

**TOWN OF GEORGETOWN**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**TOWN OF GEORGETOWN  
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FOR THE YEAR ENDED APRIL 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council  
Town of Georgetown  
Georgetown, 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 Georgetown as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Town'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 the 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 Georgetown as of April 30, 2014, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 supplementary 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 Georgetown's basic financial statements. The accompanying supplementary information on pages 38 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The accompanying supplementary information and the schedule of expenditures of federal awards 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, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the Town of Georgetown'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 Georgetown's internal control over financial reporting and compliance.

*Jefferson, Urian, Doane & Stemer, P.A.*

Georgetown, Delaware  
November 17, 2014

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## **THE TOWN OF GEORGETOWN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

#### **FOR FISCAL YEAR ENDED APRIL 30, 2014**

This section of the report gives an overview and analysis of the financial activity of the Town of Georgetown for the year ended April 30, 2014.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis introduces the Town's basic financial statements. Town of Georgetown's basic financial statements include (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. Supplementary information, in addition to the basic financial statements, is also included.

#### **FINANCIAL HIGHLIGHTS**

##### **GOVERNMENT-WIDE STATEMENTS**

As of April 30, 2014, assets exceeded liabilities by \$ 31,822,238. Of this amount, the Town had unrestricted assets of \$ 1,279,012. The Town's total net position increased by \$ 3,376,186 during the year. The net increase was mainly caused by capital grants, impact fees, and principal loan forgiveness on the service line water project.

##### **FUND FINANCIAL STATEMENTS**

As of April 30, 2014, the Town's governmental funds reported an ending fund balance of \$ 2,415,341. This increased \$ 158,036 from the preceding year and was approximately 5% of budgeted expenditures.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business. This Government-wide Financial Reporting includes two statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town of Georgetown is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the current fiscal year. Changes in net position are reported when the underlying event occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not impact cash flows until future fiscal periods.

Both the Statement of Net Position and Statement of Activities account separately for governmental activities and business-type activities.

Governmental activities include General Administration, Public Safety, Planning and Zoning, and Streets and Grounds. These activities are mostly supported by taxes, user fees and operating grants.

Business-type activities include water and sewer services, funded primarily by user fees, connection fees, and impact fees.

The Government-wide Financial Statements in this report immediately follow this MD&A report.

## **FUND FINANCIAL STATEMENTS**

The next group of financial statements is Fund Financial Statements. These statements provide additional information.

A fund is an accounting category used to maintain control over resources that have been segregated for specific activities or objectives. These help us comply with finance-related legal requirements. The Town's funds are divided into two categories: Governmental Funds and Proprietary Funds.

### **GOVERNMENTAL FUNDS**

Governmental Funds account for essentially the same functions as Governmental Activities in the Government-wide Financial Statements. Governmental Fund Financial Statements do focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financial requirements. Because of the focus of governmental funds is for the current period, it is useful to compare this information with similar information presented for governmental activities in the Government-wide Financial Statements. Readers may then better understand the long-term impact of the government's current financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance include reconciliations to the Government-wide Statements. The basic financial statements include a budgetary comparison statement for the General Fund. Town of Georgetown adopts an annual appropriated budget for its General Fund.

### **PROPRIETARY FUNDS**

The Town of Georgetown's Proprietary Funds are solely enterprise funds that operate in a manner similar to private business enterprises. The Town uses Enterprise Funds for the water and sewer systems, which separates operating revenues and expenses from non-operating items. The operating expenses include the cost of service, administrative expenses and depreciation on capital assets.

### **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the Town's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

### **MAJOR AND NON-MAJOR FUNDS**

The Town of Georgetown does not have non-major funds. All activities are classified as Major Funds.

## **NOTES TO THE FINANCIAL STATEMENTS**

Notes to the Financial Statements provide additional information that is essential to a reader's complete understanding of the data provided in the Government-wide and Fund Financial Statements.



**SUPPLEMENTARY INFORMATION**

The supplementary information contains detailed information regarding the General Fund budget versus actual revenues and expenditures and historical property assessments.

**SINGLE AUDIT SUPPLEMENT**

The Town of Georgetown received federal funding through grants and loans that require certain schedules and reports to be included in this section.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table is a summary of the Government-wide Statement of Net Position:

**TOWN OF GEORGETOWN'S SCHEDULE OF NET POSITION  
As of April 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013 (As Restated)	2014	2013 (As Restated)
Current and Other Assets	\$ 3,435,604	\$ 3,182,609	\$ 3,451,019	\$ 2,752,049	\$ 6,886,623	\$ 5,934,658
Capital Assets	7,378,978	7,299,088	32,932,766	33,388,424	40,311,744	40,687,512
Total Assets	<u>10,814,582</u>	<u>10,481,697</u>	<u>36,383,785</u>	<u>36,140,473</u>	<u>47,198,367</u>	<u>46,622,170</u>
Deferred outflows of resources	-	-	230,473	260,864	230,473	260,864
Current and Other Liabilities	1,085,637	864,035	537,457	1,261,708	1,623,094	2,125,743
Long-term Liabilities Outstanding	-	269,961	13,983,508	16,041,278	13,983,508	16,311,239
Total Liabilities	<u>1,085,637</u>	<u>1,133,996</u>	<u>14,520,965</u>	<u>17,302,986</u>	<u>15,606,602</u>	<u>18,436,982</u>
Net Position:						
Invested in Capital Assets, Net of Related Debt	7,348,326	7,239,519	19,085,833	17,508,764	26,434,159	24,748,283
Restricted	1,402,215	1,081,991	2,706,850	1,847,616	4,109,065	2,929,607
Unrestricted	978,404	1,026,191	300,610	(258,029)	1,279,014	768,162
Total Net Position	<u>\$ 9,728,945</u>	<u>\$ 9,347,701</u>	<u>\$22,093,293</u>	<u>\$19,098,351</u>	<u>\$31,822,238</u>	<u>\$28,446,052</u>

*(Note that 2013 has been restated to correct fiscal year 2013 capital contributions.)*

The Governmental Activities Statement of Net Position is made up of cash, taxes receivable, restricted cash, annexation and other receivables, land improvements and other capital assets. Restricted net position consists of cash and investments, which are restricted as to their use by outside agencies and Town ordinances.

In the Business-type Activities, 86% of the net position is invested in the water and sewer systems. Restricted net position consists of cash and investments held by the Town for infrastructure outlays and debt service.

The following schedule reflects the breakdown of changes in net position for Governmental and Business-type Activities for fiscal years 2014 and 2013.

**TOWN OF GEORGETOWN'S CHANGES IN NET POSITION**  
**For the Years Ended April 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013 (As Restated)	2014	2013 (As Restated)
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 1,283,039	\$ 1,253,237	\$ 2,852,785	\$ 3,096,277	\$ 4,135,824	\$ 4,349,514
Operating Grants and Contributions	709,959	883,011	1,001,705	263,671	1,711,664	1,146,682
Capital Grants and Contributions	437,511	1,853,699	2,206,622	743,734	2,644,133	2,597,433
General Revenues						
Property Taxes and Penalties	1,500,029	1,454,499	-	-	1,500,029	1,454,499
Realty Transfer Taxes	210,887	146,258	-	-	210,887	146,258
Investment Income	535	612	-	-	535	612
Total Revenues	<u>4,141,960</u>	<u>5,591,316</u>	<u>6,061,112</u>	<u>4,103,682</u>	<u>10,203,072</u>	<u>9,694,998</u>
<b>Program Expenses</b>						
General Administration	355,126	522,182	-	-	355,126	522,182
Public Safety	1,971,661	1,824,271	-	-	1,971,661	1,824,271
Planning and Zoning	111,331	105,162	-	-	111,331	105,162
Streets and Grounds	1,380,829	1,279,706	-	-	1,380,829	1,279,706
Sewer Facility	-	-	2,006,904	2,152,361	2,006,904	2,152,361
Water Facility	-	-	1,001,035	1,011,993	1,001,035	1,011,993
Total Expenses	<u>3,818,947</u>	<u>3,731,321</u>	<u>3,007,939</u>	<u>3,164,354</u>	<u>6,826,886</u>	<u>6,895,675</u>
Increase in Net Position before Transfers	323,013	1,859,995	3,053,173	939,328	3,376,186	2,799,323
Transfers	58,231	311,435	(58,231)	(311,435)	-	-
Increase in Net Position	<u>381,244</u>	<u>2,171,430</u>	<u>2,994,942</u>	<u>627,893</u>	<u>3,376,186</u>	<u>2,799,323</u>
Net Position - Beginning	<u>9,347,701</u>	<u>7,176,271</u>	<u>19,098,351</u>	<u>18,470,458</u>	<u>28,446,052</u>	<u>25,646,729</u>
Net Position - Ending	<u>\$ 9,728,945</u>	<u>\$ 9,347,701</u>	<u>\$ 22,093,293</u>	<u>\$ 19,098,351</u>	<u>\$ 31,822,238</u>	<u>\$ 28,446,052</u>

(Note that 2013 has been restated to correct fiscal year 2013 capital contributions.)

