
Health Insurance	46,420
Advertising	460
Chemicals	46,629
Depreciation	505,923
Ditch Tax	3,305
Dues	654
Engineering Fees	2,141
Equipment - Purchase/Rental	72,532
Testing Fees	22,457
Sludge Disposal	33,389
Insurance	35,391
Continuing Education	306
Interest Expense	112,506
Leases	100,504
Legal and Auditing	3,680
Maintenance - Buildings/Grounds/Tools	8,292
Maintenance - Collector System	475
Newsletter	250
Office Supplies	3,846
Postage	7,362
Payroll Taxes	22,361
Pension Costs	29,674
Repairs	92,269
Salary Expense	286,934
Supplies	11,177
Uniform Expense	4,292
Utilities - Electric	61,431
Utilities - Gas	12,448
Utilities - Telephone	7,524
Miss Utility Locates	814
Vehicle Expense	<u>8,371</u>
Total Operating Expenses	<u>1,543,817</u>
Operating Income (Loss)	(39,264)
Other Income:	
Operating Transfers	<u>(178,847)</u>
Net Income (Loss)	(218,111)
Net Position - Beginning	<u>14,128,638</u>
Net Position - Ending	<u>\$ 13,910,527</u>

TOWN OF BRIDGEVILLE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2020

EXHIBIT I

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,907,686
Investment Income	19,767
Cash Payments for Interest	(112,506)
Cash Payments to Employees for Services	(390,884)
Cash Payments to Suppliers for Goods and Services	<u>(537,841)</u>
Net Cash Flows from Operating Activities	<u>886,222</u>
Cash Flows from Non-Capital Financing Activities:	
Operating Transfers	<u>(178,847)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(35,864)
Retirement of Debt	<u>(329,412)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(365,276)</u>
Net Increase in Cash	342,099
Cash - Beginning	<u>1,118,292</u>
Cash - Ending	<u>\$ 1,460,391</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (39,264)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	505,923
Change in Accounts Receivable	494,900
Change in Accounts Payable	2,158
Change in Deferred Inflow	(72,000)
Change in Accrued Payroll, Vacation, and Taxes	<u>(5,495)</u>
Net Cash Flows from Operating Activities	<u>\$ 886,222</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 30, 2020, the date the report was available for issuance. As a result of the spread of COVID-19 (Coronavirus), economic uncertainties have arisen which are likely to negatively impact the Town's revenue. Other financial impact could occur, though such potential impact is unknown at this time.

NOTE 2 - CASH:

The balance of cash is categorized as follows:

General Fund Checking	\$ 74,360
General Fund Savings	<u>1,437,849</u>
<u>TOTAL GENERAL FUND</u>	1,512,209
Water and Sewer Savings	<u>1,460,391</u>
<u>TOTAL CASH IN BANK (Per Bank Statements)</u>	\$ <u>2,972,600</u>

Cash is maintained at PNC and Fulton Bank and is insured by the FDIC or collateralized, as follows:

Amount insured by the FDIC	\$ 400,243
Uncollateralized	-
Collateralized	<u>2,572,357</u>
<u>TOTAL CASH</u>	\$ <u>2,972,600</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

EXHIBIT J
PAGE 7

NOTE 3 - RECEIVABLES:

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

Water and Sewer Charges	\$ 61,174
State Grants	6,870
Demolition/Code Enforcement	35,629
Transfer Tax	48,215
Property Tax	7,213
Miscellaneous	18,958
<u>TOTAL</u>	<u>\$ 178,059</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	1,742,556	138,407	-	1,880,963
Equipment	409,125	129,476	(23,032)	515,569
Improvements	931,274	136,187	-	1,067,461
Vehicles	402,875	17,717	-	420,592
Water and Sewer Improvements	20,626,825	35,864	-	20,662,689
<u>TOTALS</u>	<u>\$ 28,490,489</u>	<u>\$ 457,651</u>	<u>\$ (23,032)</u>	<u>\$ 28,925,108</u>

<u>ACCUMULATED DEPRECIATION</u>				
	Balance Beginning of Year	Depreciation for the Year	Disposals During Year	Balance End of Year
Buildings	\$ 100,624	\$ 23,150	\$ -	\$ 123,774
Equipment	336,913	104,645	-	441,558
Improvements	279,001	46,713	-	325,714
Vehicles	261,016	59,305	(23,032)	297,289
Water and Sewer Improvements	6,584,690	423,263	-	7,007,953
<u>TOTALS</u>	<u>\$ 7,562,244</u>	<u>\$ 657,076</u>	<u>\$ (23,032)</u>	<u>\$ 8,196,288</u>

