

THE CITY OF LEWES, DELAWARE

Audited Financial Statements
With Supplemental Information
For Fiscal Year Ended March 31, 2016
(With Comparative Year Analyses 2015, 2014, and 2013)

THE CITY OF LEWES, DELAWARE
FISCAL YEAR ENDED MARCH 31, 2016

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FISCAL YEAR ENDED MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of Council
The City of Lewes
Lewes, Delaware

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lewes, Delaware, as of and for the year ended March 31, 2016, with comparative totals as of March 31, 2015, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lewes, Delaware, as of March 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in the notes to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this report.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3-10 and 37-42 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 an opinion on the financial statements that collectively comprise the City of Lewes, Delaware's basic financial statements. The supplementary information, listed in the index, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information responsibility of management and was 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 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sombar & Company, CPAs, P.A.
Certified Public Accountants

July 22, 2016
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

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THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

As management of the City of Lewes, Delaware, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2016. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

The assets of the City of Lewes exceeded its liabilities at the close of the most recent fiscal year by \$25,711,953 (net position). Of this amount, \$2,969,147 (unassigned net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of the close of the current fiscal year, the City of Lewes' governmental funds reported combined ending fund balances of \$9,404,187. Of this amount, \$1,708,012 is unassigned and available for use within the City's designation and policies. The remaining \$7,696,175 is reserved for future expenditures with specific purposes.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,708,012 or 35 % of the total general fund expenditure.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

The government-wide financial statements show functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities).

The government-wide financial statements can be found on pages 11 -13 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be put into one category called governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Capital Project Fund, all of which are considered to be major funds. Data from the other four funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 36 of this report.

Supplemental Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary activity. Required supplementary information can be found on page 37-42 of this report. Non required supplemental information is presented following the required supplementary information. These statements and schedules can be found on pages 43-64 of this report.

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Lewes, assets exceeded liabilities by \$ 25,685,998 as of March 31, 2016.

A large portion of the City's net position (67 %) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

THE CITY OF LEWES' NET POSITION

	Governmental Activities <u>March 31, 2016</u>	Governmental Activities <u>March 31, 2015</u>
Current and other assets	\$ 18,956,343	\$ 18,454,173
Capital Assets	23,959,513	24,085,483
<u>Total Assets</u>	<u>42,915,856</u>	<u>42,539,656</u>
Deferred Outflows of Resources	98,751	-
Long term liabilities	15,930,199	17,165,212
Other liabilities	1,299,659	1,097,304
<u>Total Liabilities</u>	<u>17,229,858</u>	<u>18,262,516</u>
Deferred Inflows of Resources	72,776	-
Net Assets:		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	16,918,392	16,499,740
Other non spendable	228,964	85,788
<u>Total non-spendable</u>	<u>17,147,356</u>	<u>16,585,528</u>
Restricted by other governments	3,943,714	4,943,952
Assigned	1,651,756	1,651,756
Unassigned	2,969,147	1,095,904
<u>Total Net Position</u>	<u>\$ 25,711,973</u>	<u>\$ 24,277,140</u>

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

The balance of governmental unassigned net position \$ 2,899,296 may be used to meet the government's ongoing obligation to citizens and creditors.

As of March 31, 2016, the City is able to report positive balances in categories of net position, the governmental funds and governmental activities.

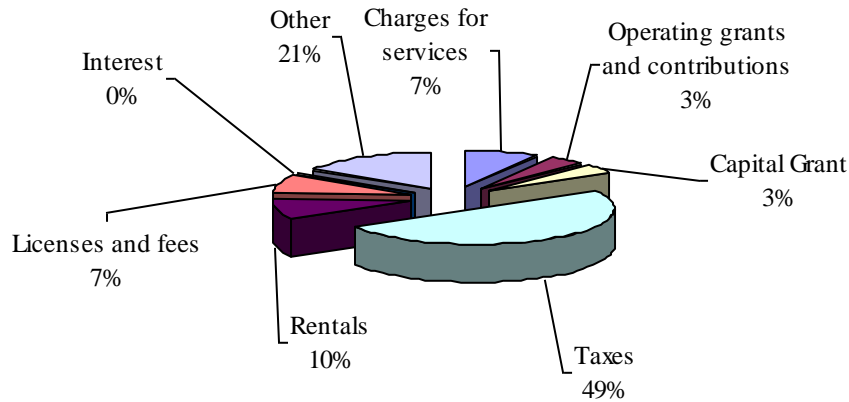
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended March 31, 2016. Governmental activities increased the City of Lewes' net position by \$1,404,499.

THE CITY OF LEWES' CHANGES IN NET POSITION

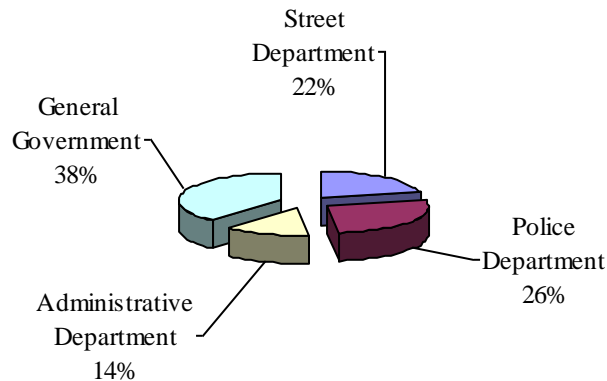
	Governmental Activities <u>March 31, 2016</u>	Governmental Activities <u>March 31, 2015</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 627,472	\$ 561,605
Operating grants and contributions	297,751	255,218
Capital Grant	275,746	198,817
General Revenues:		
Taxes	3,623,229	3,767,705
Rentals	740,736	732,103
Licenses and fees	553,396	523,686
Interest	14,116	2,832
Other	1,166,585	1,607,814
<u>Total Revenues</u>	<u>7,299,031</u>	<u>7,649,780</u>
Expenses:		
Street Department	1,273,619	1,499,754
Police Department	1,552,248	1,307,543
Administrative Department	809,112	783,121
General Government	2,259,552	2,659,520
<u>Total Expenses</u>	<u>5,894,532</u>	<u>6,249,938</u>
<u>Increase in net position</u>	1,404,499	1,399,842
<u>Net position - April 1</u>	<u>24,277,140</u>	<u>22,877,298</u>
Prior Period Adjustment	30,334	-
<u>Net position - March 31</u>	<u>\$ 25,711,973</u>	<u>\$ 24,277,140</u>