In the Governmental Activities, revenues decreased from the prior year due to the Town being deeded infrastructure by a developer in the prior year. Expenses decreased in General Administration due to a bad debt being written off in the prior year. Expenses in Public Safety, Planning and Zoning and Streets and Grounds are comparable to the prior year.

In the Business-type Activities, Capital Grants and Contributions increased from the prior year due to principal forgiveness of a State Revolving Fund loan for improvements to the water system. The Operating Grants and Contributions increased due to impact fees collected on commercial development projects. The expenses were comparable to prior years for the water and the sewer funds. The Town was not deeded infrastructure during the current year.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

In the General Fund, on the fund basis, the actual revenues were comparable to the budget except for transfer taxes and courthouse fees that generated \$ 210,287 over the budget, intergovernmental grants that generated \$ 463,347 over the budget, permits and planning and zoning fees were \$ 212,537 over budget. The overall increase over budgeted revenues was \$ 991,616 on the Fund Financial Statements. Expenses consist of General Administrative, Planning and Zoning, and Streets and Grounds and were comparable to budget. The capital outlay budget did not include several Public Safety purchases, as well as street improvements.

The Town's Proprietary Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

## **OTHER FACTORS**

The Town has started to see an increase in commercial development, especially along the DuPont Boulevard (US 113) corridor. In early 2014, Redner's Warehouse Market opened, followed by several smaller retail establishments. The Beebe Healthcare Medical Arts Pavilion also opened. A Wyndham Microtel is scheduled for opening in late 2014.

During FY 2014, the Town completed the Water Service Line Replacement Project (\$ 2,199,410). Other major water infrastructure projects underway include South Railroad Avenue Well & Treatment (\$ 1,595,590) and King Street Water Treatment Enhancement & Upgrade (\$ 3,300,000). These projects are funded through the Office of Drinking Water, State Revolving Fund (DWSRF) with one hundred percent (100%) principal forgiveness and a zero percent (0%) interest rate.

Additionally, during FY 2014, the Town completed improvements to Margaret Street (curb, gutter, sidewalk, and pavement rehabilitation). Funds were provided through a Community Development Block Grant (CDBG) with a Town match. An additional phase of this project will be completed in FY 2015.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GEORGETOWN**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2014**

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	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 291,316	\$ 151	\$ 291,467
Receivables:			
Taxes	47,377	-	47,377
Trash	72,996	-	72,996
Service water and sewer	-	400,894	400,894
Miscellaneous	191,918	166,716	358,634
Prepaid items	74,125	35,910	110,035
Due from other government agencies	71,644	5,171	76,815
Noncurrent assets:			
Loan receivable	27,000	-	27,000
Restricted assets:			
Cash and cash equivalents	2,659,228	2,704,195	5,363,423
Investments	-	137,982	137,982
Capital assets:			
Land and construction in progress	508,571	2,076,846	2,585,417
Other capital assets, net of depreciation	6,870,407	30,855,920	37,726,327
<b>TOTAL ASSETS</b>	<b>10,814,582</b>	<b>36,383,785</b>	<b>47,198,367</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding	-	230,473	230,473
<b>LIABILITIES</b>			
Accounts payable	125,644	110,880	236,524
Accrued liabilities	45,696	135,571	181,267
Construction project deposit	593,173	-	593,173
Unearned revenue	74,458	291,006	365,464
Long-term liabilities:			
Due within one year	246,666	1,011,563	1,258,229
Due in more than one year	-	12,971,945	12,971,945
<b>TOTAL LIABILITIES</b>	<b>1,085,637</b>	<b>14,520,965</b>	<b>15,606,602</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	7,348,326	19,085,833	26,434,159
Restricted for:			
Construction and debt service	-	2,706,850	2,706,850
Grants, emergency services, recreation and transfer tax	1,402,215	-	1,402,215
Unrestricted	978,404	300,610	1,279,014
<b>TOTAL NET POSITION</b>	<b>\$ 9,728,945</b>	<b>\$ 22,093,293</b>	<b>\$ 31,822,238</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF GEORGETOWN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2014

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Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General administration	\$ 355,126	\$ 405,348	\$ 373,521	\$ -	\$ 423,743	\$ -	\$ 423,743
Public safety	1,971,661	157,849	192,418	64,004	(1,557,390)	-	(1,557,390)
Streets and grounds	1,380,829	456,856	144,020	373,507	(406,446)	-	(406,446)
Planning and zoning	111,331	262,986	-	-	151,655	-	151,655
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>3,818,947</b>	<b>1,283,039</b>	<b>709,959</b>	<b>437,511</b>	<b>(1,388,438)</b>	<b>-</b>	<b>(1,388,438)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer facility	2,006,904	1,799,479	807,019	7,212	-	606,806	606,806
Water facility	1,001,035	1,053,306	194,686	2,199,410	-	2,446,367	2,446,367
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>3,007,939</b>	<b>2,852,785</b>	<b>1,001,705</b>	<b>2,206,622</b>	<b>-</b>	<b>3,053,173</b>	<b>3,053,173</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,826,886</b>	<b>\$ 4,135,824</b>	<b>\$ 1,711,664</b>	<b>\$ 2,644,133</b>	<b>(1,388,438)</b>	<b>3,053,173</b>	<b>1,664,735</b>
<b>GENERAL REVENUES</b>							
Taxes: Property and penalties					1,500,029	-	1,500,029
Realty transfer					210,887	-	210,887
Unrestricted investment earnings					535	-	535
<b>TRANSFERS</b>					<b>58,231</b>	<b>(58,231)</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>1,769,682</b>	<b>(58,231)</b>	<b>1,711,451</b>
<b>CHANGE IN NET POSITION</b>					<b>381,244</b>	<b>2,994,942</b>	<b>3,376,186</b>
<b>NET POSITION - BEGINNING, ORIGINAL</b>					<b>9,347,701</b>	<b>18,921,242</b>	<b>28,268,943</b>
<b>PRIOR PERIOD ADJUSTMENT</b>					<b>-</b>	<b>177,109</b>	<b>177,109</b>
<b>NET POSITION - BEGINNING, AS RESTATED</b>					<b>9,347,701</b>	<b>19,098,351</b>	<b>28,446,052</b>
<b>NET POSITION - ENDING</b>					<b>\$ 9,728,945</b>	<b>\$ 22,093,293</b>	<b>\$ 31,822,238</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN  
BALANCE SHEET - GOVERNMENTAL FUND  
APRIL 30, 2014**