NET CAPITAL ASSETS \$ 20,728,820

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 58,481
Police	77,562
Streets	15,110
Water and Sewer	<u>505,923</u>
Total Depreciation Expense	\$ <u>657,076</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	\$ 507,891
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	1,079,125
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	710,669
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	275,616
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	891,390
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>893,769</u>
<u>TOTAL DEBT</u>	4,358,460
Less: Current Portion	<u>(355,224)</u>
<u>TOTAL LONG-TERM DEBT</u>	\$ <u>4,003,236</u>

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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>
2021	\$	\$	\$ 355,224	\$ 85,817
2022	-	-	363,546	77,494
2023	-	-	372,102	68,939
2024	-	-	380,897	60,144
2025	-	-	389,941	51,488
2026 - 2030	-	-	1,026,917	169,149
2031 - 2035	-	-	948,077	78,938
2036 - 2040	-	-	320,196	16,758
2041 - 2045	-	-	201,560	3,806
<u>TOTALS</u>	\$ -	\$ -	\$ 4,358,460	\$ 612,533

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	\$ 529,240	\$ -	\$ (21,349)	\$ 507,891
State of Delaware	1,108,312	-	(29,187)	1,079,125
State of Delaware	744,281	-	(33,612)	710,669
State of Delaware	307,004	-	(31,388)	275,616
State of Delaware	1,050,475	-	(159,085)	891,390
State of Delaware	948,560	-	(54,791)	893,769
<u>TOTALS</u>	\$ 4,687,872	\$ -	\$ (329,412)	\$ 4,358,460

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, 2020, the bond issue had a balance of \$13,791,000.

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

EXHIBIT J
PAGE 10

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	\$ 14,823
Property Tax for Future Operations	40,211
Savings - Police Pension	465
Charity Golf Tournament	543
Transfer Tax for Capital Improvements	495,937
Savings - Library	<u>6</u>
 <u>TOTALS</u>	 <u>\$ 551,985</u>
 DOJ Eshare Funds - Restricted Fund Balance/Net Position	 <u>\$ 264,600</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, 2020

EXHIBIT J
PAGE 11

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	\$ 951,000
Fees Used	<u>(72,000)</u>
Prepaid Fees - Ending	\$ <u>879,000</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, 2020, the Town contributed \$51,927 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, 2020

EXHIBIT J
PAGE 12

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 \$36,888 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, 2020, 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 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, 2019, 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, 2020

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, 2018 through June 30, 2019, 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 16.68% of earnings for the fiscal year 2019 for the Police and Firefighter Plan.

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

Employers' Total Pension Liability	\$ 1,801,362
Plan Net Position	<u>(1,679,780)</u>
 Total Net Pension Liability	 \$ <u>121,582</u>

The Town's proportionate percentage of the collective net pension liability for The Police and Firefighter Plan is 0.4233%.

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. 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, 2020

EXHIBIT J
PAGE 14

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%	29.5%
International Equity	5.7%	13.5%
Fixed Income	2.0%	27.1%
Alternative Investments	7.8%	22.4%
Cash and Equivalents	-	7.5%

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)	399,396	121,582	(105,025)

TOWN OF BRIDGEVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

EXHIBIT J
PAGE 15

NOTE 11 - PENSION PLAN (CONTINUED):

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

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

2021	\$ 60,775
2022	5,134
2023	14,192
2024	7,292
2025	8,607
Thereafter	<u>16,536</u>
Total	\$ <u>112,536</u>

E. Pension Expense

The components of pension expense are as follows:

Service Cost	\$ 74,230
Interest on Total Pension Liability	119,189
Member Contributions	(27,248)
Administrative Expense	618
Change in Benefit Terms	521
Projected Earnings on Plan Investments	(110,541)
Recognition of Deferred Outflows and Inflows of Resources:	
Differences Between Projected and Actual Earnings on Plan Investments	16,348
Differences Between Expected and Actual Experiences with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	6,155
Changes in Assumption with Regards to Factors or Other Inputs in the Measurement of Total Pension Liability	<u>2,035</u>
Total Pension Expense	\$ <u>81,307</u>