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	<b><u>General Fund</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 291,316
Receivables:	
Taxes	47,377
Trash	72,996
Miscellaneous	191,918
Prepaid items	74,125
Due from other government agencies	71,644
Noncurrent assets:	
Loan receivable	27,000
Restricted assets:	
Cash and cash equivalents	<u>2,659,228</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 3,435,604</u></u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 125,644
Accrued liabilities	45,696
Construction project deposit	593,173
Unearned revenue	<u>74,458</u>
<b>TOTAL LIABILITIES</b>	<b><u>838,971</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues:	
Grant revenue	6,012
Expense reimbursement	105,071
Loan receivable	27,000
Property taxes	<u>43,209</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>181,292</u></b>
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	74,125
Restricted for:	
Emergency services and recreation services	205,458
Grant funds	623,728
Realty transfer tax	546,029
Assigned for:	
Health benefits	194,191
Unassigned	<u>771,810</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,415,341</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES,             AND FUND BALANCES</b>	<b><u><u>\$ 3,435,604</u></u></b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
APRIL 30, 2014**

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<b>FUND BALANCES OF GOVERNMENTAL FUND</b>	\$ 2,415,341
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	7,378,978
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable in the governmental funds.	181,292
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. Interest and fees on long-term debt are not accrued in governmental funds, but rather are recognized as an expenditure when due.	<u>(246,666)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 9,728,945</u></u>



**TOWN OF GEORGETOWN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED APRIL 30, 2014**

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	<u>General Fund</u>
<b>REVENUES</b>	
Taxes and fees	\$ 1,955,452
Intergovernmental	746,264
Charges for services	902,373
Fines and parking	159,018
Miscellaneous	<u>190,326</u>
<b>TOTAL REVENUES</b>	<u>3,953,433</u>
<b>EXPENDITURES</b>	
Current:	
General administration	330,729
Public safety	1,851,091
Planning and zoning	112,627
Streets and grounds	1,032,640
Debt service	32,491
Capital outlay	<u>494,050</u>
<b>TOTAL EXPENDITURES</b>	<u>3,853,628</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	99,805
<b>OTHER FINANCING SOURCES</b>	
Transfers in, net	<u>58,231</u>
<b>NET CHANGE IN FUND BALANCE</b>	158,036
<b>FUND BALANCE - BEGINNING</b>	<u>2,257,305</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 2,415,341</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2014**

<b>NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND</b>		<b>\$ 158,036</b>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$ 494,050) was more than depreciation (\$ 472,721) in the current period.</p>		
		21,329
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The net change is as follows:</p>		
Grants	\$ 4,588	
Miscellaneous	100,571	
Property taxes	14,864	
Contributed property and supplies	<u>58,561</u>	
		178,584
<p>Debt proceeds are recognized as financing sources in governmental funds, but are not revenue in the Government-wide Statement of Activities, net of principal payments on debt, forgiveness of debt and accrued interest on debt not yet due.</p>		
		28,917
<p>Compensated absences increases reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(5,622)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u><u>\$ 381,244</u></u></b>

**TOWN OF GEORGETOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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	<b>Budgeted Amounts Original and Final</b>	<b>Actual</b>	<b>Variance with Budget - Positive (Negative)</b>
<b>REVENUES</b>			
Taxes and fees	\$ 1,727,435	\$ 1,955,452	\$ 228,017
Intergovernmental	282,917	746,264	463,347
Charges for services	645,000	902,373	257,373
Fines and parking	168,000	159,018	(8,982)
Miscellaneous	138,465	190,326	51,861
<b>TOTAL REVENUES</b>	<b>2,961,817</b>	<b>3,953,433</b>	<b>991,616</b>
<b>EXPENDITURES</b>			
Current:			
General administration	307,044	330,729	(23,685)
Public safety	1,695,348	1,851,091	(155,743)
Streets and grounds	962,811	1,032,640	(69,829)
Planning and zoning	102,828	112,627	(9,799)
Debt service	-	32,491	(32,491)
Capital outlay	32,000	494,050	(462,050)
<b>TOTAL EXPENDITURES</b>	<b>3,100,031</b>	<b>3,853,628</b>	<b>(753,597)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(138,214)</b>	<b>99,805</b>	<b>238,019</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in, net	138,214	58,231	(79,983)
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>158,036</b>	<b>158,036</b>
<b>FUND BALANCE - BEGINNING</b>	<b>2,257,305</b>	<b>2,257,305</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 2,257,305</b>	<b>\$ 2,415,341</b>	<b>\$ 158,036</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**APRIL 30, 2014**

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ASSETS	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 151	\$ 151
Receivables, net of allowance for doubtful accounts:			
Service charges	188,001	212,893	400,894
Miscellaneous	137,535	29,181	166,716
Due from other government agencies	5,171	-	5,171
<b>TOTAL CURRENT ASSETS</b>	<b>330,707</b>	<b>242,225</b>	<b>572,932</b>
<b>NONCURRENT ASSETS</b>			
Prepaid items	10,065	25,845	35,910
Restricted assets:			
Cash and cash equivalents	2,127,663	576,532	2,704,195
Investments	137,982	-	137,982
Capital assets:			
Land and construction in progress	1,609,684	467,162	2,076,846
Other capital assets, net of depreciation	23,046,566	7,809,354	30,855,920
<b>TOTAL NONCURRENT ASSETS</b>	<b>26,931,960</b>	<b>8,878,893</b>	<b>35,810,853</b>
<b>TOTAL ASSETS</b>	<b>27,262,667</b>	<b>9,121,118</b>	<b>36,383,785</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding	98,868	131,605	230,473
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	98,136	12,744	110,880
Accrued liabilities	85,591	49,980	135,571
Unearned revenue	291,006	-	291,006
Current portion of long-term liabilities	803,688	207,875	1,011,563
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,278,421</b>	<b>270,599</b>	<b>1,549,020</b>
<b>LONG-TERM LIABILITIES, LESS CURRENT PORTION</b>	<b>9,174,452</b>	<b>3,797,493</b>	<b>12,971,945</b>
<b>TOTAL LIABILITIES</b>	<b>10,452,873</b>	<b>4,068,092</b>	<b>14,520,965</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	14,755,071	4,330,762	19,085,833
Restricted for:			
Construction and debt service	2,168,235	538,615	2,706,850
Unrestricted	(14,644)	315,254	300,610
<b>TOTAL NET POSITION</b>	<b>\$ 16,908,662</b>	<b>\$ 5,184,631</b>	<b>\$ 22,093,293</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,741,944	\$ 1,033,858	\$ 2,775,802
Other operating revenue	33,902	869	34,771
<b>TOTAL OPERATING REVENUES</b>	<b>1,775,846</b>	<b>1,034,727</b>	<b>2,810,573</b>
<b>OPERATING EXPENSES</b>			
Chemicals	41,709	68,427	110,136
Depreciation	768,834	261,757	1,030,591
Employee benefits	89,049	92,051	181,100
Gasoline and oil	11,604	5,830	17,434
Insurance	30,861	16,724	47,585
Maintenance and repairs	59,515	81,563	141,078
Service charges	50	-	50
Payroll taxes	22,041	17,973	40,014
Professional services	143,958	2,741	146,699
Salaries	295,660	297,701	593,361
Sludge disposal fees	75,075	-	75,075
Supplies	12,636	7,126	19,762
Telephone	2,962	3,854	6,816
Utilities	175,184	48,388	223,572
<b>TOTAL OPERATING EXPENSES</b>	<b>1,729,138</b>	<b>904,135</b>	<b>2,633,273</b>
<b>OPERATING INCOME</b>	<b>46,708</b>	<b>130,592</b>	<b>177,300</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Debt forgiveness	-	2,199,410	2,199,410
Impact fees, net	807,019	194,686	1,001,705
Investment income (loss)	(1,456)	7	(1,449)
Penalties	25,089	18,572	43,661
Interest expense	(277,766)	(96,900)	(374,666)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>552,886</b>	<b>2,315,775</b>	<b>2,868,661</b>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>599,594</b>	<b>2,446,367</b>	<b>3,045,961</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>7,212</b>	<b>-</b>	<b>7,212</b>
<b>TRANSFERS OUT</b>	<b>(49,925)</b>	<b>(8,306)</b>	<b>(58,231)</b>
<b>CHANGE IN NET POSITION</b>	<b>556,881</b>	<b>2,438,061</b>	<b>2,994,942</b>
<b>NET POSITION - BEGINNING, ORIGINAL</b>	<b>16,351,781</b>	<b>2,569,461</b>	<b>18,921,242</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>-</b>	<b>177,109</b>	<b>177,109</b>
<b>NET POSITION - BEGINNING, AS RESTATED</b>	<b>16,351,781</b>	<b>2,746,570</b>	<b>19,098,351</b>
<b>NET POSITION - ENDING</b>	<b>\$ 16,908,662</b>	<b>\$ 5,184,631</b>	<b>\$ 22,093,293</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF GEORGETOWN  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2014

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	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,736,501	\$ 1,022,285	\$ 2,758,786
Payments to suppliers for goods and services	(522,433)	(240,471)	(762,904)
Payments to employees for services	(423,422)	(404,762)	(828,184)
Other operating receipts	33,902	869	34,771
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>824,548</b>	<b>377,921</b>	<b>1,202,469</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from (to) other funds, net	(49,925)	(8,306)	(58,231)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Bond and loan proceeds	471,430	1,025,072	1,496,502
Acquisition of capital assets	(325,407)	(996,242)	(1,321,649)
Retirement of bonds and related costs	(976,068)	(353,751)	(1,329,819)
Impact fees	812,477	195,844	1,008,321
Intergovernmental capital grant	188,206	-	188,206
Interest paid	(275,489)	(88,266)	(363,755)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(104,851)</b>	<b>(217,343)</b>	<b>(322,194)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of investments	(36,964)	-	(36,964)
Proceeds from investments	73,929	-	73,929
Investment income and penalties	25,089	18,579	43,668
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>62,054</b>	<b>18,579</b>	<b>80,633</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>731,826</b>	<b>170,851</b>	<b>902,677</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>1,395,837</b>	<b>405,832</b>	<b>1,801,669</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 2,127,663</b>	<b>\$ 576,683</b>	<b>\$ 2,704,346</b>
<b>CASH AND CASH EQUIVALENTS AS PRESENTED IN THE ACCOMPANYING STATEMENTS OF NET POSITION</b>			
Cash and cash equivalents	\$ -	\$ 151	\$ 151
Restricted cash and cash equivalents	2,127,663	576,532	2,704,195
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 2,127,663</b>	<b>\$ 576,683</b>	<b>\$ 2,704,346</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED APRIL 30, 2014**

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	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 46,708	\$ 130,592	\$ 177,300
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	768,834	261,757	1,030,591
Changes in assets, deferred outflows and liabilities:			
Receivables	(21,156)	(11,573)	(32,729)
Prepaid items	1,791	8,615	10,406
Accounts payable and accrued liabilities	12,658	(11,470)	1,188
Unearned revenue	15,713	-	15,713
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 824,548</b>	<b>\$ 377,921</b>	<b>\$ 1,202,469</b>
<b>NON-CASH CAPITAL AND OPERATING ACTIVITIES</b>			
Forgiveness of debt	\$ -	\$ 2,199,410	\$ 2,199,410

The accompanying notes are an integral part of these financial statements.

**TOWN OF GEORGETOWN  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND  
APRIL 30, 2014**

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<b>ASSETS</b>	
Cash	<u>\$ 5,219</u>
 <b>NET POSITION HELD IN TRUST</b>	 <u>\$ 5,219</u>

The accompanying notes are an integral part of these financial statements.



**TOWN OF GEORGETOWN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND  
FOR THE YEAR ENDED APRIL 30, 2014**

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<b>ADDITIONS</b>	
Investment income	\$ 19
<b>DEDUCTIONS</b>	
Support	<u>(5,000)</u>
<b>CHANGE IN NET POSITION</b>	(4,981)
<b>NET POSITION HELD IN TRUST - BEGINNING</b>	<u>10,200</u>
<b>NET POSITION HELD IN TRUST - ENDING</b>	<u>\$ 5,219</u>

The accompanying notes are an integral part of these financial statements.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Georgetown, Delaware (the "Town") was incorporated in 1791 under the provisions of the State of Delaware. The Town operates under a Mayor-Council form of government and provides the following services: public safety, streets and grounds, planning and zoning, water and sewer service, and general administrative services.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

### 1. Reporting Entity

The accompanying financial statements include police, streets, water and sewer service, recreation and general administrative services that are legally controlled by or dependent on the Town Council (the primary government). The Town's financial reporting entity is required to consist of all organizations for which the Town is financially accountable or for which there is a significant relationship. The Water & Supply Company, previously the sole provider of water services to the Town's citizens, was purchased by the Town of Georgetown in 1991 and is an integral component of the Town's water system. Its activities were blended with the Water Fund.

### 2. Basic Financial Statements - Government-wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's governmental activities consist of general administration, public safety, recreation, and street maintenance. The Town's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Direct expenses are those that are clearly identifiable with a specific function. The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Basic Financial Statements - Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

**Governmental Fund**

The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town:

**General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Proprietary Funds**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The following is a description of the proprietary funds of the Town:

**Enterprise funds** are used to account for the provision of water and sewer services to customers in the Town's Water and Sewer Districts. Activities of the enterprise funds include administration, operations and maintenance of the water and sewer system, and billing and collection activities.

**Proprietary funds** distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for providing services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Basic Financial Statements - Fund Financial Statements - Continued**

**Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position, reported using accounting principles similar to proprietary funds. The Private-Purpose Trust Fund is used to account for assets to benefit the Boy and Girl Scouts of America. The Town's fiduciary fund is presented in the fiduciary fund financial statement. Since by definition these assets are being held for the benefit of a third party (private parties) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**Major and Nonmajor Funds**

The funds of the financial reporting entity are further classified as major or nonmajor. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria for the determination of major funds. The Town does not have a nonmajor fund.

**4. Basis of Accounting/Measurement Focus**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**4. Basis of Accounting/Measurement Focus - Continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for 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 property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end. The revenues susceptible to accrual are property taxes, annexation fees, charges for service, interest income and intergovernmental revenues.

**5. Cash and Cash Equivalents**

The Town has defined cash and cash equivalents to include cash on hand, demand deposits and all liquid investments (including restricted assets) with a maturity of three months or less when purchased. Restricted cash mainly consists of amounts held by the Town that are sourced from grant programs, retirement, health and impact fee funds.

**6. Receivables**

Receivables of other than miscellaneous are reported at their gross value. All service and property tax receivables are considered fully collectible. Miscellaneous receivables are reported net of a reserve for bad debts of \$ 10,110.

**7. Capital Assets**

Equipment purchased or acquired with an original cost of \$ 5,000 or more, and land improvements, buildings, storm drains, and sewer and water infrastructure purchased or acquired with an original cost of \$ 25,000 or more are reported at historical cost or estimated historical cost. Capital assets are reviewed on an ongoing basis for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**7. Capital Assets - Continued**

The Town has elected to only report infrastructure as capital assets if acquired after May 1, 2004. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Sewer and water infrastructure	5 - 50 years
Streets and storm drains	40 years
Buildings and improvements	7 - 40 years
Machinery and equipment	3 - 10 years

**8. Unearned Revenue**

Unearned income represents monies held or currently owed to the Town that will be recognized as revenue in future periods.

**9. Investments**

All investments are stated at fair value. Fair values are determined by quoted market prices, where available. Restricted investments represent amounts held by the Town for construction and debt service.

**10. Equity Classifications**

*Government-wide and Proprietary Fund Net Position*

Net position is classified and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Governmental Fund Balances*

In the governmental fund financial statements, fund balances are reported using five classifications based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form such as prepaid items or inventories; or (2) legally or contractually required to be maintained intact.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**10. Equity Classifications - Continued**

The spendable portion of the fund balance comprises the remaining four classifications:

- a. Restricted fund balance - This classification reflects the constraints imposed on resources either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- b. Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Town Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned fund balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Manager has the authority to assign amounts to be used for specific purposes.
- d. Unassigned fund balance - This fund balance is the residual classification for the general fund.