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
JUNE 30, 2020

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)

	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.4233%	0.4085%	0.3446%	0.4375%	0.5050%	0.4907%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ 121,582	\$ 94,069	\$ 34,740	\$ 69,540	\$ (26,616)	\$ (53,082)
Town's Covered-Employee Payroll	\$ 354,890	\$ 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	34.26%	25.14%	9.87%	20.48%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.25%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 63,238	\$ 62,415	\$ 38,738	\$ 38,987	\$ 44,143	\$ 50,843
Contributions in Relation to the Contractually Required Contribution	<u>(63,238)</u>	<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>	<u>\$ -</u>
Town's Covered-Employee Payroll	<u>\$ 354,890</u>	<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	17.82%	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, 2020

SCHEDULE C

	2020				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/19
	Original	Final			
GOVERNMENTAL ACTIVITIES:					
Building Permits	\$ 65,000	\$ 65,000	\$ 73,132	\$ 8,132	\$ 99,892
Newsletter Ads	1,200	1,200	700	(500)	1,075
Property Tax	801,550	804,200	804,963	763	748,390
Quarterly/Supplemental Taxes	10,000	10,000	11,388	1,388	10,727
Property Tax Penalties	3,000	2,000	2,432	432	3,873
Transfer Tax	-	-	427,296	427,296	351,778
Payments in Lieu of Taxes	37,000	38,000	36,070	(1,930)	35,710
Sussex County Council - Grant	29,000	30,000	30,000	-	25,000
Interest	5,000	4,000	11,081	7,081	26,202
Miscellaneous Fees	113,000	76,800	87,513	10,713	79,982
Fines	76,800	49,000	34,748	(14,252)	78,329
Federal and State Grants	123,000	150,400	330,007	179,607	573,910
Police Pension Fund	35,000	36,000	36,888	888	36,713
Miscellaneous	-	8,550	65,184	56,634	26,063
Contractor Licenses	-	27,000	22,644	(4,356)	27,705
Rental Licenses	18,500	18,500	16,950	(1,550)	18,225
TOTAL GOVERNMENTAL ACTIVITIES	1,318,050	1,320,650	1,990,996	670,346	2,143,074
BUSINESS-TYPE ACTIVITIES:					
Fire Lines	13,300	13,300	13,300	-	13,300
Water/Sewer Inspection Fees	1,800	2,500	1,850	(650)	1,750
Sewer Rents	670,000	670,000	600,440	(69,560)	656,623
Fats, Oils, Grease Fees	1,600	1,600	1,600	-	1,600
Sewer Rent - Industrial	95,000	95,000	90,532	(4,468)	87,889
Sewer Fee Penalties	16,000	34,000	29,180	(4,820)	33,466
Town of Greenwood	166,000	175,000	181,885	6,885	194,854
Water Rent	275,000	280,000	270,239	(9,761)	275,074
Water Meter Rent	160,000	160,000	154,483	(5,517)	157,707
Water Meter Pit Fees	22,800	26,300	29,604	3,304	23,430
Water Fee Penalties	16,000	4,000	2,666	(1,334)	3,526
Tapping Fees	3,000	5,000	5,200	200	14,050
Impact Fees	-	-	89,990	89,990	349,523
Connection Fees	3,250	4,000	3,900	(100)	3,200
Interest	15,000	8,000	19,767	11,767	43,420
Miscellaneous Fees	9,000	9,100	9,917	817	76,399
TOTAL BUSINESS-TYPE ACTIVITIES	1,467,750	1,487,800	1,504,553	16,753	1,935,811
TOTAL REVENUE	\$ 2,785,800	\$ 2,808,450	\$ 3,495,549	\$ 687,099	\$ 4,078,885