*Use of Restricted Resources*

It is the Town's policy to maintain a diversified and stable revenue stream to protect it from problematic fluctuations in any single revenue source and provide stability to ongoing services. The Town's policy is to segregate restricted resources for both restricted and assigned funds. Town Council specifically authorizes expenditures from those restricted resources and they are approved on a transaction-by-transaction basis in accordance with the specified provisions imposed by those resources. When an expenditure is incurred for purposes for which both nonsegregated restricted and unrestricted net position are available, it is the policy of the Town to consider nonsegregated restricted net position to have been reduced first.

**11. Property Assessment**

The Town's property tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 31, the date levied. Taxes are payable under the following terms: May 1 through May 31, face amount; after May 31, a 1.5% penalty per month is charged on the unpaid balance due. Property taxes are recognized as revenue in the budget year for which they are levied.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**12. Compensated Absences**

Employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days. In the event of retirement, an employee is paid for accumulated vacation days, and dependent on years of service could be paid part or all of sick leave accumulated. The Town accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. Sick leave is only payable to an employee at retirement and is accrued once an employee attains ten years of Town service. The governmental funds compensated absences are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**13. Interfund Activity**

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers and are not required to be repaid by the funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Transferred funds are used for operational purposes by the recipient fund. The general fund received \$ 49,925 of net transfers from the sewer fund and \$ 8,306 of net transfers from the water fund during the year.

**14. Budgets and Budgetary Accounting**

The budget in these financial statements is presented on a basis consistent with accounting principles generally accepted in the United States of America. Final budgeted amounts are as amended at April 30, 2014. Unexpected appropriations lapse at year end.

Prior to March 1, the Town Manager, in conjunction with the Finance Officer, distributes budget request forms to each department.

These budgets are prepared by March 1. The Town Manager, with the assistance of the Finance Officer, then develops an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the Town Manager.

The Council legally adopts an annual budget not later than April 30 for the subsequent year.

**15. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures/expenses during the reporting period. Actual results could differ from these estimates.



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**16. Interest Costs**

Interest costs incurred by a proprietary fund for the acquisition and/or construction of capital assets are subject to capitalization. The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. No interest was capitalized during the year. Interest expensed in the business-type activities totaled \$ 374,666 for the year.

**17. Water & Supply Company**

The Water & Supply Company (a Delaware corporation) is governed by a board appointed by the Town Council. Although it is legally separate from the Town, the Water & Supply Company is reported as if it were part of the proprietary fund because its sole purpose is to provide water service to the Town's citizens. Intra-entity transactions have been eliminated. The Water & Supply Company was dissolved as of April 30, 2014.

**18. Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Town has only one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the proprietary fund statement of net position. A deferred amount on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized, using the straight-line method, over the shorter of the life or the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items, which arise under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental fund balance sheet. The governmental fund reports unavailable revenues from property taxes, grant revenue, and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**NOTE B - DEPOSITS AND INVESTMENTS**

All deposits are in various financial institutions and are carried at cost. Transactions are made directly with the banks and securities dealers. At April 30, 2014, the carrying amount of the Town's deposits was \$ 5,659,109 and the bank balance was \$ 5,726,221. None of the Town's deposits were uninsured or uncollateralized at year end.

**NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In regards to investments, custodial credit risk is in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Town's investment. The Town's primary objective of its investment activities is the safety of principal in order to mitigate interest rate risk. The Town does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments in U.S. government securities earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest are paid to the Town.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town stresses safety of principal as investments are made with judgment and care. U.S. government securities are not considered to have credit risk and, therefore, their credit risk is not disclosed. Investments issued by Federal Home Loan Mortgage Corporation and Federal National Mortgage Association have an AAA credit rating at year end. The Town does not have any other investments that are credit quality rated.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Town has no formal policy to address the concentration of credit risk attributed to a single issuer.

The Town has authorized the following investments:

Bonds or other obligations of which the faith and credit of the United States of America are 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 faith and credit of the United States are pledged; certificates of deposit and other evidences of deposit of financial institutions; money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of dollar-denominated securities; and local government investment pools administered by the State of Delaware.

The Town had the following investments at April 30, 2014:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 56,391	\$ -	\$ 32,456	\$ -	\$ 23,935
Federal Home Loan Mortgage Corporation	47,814	-	2,723	1,194	43,897
Federal National Mortgage Association	33,777	-	2,011	1,368	30,398
<b>Total Investments</b>	<b>\$ 137,982</b>	<b>\$ -</b>	<b>\$ 37,190</b>	<b>\$ 2,562</b>	<b>\$ 98,230</b>

**NOTE B - DEPOSITS AND INVESTMENTS - CONTINUED**

Reconciliation of cash and investments to the government-wide statement of net position:

Cash on hand	\$ 1,000
Carrying amount of deposits	5,659,109
Carrying amount of investments	<u>137,982</u>
<b>TOTAL</b>	<b><u><u>\$ 5,798,091</u></u></b>
Cash and cash equivalents	\$ 291,467
Cash and cash equivalents - restricted	5,363,423
Investments - restricted	137,982
Fiduciary fund cash (not included in government-wide statements)	<u>5,219</u>
<b>TOTAL</b>	<b><u><u>\$ 5,798,091</u></u></b>

**NOTE C - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2014 was as follows:

	<u>Balance at April 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at April 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and parks	\$ 508,571	\$ -	\$ -	\$ 508,571
Construction in progress	<u>35,509</u>	<u>-</u>	<u>35,509</u>	<u>-</u>
Total capital assets, not being depreciated	<u>544,080</u>	<u>-</u>	<u>35,509</u>	<u>508,571</u>
Other capital assets:				
Buildings and improvements	1,514,232	-	-	1,514,232
Equipment	1,803,020	82,896	196,311	1,689,605
Streets and storm drains	<u>6,337,907</u>	<u>505,224</u>	<u>-</u>	<u>6,843,131</u>
Total other capital assets	<u>9,655,159</u>	<u>588,120</u>	<u>196,311</u>	<u>10,046,968</u>
Less accumulated depreciation for other capital assets				
Building and improvements	915,508	54,305	-	969,813
Equipment	1,178,010	140,873	196,311	1,122,572
Streets and storm drains	<u>806,633</u>	<u>277,543</u>	<u>-</u>	<u>1,084,176</u>
Total accumulated depreciation	<u>2,900,151</u>	<u>472,721</u>	<u>196,311</u>	<u>3,176,561</u>
Other capital assets, net	<u>6,755,008</u>	<u>115,399</u>	<u>-</u>	<u>6,870,407</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u><u>\$ 7,299,088</u></u></b>	<b><u><u>\$ 115,399</u></u></b>	<b><u><u>\$ 35,509</u></u></b>	<b><u><u>\$ 7,378,978</u></u></b>

**NOTE C - CAPITAL ASSETS - CONTINUED**

	Balance at April 30, 2013	Increases	Decreases	Balance at April 30, 2014
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,074,327	\$ -	\$ -	\$ 1,074,327
Construction in progress	4,147,406	552,341	3,697,228	1,002,519
Total capital assets, not being depreciated	<u>5,221,733</u>	<u>552,341</u>	<u>3,697,228</u>	<u>2,076,846</u>
Other capital assets:				
Plant equipment and extensions	43,400,377	3,719,820	206,379	46,913,818
Less accumulated depreciation for other capital assets	<u>15,233,686</u>	<u>1,030,591</u>	<u>206,379</u>	<u>16,057,898</u>
Other capital assets, net	<u>28,166,691</u>	<u>2,689,229</u>	<u>-</u>	<u>30,855,920</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 33,388,424</u>	<u>\$ 3,241,570</u>	<u>\$ 3,697,228</u>	<u>\$ 32,932,766</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 15,060
Public safety	117,987
Streets and grounds	<u>339,674</u>
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 472,721</u></u>
<b>Business-type Activities:</b>	
Water	\$ 261,757
Sewer	<u>768,834</u>
<b>Total Business-type Activities Depreciation Expense</b>	<u><u>\$ 1,030,591</u></u>

**NOTE D - PROPERTY TAXES**

Taxes are levied on May 1 and a lien attaches to the property on May 31. Taxes are levied on November 1 for increased property valuations to that date at one-half the tax rate. The Town bills and collects its own property taxes. The tax rate for the year ended April 30, 2014 was \$ 3.14 per \$ 100 of assessed valuation for all real property and improvements, except for utility poles and wires, which were assessed at \$ 3.66 per \$ 100 of assessed valuation, with a total taxable valuation of \$ 46,036,221. Real property and improvements that are exempt from taxation due to State, Town or other tax-exempt ownership total \$ 15,182,400.

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**NOTE E - PENSION PLANS**

The Town participates in two State of Delaware administered multi-employer Town and municipal pension plans (PERS). All full-time employees are eligible to participate in the defined benefit plans. Benefits vest after 5 years of service. Police employees may retire when they have 10 years of credited service and are 62, or their age plus credited service equals 75, or they have 20 years of credited service. Non-police employees may retire if they have 5 years of credited service and are 62, or they have 15 years of credited service and are 60, or they have 30 years of credited service. The State of Delaware General Assembly is responsible for setting benefits and contributions and amending plan provisions. The Board of Pension Trustees issues a publicly available report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the State of Delaware, Office of Pensions, 860 Silver Lake Boulevard, Dover, Delaware 19904 or by calling 1-800-722-7300.

Employees of the Town are required to contribute 3% of their gross earnings over \$ 6,000 to the pension plan. Police employees are required to contribute 7% of their base pay to the police pension plan. The Town makes monthly contributions as required by state statutes. During the year ended April 30, 2014, the Town was required to contribute 6.62% and 15.52% of its gross payroll to the regular plan and police plan, respectively. Employee wages covered by the plans in 2014 totaled \$ 1,806,602 out of total wages paid of \$ 2,008,396. Total contributions by the Town and the employees made during the fiscal years 2014, 2013 and 2012 were \$ 272,001, \$ 251,960 and \$ 235,500 respectively, equal to the required contributions each year. There were 36 active participants at April 30, 2014 between the two plans. The State periodically grants funds to municipalities to provide police pensions. These monies are used by the Town to fund the pension plan for police employees.

**NOTE F - GENERAL OBLIGATION BONDS AND NOTES PAYABLE**

Included in the proprietary fund are the following bonds at April 30, 2014.

	<u>Business-type</u>
Sewer system bonds, Series 2011B, issued August 17, 2011, interest at 1.5%, semi-annual interest only payments at November 15 and May 15 of \$ 2,438 until 2014 when the principal balance is due, general obligation of the Town.	\$ 325,000
Bond payable to the United States of America, interest at 3.25%, principal and interest payments of \$ 4,592 are payable quarterly until 2039, general obligation of the Town.	319,015
Bond payable to the United States of America, Department of Agriculture, Rural Utilities Service, interest at 4.5%, principal and interest payments of \$ 17,626 are payable quarterly until 2043, general obligation of the Town.	1,143,151
Bond payable to the State of Delaware, interest at 2.66%, principal and interest payments of \$ 154,995 are payable semi-annually until 2026, general obligation of the Town.	3,278,175

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**NOTE F - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED**

	<u>Business-type</u>
Water and Sewer bonds, Series 2011A, issued August 17, 2011, interest ranges from 1% to 4%, variable semi-annual payments at November 15 and May 15 until 2021, general obligation of the Town.	\$ 5,540,000
Bond payable to the United States of America, Department of Agriculture, Rural Utilities Service, interest at 2.125%, principal and interest payments of \$ 14,761 are payable quarterly until 2052, general obligation of the Town.	1,506,940
Bond payable to the State of Delaware, interest at 0%, with loan forgiveness at completion of project, general obligation of the Town. Total bonds authorized were \$ 3,300,000. Total advanced \$ 143,582.	143,582
Bond payable to the State of Delaware, interest at 2.39%, semi-annual payments until 2029, general obligation of the Town. Total bonds authorized were \$ 556,500. Total advanced \$ 93,062, remaining funds not utilized.	72,487
Bond payable to the United States of America, Department of Agriculture, Rural Utilities Service, interest at 2.25%, principal and interest payments of \$ 8,496 are payable quarterly until 2050, general obligation of the Town.	839,569
Bond payable to the State of Delaware, interest at 0%, with loan forgiveness at completion of project, general obligation of the Town. Total bonds authorized were \$ 1,595,590. Total advanced \$ 308,269.	308,269
Bond payable to the State of Delaware, interest at 2%, semi-annual payments until 2030, general obligation of the Town. Total bonds authorized were \$ 490,000. Total advanced \$ 398,795, remaining funds not utilized	<u>370,745</u>
<b>TOTAL</b>	13,846,933
<b>ADD:</b> Unamortized bond premium	<u>74,981</u>
<b>TOTAL BOND INDEBTEDNESS</b>	<u><u>\$ 13,921,914</u></u>

**NOTE F - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED**

The total debt service payments for the ensuing years are as follows:

<u>Years Ending April 30</u>	<u>Business-type Activities - General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 949,969	\$ 359,971	\$ 1,309,940
2016	968,903	339,706	1,308,609
2017	992,672	318,186	1,310,858
2018	1,086,686	293,596	1,380,282
2019	1,245,957	257,603	1,503,560
2020 - 2024	4,333,262	814,213	5,147,475
2025 - 2029	1,453,852	454,236	1,908,088
2030 - 2034	734,382	328,699	1,063,081
2035 - 2039	758,426	226,384	984,810
2040 - 2044	736,253	113,810	850,063
2045 - 2049	427,879	42,387	470,266
2050 - 2053	158,692	3,884	162,576
<b>TOTAL</b>	<b>\$ 13,846,933</b>	<b>\$ 3,552,675</b>	<b>\$ 17,399,608</b>

At April 30, 2014, governmental activities long-term liabilities were as follows:

	<u>Governmental</u>
Note payable to Ford Motor Credit, interest payable at 6.00%, principal and interest payments due annually until 2015, general obligation of the Town.	<u>\$ 30,652</u>

The total debt service payments for the ensuing years are as follows:

<u>Years Ending April 30</u>	<u>Governmental Activities - General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,652	\$ 1,839	\$ 32,491

**NOTE F - GENERAL OBLIGATION BONDS AND NOTES PAYABLE - CONTINUED**

Long-term Liability Activity

Long-term liability activity for the year ended April 30, 2014 was as follows:

	<u>April 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 210,392	\$ 141,509	\$ 135,887	\$ 216,014	\$ 216,014
Notes payable	59,569	-	28,917	30,652	30,652
<b>Total Governmental Activities</b>	<u>\$ 269,961</u>	<u>\$ 141,509</u>	<u>\$ 164,804</u>	<u>\$ 246,666</u>	<u>\$ 246,666</u>
<b>Business-type Activities:</b>					
General obligation bonds	\$ 15,879,660	\$ 1,496,502	\$ 3,529,229	\$ 13,846,933	\$ 949,969
Unamortized bond (discount)/premium	84,869	-	9,888	74,981	-
Total bonds payable	15,964,529	1,496,502	3,539,117	13,921,914	949,969
Compensated absences	76,749	23,398	38,553	61,594	61,594
<b>Total Business-type Activities</b>	<u>\$ 16,041,278</u>	<u>\$ 1,519,900</u>	<u>\$ 3,577,670</u>	<u>\$ 13,983,508</u>	<u>\$1,011,563</u>

Compensated absences do not have a fixed repayment date, but are due to employees if they terminate employment and are reflected as a currently due liability on the statement of net position.