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE D
PAGE 1

	2020				
	Budgeted Amounts			Favorable (Unfavorable) Variance	Prior Year 6/30/19
	Original	Final	Actual Amounts		
GOVERNMENTAL FUNDS					
GENERAL GOVERNMENT:					
Advertising	\$ 2,000	\$ 2,500	\$ 2,978	\$ (478)	\$ 1,844
Bad Debts	-	-	18,236	(18,236)	-
Travel	500	300	35	265	350
Continuing Education	3,000	2,000	1,520	480	393
SCAT Meetings	3,000	1,500	959	541	1,936
Code Enforcement	10,000	-	-	-	7,716
Code Update	3,000	3,000	1,914	1,086	3,740
Health Insurance	10,100	9,750	12,229	(2,479)	19,604
Capital Outlay	-	-	26,019	(26,019)	38,598
Deferred Property Taxes	38,200	40,200	-	40,200	-
Donations	5,000	5,000	4,000	1,000	4,500
Dues	3,500	3,500	4,173	(673)	3,202
Service Charges	3,000	3,000	2,380	620	2,628
Economic Development	70,000	70,000	6,084	13,916	19,020
Engineering	10,000	6,000	4,917	1,083	23,201
Equipment - Purchase/Rental	2,000	2,000	-	2,000	1,289
Insurance	8,750	8,000	8,624	(624)	3,432
Leases	13,000	13,000	13,612	(612)	11,960
Legal and Auditing	20,000	15,000	14,259	741	26,665
Maintenance - Buildings/Grounds/Tools	7,000	12,000	9,816	2,184	5,395
Newsletter	-	-	-	-	3,725
Office Supplies	3,500	3,500	3,704	(204)	3,135
Postage	1,800	1,500	1,280	220	1,434
Payroll Taxes	5,750	5,900	5,212	688	8,707
Pension Costs	13,000	13,000	12,778	222	12,858
Repairs	1,000	-	4,979	(4,979)	6,573
Salaries	75,000	76,900	55,484	21,416	120,067
Special Recognitions	1,500	1,500	1,007	493	655
Supplies	2,000	2,000	2,313	(313)	2,033
Employment	1,000	1,000	431	569	184
Utilities - Electric	7,000	6,500	5,556	944	6,105
Utilities - Gas	1,500	1,500	881	619	1,020
Utilities - Telephone	7,000	7,000	5,706	1,294	6,222
Vehicle Fuel	2,000	1,500	605	895	1,703
Vehicle Expense	2,000	1,250	1,057	193	1,772
TOTAL GENERAL GOVERNMENT	286,100	269,800	232,748	37,052	351,666
POLICE:					
Advertising	500	500	221	279	-
Health Insurance	75,200	68,750	74,533	(5,783)	72,358
Capital Outlay	-	-	238,154	(238,154)	1,398,588
Donations	400	400	-	400	275
Dues	500	500	200	300	200
Equipment Purchase/Rental	3,000	5,000	6,987	(1,987)	1,666
Insurance	48,000	39,150	40,663	(1,513)	40,922
SALLE	5,000	9,000	6,428	2,572	3,973
Leases, Maintenance Agreements	2,500	2,300	2,704	(404)	1,085
Legal and Auditing	3,000	3,000	1,876	1,124	3,113
Maintenance - Buildings/Grounds/Tools	5,000	5,000	13,636	(8,636)	4,184
Office Supplies	4,500	3,500	1,285	2,215	1,306
Postage	1,500	1,500	1,197	303	1,283
Payroll Taxes	39,750	37,800	35,818	1,982	36,504
Pension Costs	69,350	66,650	63,238	3,412	62,415
Repairs	1,000	-	552	(552)	108
Salaries	420,800	422,200	402,913	19,287	395,808
Salaries - Overtime, Part-time	64,000	88,000	69,483	18,517	78,341
EIDE	4,000	7,000	2,009	4,991	2,720
Supplies	30,000	41,000	15,745	25,255	12,222
Uniforms	8,000	6,000	2,213	3,787	6,222
Utilities - Electric	4,000	8,500	9,620	(1,120)	5,236
Utilities - Gas	2,200	2,000	1,926	74	1,362
Utilities - Telephone	9,500	12,500	13,856	(1,356)	9,382
Vehicle Fuel	25,000	25,000	22,606	2,394	26,147
Vehicle Expense	17,000	17,000	14,338	2,662	22,765
TOTAL POLICE	843,700	872,250	1,042,201	(169,951)	2,188,185