**NOTE G - FIDUCIARY FUND**

The Town administers a private-purpose trust fund for the benefit of the Boy and Girl Scouts of America from assets originally conveyed to the Town in 1973 by James and Mildred Tunnell. At April 30, 2014, the fund contained \$ 5,219 of assets available for benefits.

**NOTE H - OTHER LIABILITIES**

In 1999, the Town loaned the Historic Georgetown Association, Inc. \$ 90,000 that is secured by a mortgage on the railroad depot property. The loan will be forgiven at a rate of \$ 4,500 per year for 20 years as long as the property is not conveyed to another owner. A loan receivable and other liability for \$ 90,000 was established to record the loan and the related deferred loan forgiveness. At April 30, 2014, the loan receivable and corresponding liability of \$ 27,000 were on the fund financial statements.



**NOTE I - OPERATING LEASES**

The Town leases various equipment under operating leases in the general fund. The Town rents land for the sewer plant's spray irrigation system. Minimum rental payments are due on various contracts until 2020. The land leases contain renewal options. Future minimum rental payments are as follows:

<u>Years Ending April 30</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
2015	\$ 9,318	\$ 76,241	\$ 85,559
2016	9,318	38,300	47,618
2017	9,318	40,200	49,518
2018	9,318	42,200	51,518
2019	6,986	44,300	51,286
2020-2025	-	46,500	46,500
<b>TOTAL</b>	<b>\$ 44,258</b>	<b>\$ 287,741</b>	<b>\$ 331,999</b>

**NOTE J - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions for which the government carries commercial insurance. There have been no significant reductions in coverage from the prior year end. Settlements have not exceeded coverage in the last three years except for a damaged building, which exceeded coverage by \$ 150,000. The Town entered into litigation seeking damages for loss of property, court, and attorney fees. The Town collected \$ 250,000 in total monies from their litigation on this matter.

**NOTE K - UTILITY PROJECTS**

The Town has received funding through USDA and Delaware Office of Drinking Water for various wastewater and water projects. Total expenditures related to these projects are expected to total \$ 6,600,000. The funding for these projects will come from grants (\$ 839,000), loans to be forgiven (\$ 4,895,000) and loans to be repaid (\$ 866,000). The Town has drawn \$ 1,411,000 from the funds as of April 30, 2014.

**NOTE L - PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**

GASB has issued the following statements, which may impact the Town's financial reporting requirements in the future.

- GASBS No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, effective for the fiscal year beginning May 1, 2015.
- GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*, effective for the fiscal year beginning May 1, 2014.

**NOTE M - EMPLOYEE HEALTH PLAN**

The Town is exposed to the risk of loss related to employee medical expenses. During fiscal year 2014, the Town maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually (\$ 37,500 and \$ 37,500 for 2014 and 2013, respectively). The Town has an estimated maximum aggregate exposure of \$ 344,880 and \$ 380,502 for the calendar years 2014 and 2013, respectively. The employee health plan is administered by an outside agency.

Contributions from the Town and employee withholdings are deposited into a reserve fund to pay prior and current-year claims and premiums. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported in the general fund at April 30, 2014 is based on the requirements of GASBS No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is included in the accrued liabilities total on the balance sheet. Changes in the Fund's claims liability during the year were as follows:

Year	Balance at Beginning of Year	Current-Year Premiums, Claims and Changes in Estimates	Premiums and Claims Payments	Balance at End of Year
2014	\$ 34,536	\$ 419,533	\$ (434,397)	\$ 19,672
2013	70,997	351,996	(388,457)	34,536

**NOTE N - PRIOR PERIOD ADJUSTMENT**

In the financial statements for the year ended April 30, 2013, capital contributions were understated for the business-type activities. Water facility improvements were contributed to the Town from a developer on April 3, 2013, but were not recorded. The error has been corrected in the fund level and government-wide financial statements and has had the following effect on the beginning net assets at April 30, 2013.

	Water Fund	Total Business- type Activities
Net Position, beginning of year as previously reported	\$ 2,569,461	\$ 18,921,242
Adjustment of capital contribution	177,109	177,109
<b>Net Position, Beginning of Year, as Restated</b>	<b>\$ 2,746,570</b>	<b>\$ 19,098,351</b>

**SUPPLEMENTARY INFORMATION**

**TOWN OF GEORGETOWN**  
**SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b>TAXES AND FEES</b>			
Courthouse municipality fees	\$ 160,000	\$ 259,400	\$ 99,400
Property and capitation taxes	1,452,435	1,443,776	(8,659)
Realty transfer tax	100,000	210,887	110,887
Penalties	15,000	41,389	26,389
<b>TOTAL TAXES AND FEES</b>	<b>1,727,435</b>	<b>1,955,452</b>	<b>228,017</b>
<b>INTERGOVERNMENTAL</b>			
General administration grants	-	284,157	284,157
Street grants	116,471	274,277	157,806
Police grants	86,446	128,983	42,537
Police pension	80,000	58,847	(21,153)
<b>TOTAL INTERGOVERNMENTAL</b>	<b>282,917</b>	<b>746,264</b>	<b>463,347</b>
<b>CHARGES FOR SERVICES</b>			
Trash pickup	440,000	454,161	14,161
Business and rental licenses	160,000	190,675	30,675
Permits and variances	35,000	177,359	142,359
Planning and zoning fees	10,000	80,178	70,178
<b>TOTAL CHARGES FOR SERVICES</b>	<b>645,000</b>	<b>902,373</b>	<b>257,373</b>
<b>FINES AND PARKING</b>			
Parking meters and fines	48,000	40,900	(7,100)
Court fines	120,000	118,118	(1,882)
<b>TOTAL FINES AND PARKING</b>	<b>168,000</b>	<b>159,018</b>	<b>(8,982)</b>
<b>MISCELLANEOUS</b>			
State and local in lieu of taxes	70,000	73,214	3,214
Franchise fees	40,000	45,863	5,863
Investment income	-	535	535
Miscellaneous	28,465	70,714	42,249
<b>TOTAL MISCELLANEOUS</b>	<b>138,465</b>	<b>190,326</b>	<b>51,861</b>
<b>TOTAL REVENUES</b>	<b>2,961,817</b>	<b>3,953,433</b>	<b>991,616</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	138,214	58,231	(79,983)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 3,100,031</b>	<b>\$ 4,011,664</b>	<b>\$ 911,633</b>

**TOWN OF GEORGETOWN  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED APRIL 30, 2014**

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b>GENERAL ADMINISTRATION</b>			
Dues and donations	\$ 10,000	\$ 31,384	\$ (21,384)
Employee benefits	28,028	16,448	11,580
Gasoline and oil	1,500	1,666	(166)
Insurance	9,502	9,017	485
Meetings and conferences	250	-	250
Office	13,500	13,259	241
Payroll taxes	9,022	8,003	1,019
Pension expense	7,557	12,529	(4,972)
Professional services	83,000	89,108	(6,108)
Repairs and maintenance	2,750	7,794	(5,044)
Salaries	117,935	115,240	2,695
Special projects	7,000	10,248	(3,248)
Utilities	17,000	16,033	967
	<u>307,044</u>	<u>330,729</u>	<u>(23,685)</u>
<b>TOTAL GENERAL ADMINISTRATION</b>			
<b>PUBLIC SAFETY</b>			
Donations	-	5,000	(5,000)
Employee benefits	322,416	252,323	70,093
Gasoline and oil	40,000	43,133	(3,133)
Insurance	58,605	59,811	(1,206)
Office	25,000	32,147	(7,147)
Payroll taxes	72,787	80,433	(7,646)
Pension expense	132,080	128,300	3,780
Professional services	46,000	136,893	(90,893)
Maintenance, supplies and materials	26,000	24,426	1,574
Salaries	951,460	1,064,319	(112,859)
Special events	2,000	95	1,905
Utilities	19,000	24,211	(5,211)
	<u>1,695,348</u>	<u>1,851,091</u>	<u>(155,743)</u>
<b>TOTAL PUBLIC SAFETY</b>			
<b>STREETS AND GROUNDS</b>			
Employee benefits	69,416	77,345	(7,929)
Gasoline and oil	10,000	14,983	(4,983)
Insurance	16,383	15,528	855
Office	10,000	5,764	4,236
Payroll taxes	15,406	19,117	(3,711)
Pension expense	13,225	19,477	(6,252)
Professional services	21,000	15,998	5,002
Repairs and maintenance	46,000	83,030	(37,030)
Salaries	201,381	190,759	10,622
Street lights	115,000	142,612	(27,612)
Trash removal and fees	440,000	443,613	(3,613)
Utilities	5,000	4,414	586
	<u>962,811</u>	<u>1,032,640</u>	<u>(69,829)</u>
<b>TOTAL STREETS AND GROUNDS</b>			

**TOWN OF GEORGETOWN  
SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED APRIL 30, 2014**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance with Budget Positive (Negative)</b>
<b>PLANNING AND ZONING</b>			
Employee benefits	\$ 14,550	\$ 9,500	\$ 5,050
Insurance	3,057	1,792	1,265
Office	8,427	6,718	1,709
Payroll taxes	3,475	2,164	1,311
Pension expense	4,758	3,262	1,496
Professional services	22,695	43,858	(21,163)
Repairs and maintenance	-	280	(280)
Salaries	45,422	44,642	780
Utilities	444	411	33
<b>TOTAL PLANNING AND ZONING</b>	<b>102,828</b>	<b>112,627</b>	<b>(9,799)</b>
<b>DEBT SERVICE</b>			
Public safety	-	32,491	(32,491)
<b>CAPITAL OUTLAY</b>			
Public safety	32,000	24,335	7,665
Streets and grounds	-	469,715	(469,715)
<b>TOTAL CAPITAL OUTLAY</b>	<b>32,000</b>	<b>494,050</b>	<b>(462,050)</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,100,031</b>	<b>\$ 3,853,628</b>	<b>\$ (753,597)</b>

**TOWN OF GEORGETOWN  
PROPERTY ASSESSMENTS  
FOR THE MOST RECENT TEN YEARS**

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<u>Assessment Date</u>	<u>Assessed Property Values</u>	
	<u>Taxable</u>	<u>Non-taxable</u>
May 1, 2004	\$ 39,545,017	\$ 12,415,100
May 1, 2005	41,448,932	12,554,650
May 1, 2006	41,412,732	13,179,600
May 1, 2007	43,245,212	13,643,300
May 1, 2008	44,268,064	13,963,550
May 1, 2009	45,138,211	14,113,650
May 1, 2010	44,943,037	14,604,700
May 1, 2011	45,386,077	14,733,100
May 1, 2012	45,214,117	15,115,650
May 1, 2013	46,036,221	15,182,400

**SINGLE AUDIT SUPPLEMENT**



**TOWN OF GEORGETOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED APRIL 30, 2014**

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<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Direct Programs:			
Water and Waste Disposal Systems for Rural Communities*	10.760	92-12 92-13 92-15	\$ 526,552
Community Facilities Loans and Grants	10.766	00-10	<u>25,275</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>551,827</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through State - Delaware State Housing Authority:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	CD-03-12 CD-03-13	<u>243,250</u>
<b>DEPARTMENT OF JUSTICE</b>			
Direct Programs:			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RK-WX-0199	59,329
Equitable Sharing Program	16.922	12-DEA-565149	<u>15,485</u>
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<u>74,814</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through State - Delaware Department of Homeland Security			
State and Community Highway Safety	20.600	40621	14,050
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	40087	1,050
Alcohol Open Container Requirements	20.607	41261	<u>5,050</u>
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>			<u>20,150</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through State - Delaware Department of Natural Resources and Environmental Control:			
Capitalization Grants for Drinking Water State Revolving Funds*	66.468	D-2057 D-2069 D-2070	<u>387,232</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,277,273</u>

\* Denotes major program

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Georgetown (the Town). The Town's reporting entity is defined in Note A of the notes to basic financial statements. Federal awards that are passed through other governmental agencies are included on the schedule. Matching funds are excluded from the schedule and program income generated from federal grants is classified as federal expenditures when spent.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual and the modified accrual bases of accounting, which are described in Note A of the notes to basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - LOANS**

The Town's federal expenditures for CFDA No. 10.760 are being funded directly from the U.S. Department of Agriculture totaling \$ 4,305,000 in loan and grant sources. The Town has incurred eligible program costs from current and previous fiscal periods totaling \$ 2,991,633. The balance of these loans as of April 30, 2014 is \$ 2,346,509, with a total of \$ 2,428,000 advanced at April 30, 2014. Current year expenditures include \$ 403,371 of prior year costs that are considered allowable for the fiscal year ended April 30, 2014 since there was not a commitment to fund the expenditures until the current fiscal year.

The Town's federal expenditures for CFDA No. 66.468 are being funded by loans passed through the Delaware Department of Natural Resources and Environmental Control and combined with state loan funds. Total loan funds of \$ 2,199,410 (D-2057) and \$ 4,895,590 (D-2069 and D-2070) are passed through with 80.36% and 78.50%, respectively, of advances from federal funds. The Town has incurred eligible program costs from current and previous fiscal periods totaling \$ 2,671,857. The gross advances on these loans total \$ 2,651,260 at April 30, 2014. The Town received \$ 2,199,410 of principal loan forgiveness during the year ended April 30, 2014. The remaining balance of these loans is \$ 451,850 as of April 30, 2014.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Honorable Mayor and Council  
Town of Georgetown  
Georgetown, Delaware

Report on Compliance for Each Major Federal Program

We have audited the Town of Georgetown's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Town of Georgetown's major federal programs for the year ended April 30, 2014. The Town of Georgetown's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Georgetown's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Georgetown's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Georgetown's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Georgetown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2014.

Report on Internal Control over Compliance

Management of the Town of Georgetown is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Georgetown's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Georgetown's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
November 17, 2014

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**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 Honorable Mayor and Council  
Town of Georgetown  
Georgetown, Delaware

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 Georgetown, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Georgetown's basic financial statements and have issued our report thereon dated November 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Georgetown'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Georgetown's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Georgetown'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as detailed in Finding 2014-1.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Georgetown's financial statements are free of 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*.

### The Town of Georgetown's Response to Findings

The Town of Georgetown's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Georgetown's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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.

*Jefferson, Urian, Doane & Sterner, P.A.*

Georgetown, Delaware  
November 17, 2014

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified?  X  Yes \_\_\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards**

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_ Yes  X  No

**Identification of Major Programs:**

<u>PROGRAM NAME</u>	<u>CFDA Number(s)</u>
Water and Waste Disposal Systems for Rural Communities	10.760
Capitalization Grants for Drinking Water State Revolving Funds	66.468

Dollar threshold used to distinguish between type A and type B programs: \$  300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

**SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Prior and Current Year

Significant Deficiencies

Finding 2014-1 Financial Statements

Condition: The Town of Georgetown does not have an employee with the technical accounting expertise to completely prepare the Town's financial statements and notes in conformity with accounting principles generally accepted in the United States of America without a significant risk of a potential misstatement.

Cause: The Town does not have the opportunity and the means to employ personnel who possess the knowledge and expertise who can properly prepare financial statements and notes in accordance with specified standards.

Effect: The Town's financial reports could have a significant risk of being potentially misstated.

Criteria: Preparation of financial statements and accounting adjustments are functions that should be performed by management.

Recommendation: The Town of Georgetown may wish to consider alternatives to improve control and expertise over the financial reporting process in the future.

Auditee Response: *"The Town of Georgetown will consider alternatives and the related costs to improving its technical expertise over the Town's financial reporting."*

**SECTION III - FINDINGS RELATED TO THE FEDERAL AWARDS**

None - Current Year



**TOWN OF GEORGETOWN  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2014**

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None