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE D
PAGE 2

	2020				
	Budgeted Amounts				
	Original	Final	Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/19
<u>STREETS:</u>					
Advertising	\$ 500	\$ 500	\$ 85	\$ 415	\$ -
Grass Cutting Expense	2,000	1,500	1,428	72	889
Health Insurance	10,400	10,400	11,266	(866)	10,419
Capital Outlay	-	-	165,616	(165,616)	29,758
Engineering Fees	1,000	1,000	-	1,000	-
Equipment Purchase/Rental	1,000	1,000	264	736	1,003
Insurance	6,600	6,600	5,742	858	5,988
Leases/Maintenance Agreements	9,000	9,000	7,220	1,780	8,832
Legal and Auditing	2,000	2,000	1,900	100	1,800
Maintenance - Buildings/Grounds/Tools	5,000	7,000	7,431	(431)	3,608
Office Supplies	500	500	457	43	370
Payroll Taxes	5,650	5,650	5,734	(84)	5,166
Permits	50	50	-	50	20
Pension Costs	11,150	11,150	11,121	29	9,755
Repairs	3,000	-	10,330	(10,330)	14,695
Salaries	65,000	65,000	61,356	3,644	62,762
Salaries - Overtime	4,000	4,000	500	3,500	1,695
Snow Removal	8,000	8,000	1,400	6,600	4,164
Supplies	3,000	3,000	2,201	799	4,695
Tree Removal	5,000	5,000	4,490	510	4,990
Uniforms	1,300	1,600	1,514	86	1,140
Utilities - Electric	105,000	95,000	86,629	8,371	85,777
Utilities - Gas	800	800	588	212	626
Utilities - Telephone	3,000	2,000	1,698	302	2,451
Vehicle Fuel	3,000	2,000	1,716	284	2,335
Vehicle Expense	12,000	12,000	3,532	8,468	8,525
<u>TOTAL STREETS</u>	267,950	254,750	393,918	(139,168)	273,463
<u>TOTAL GOVERNMENTAL ACTIVITIES</u>	1,397,750	1,396,800	1,668,867	(272,067)	2,813,314
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>WASTEWATER:</u>					
Advertising	500	250	-	250	-
Continuing Education	250	250	109	141	155
Health Insurance	20,500	20,350	20,158	192	20,408
Chemicals	30,000	25,000	20,418	4,582	16,003
Debt Service - Interest	328,300	328,300	75,023	253,277	81,592
Depreciation	-	-	252,961	(252,961)	252,318
Dues	150	150	-	150	100
Ditch Tax	3,500	3,350	3,305	45	3,305
Engineering Fees	3,000	1,500	783	717	3,671
Equipment - Purchase/Rental	6,300	6,000	1,372	4,628	1,962
Testing Fees	22,000	22,000	21,607	393	20,287
Sludge Disposal	63,500	50,000	33,389	16,611	26,408
Insurance	18,550	17,350	19,889	(2,539)	19,116
Leases/Maintenance Agreements	65,000	65,000	60,759	4,241	65,320
Legal and Auditing	5,000	4,000	1,880	2,120	4,000
Maintenance - Buildings/Grounds/Tools	28,000	10,000	5,803	4,197	9,818
Maintenance - Collector System	2,000	2,000	475	1,525	-
Office Supplies	2,500	2,500	2,245	255	1,588
Postage	3,000	4,500	3,687	813	3,750
Payroll Taxes	11,050	11,250	10,167	1,083	9,536
Pension Costs	17,350	17,350	17,333	17	16,649
Permits	150	150	-	150	-
Repairs	-	-	78,051	(78,051)	126,197
Salaries	133,650	136,000	121,555	14,445	117,535
Salaries - Overtime	11,500	11,000	8,062	2,938	9,537
Supplies	5,600	4,000	1,544	2,456	2,873
Uniforms	1,400	1,600	1,556	44	1,106
Utilities - Electric	60,000	50,000	33,321	16,679	47,860
Utilities - Gas	15,000	15,000	11,860	3,140	14,243
Utilities - Telephone	5,000	5,500	5,331	169	5,099
Miss Utility Locates	500	500	407	93	374
Vehicle Fuel	2,500	1,500	961	539	1,779
Vehicle Expense	3,000	5,000	3,055	1,945	1,693
<u>TOTAL WASTEWATER</u>	868,750	821,350	817,066	4,284	884,282

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
EXPENDITURES/EXPENSES - BUDGET AND ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE D
PAGE 3

	2020				
	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance	Prior Year 6/30/19
	Original	Final			
WATER:					
Advertising	\$ 500	\$ 500	\$ 460	\$ 40	\$ 540
Continuing Education	500	500	197	303	245
Health Insurance	30,550	26,150	26,262	(112)	29,387
Chemicals	25,000	25,000	26,211	(1,211)	21,858
Debt Service - Interest	113,650	113,650	37,483	76,167	39,230
Depreciation	-	-	252,962	(252,962)	252,318
Dues	1,000	100	654	(554)	597
Engineering	2,000	2,000	1,358	642	1,195
Equipment - Purchase/Rental	27,000	27,000	71,160	(44,160)	23,909
Testing Fees	1,350	1,350	850	500	500
Insurance	16,100	14,150	15,502	(752)	15,124
Leases	38,250	38,250	39,745	(1,495)	37,225
Legal and Auditing	2,500	2,500	1,800	700	2,260
Maintenance - Buildings/Grounds/Tools	4,000	4,000	2,489	1,511	1,864
Newsletter	500	500	250	250	250
Office Supplies	2,000	2,000	1,601	399	1,424
Postage	3,000	4,500	3,675	825	3,750
Payroll Taxes	13,550	13,950	12,194	1,756	13,177
Pension Costs	12,350	12,350	12,341	9	10,931
Repairs	-	-	14,219	(14,219)	16,158
Salaries	168,900	173,300	149,683	23,617	162,214
Salaries - Overtime	10,500	11,500	7,634	3,866	9,299
Supplies	10,000	10,000	9,633	367	7,081
Uniforms	2,600	2,600	2,736	(136)	2,167
Utilities - Gas	1,000	1,000	588	412	626
Utilities - Electric	25,000	28,000	28,110	(110)	25,283
Utilities - Telephone	2,000	2,000	2,193	(193)	2,923
Miss Utility Locates	500	500	407	93	374
Vehicle Fuel	3,000	3,000	2,439	561	2,732
Vehicle Expense	2,000	2,000	1,916	84	2,964
TOTAL WATER	519,300	522,950	726,752	(203,802)	687,605
TOTAL BUSINESS-TYPE ACTIVITIES	1,388,050	1,344,300	1,543,818	(199,518)	1,571,887
TOTAL EXPENDITURES/EXPENSES	\$ 2,785,800	\$ 2,741,100	\$ 3,212,685	\$ (471,585)	\$ 4,385,201

TOWN OF BRIDGEVILLE
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUES AND EXPENSES
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE E

	Wastewater Department	Water Department	Total
Operating Revenues:			
Charges for Services	\$ 989,764	\$ 493,692	\$ 1,483,456
Miscellaneous	-	1,330	1,330
Interest	2,536	17,231	19,767
Total Operating Revenues	992,300	512,253	1,504,553
Operating Expenses:			
Health Insurance	20,158	26,262	46,420
Advertising	-	460	460
Chemicals	20,418	26,211	46,629
Depreciation	252,961	252,962	505,923
Ditch Tax	3,305	-	3,305
Dues	-	654	654
Engineering Fees	783	1,358	2,141
Equipment - Purchase/Rental	1,372	71,160	72,532
Testing Fees	21,607	850	22,457
Sludge Disposal	33,389	-	33,389
Insurance	19,889	15,502	35,391
Continuing Education	109	197	306
Interest Expense	75,023	37,483	112,506
Leases	60,759	39,745	100,504
Legal and Auditing	1,880	1,800	3,680
Maintenance - Buildings/Grounds/Tools	5,803	2,489	8,292
Maintenance - Collector System	475	-	475
Newsletter	-	250	250
Office Supplies	2,245	1,601	3,846
Postage	3,687	3,675	7,362
Payroll Taxes	10,167	12,194	22,361
Pension Costs	17,333	12,341	29,674
Repairs	78,051	14,218	92,269
Salaries	121,555	149,683	271,238
Salaries - Overtime	8,062	7,634	15,696
Supplies	1,544	9,633	11,177
Uniform Expense	1,556	2,736	4,292
Utilities - Electric	33,321	28,110	61,431
Utilities - Gas	11,860	588	12,448
Utilities - Telephone	5,331	2,193	7,524
Miss Utility Locates	407	407	814
Vehicle Expense	4,016	4,355	8,371
Total Operating Expenses	817,066	726,751	1,543,817
Net Operating Income (Loss)	\$ 175,234	\$ (214,498)	\$ (39,264)

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, 2020, 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 30, 2020.

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*.

Our new Advantage Services line includes tax preparation, bookkeeping and business adviser services. Learn more online and get your advantage today at ljtcpa.com or www.delaware.accountants - 43 -

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

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 30, 2020