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

Governmental Activities 2016 Revenues



Governmental Activities 2016 Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

Governmental funds – The focus of the City of Lewes’ governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Lewes’ governmental funds reported combined ending fund balances of \$ 9,404,187. A portion of this amount, \$ 1,708,012, constitutes unassigned fund balance while the remaining \$ 7,696,175 is reserved for future expenditures with a specific purpose.

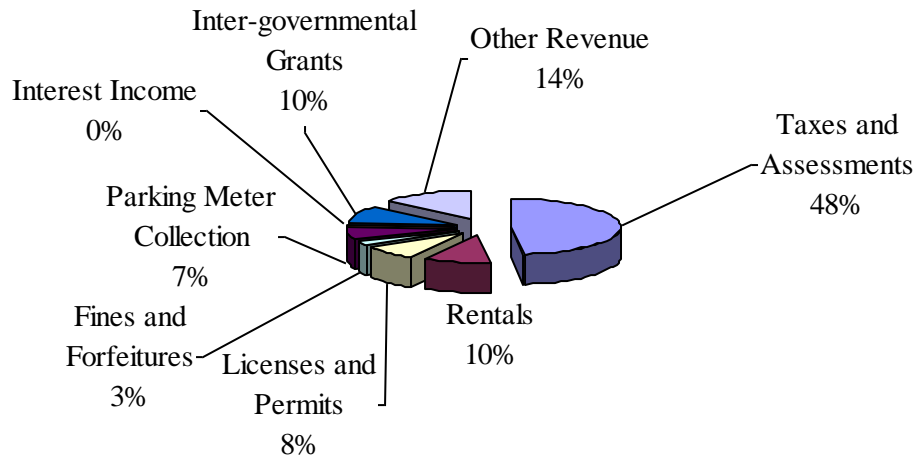
General Fund Budgetary Highlights – In the General Fund, revenues exceeded budgetary expectations by \$1,163,101. The favorable variance was due to building permits, and franchise fees. In addition, unbudgeted grant income contributed to this favorable variance. Most revenue departments saw a favorable budget variance.

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

The following schedule presents a summary of General Fund revenues for the fiscal year ended March 31, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	March 31, 2016 Totals	Percentage of Total	March 31, 2015 Totals	Percentage of Total
Taxes and Assessments	\$ 3,232,423	48%	\$ 3,303,606	52%
Rentals	740,736	10%	732,103	12%
Licenses and Permits	553,396	8%	523,686	8%
Fines and Forfeitures	185,145	3%	179,725	3%
Parking Meter Collection	442,327	7%	381,880	6%
Interest Income	14,116	0%	2,832	0%
Intergovernmental Grants	640,229	10%	334,349	5%
Other Revenue	927,811	14%	852,852	14%
	<u>\$ 6,736,183</u>	<u>100%</u>	<u>\$ 6,311,033</u>	<u>100%</u>

General Fund Revenues 2016

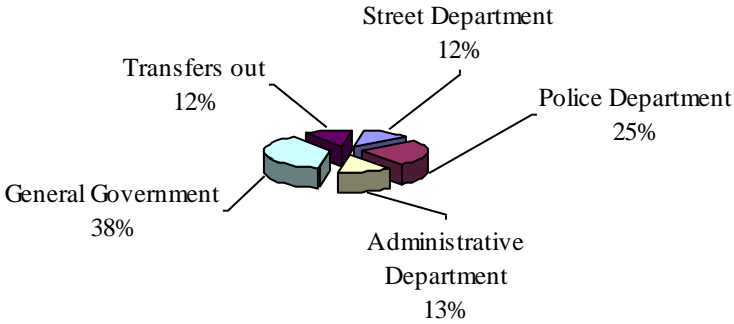


The following schedule represents a summary of General Fund expenditures and transfers out for the fiscal year ended March 31, 2016, and the percentage of total expenditures in relation to prior year amounts:

THE CITY OF LEWES, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

<u>Expenditures</u>	<u>March 31, 2016</u> <u>Totals</u>	<u>Percentage</u> <u>of Total</u>	<u>March 31, 2015</u> <u>Totals</u>	<u>Percentage</u> <u>Percentage</u>
Street Department	\$ 706,068	12%	\$ 723,524	12%
Police Department	1,546,876	25%	1,312,251	21%
Administrative Department	803,748	13%	783,121	13%
General Government	2,197,591	38%	2,220,244	48%
Transfers out	685,000	12%	396,795	6%
	<u>\$ 5,939,282</u>	<u>100%</u>	<u>\$ 5,435,935</u>	<u>100%</u>

General Fund Expenditures 2016



Expenditures were above budgetary expectations by \$351, 836. The majority of this unfavorable variance came from more than expected professional fees and capital expenditures.

Future Economic Factors – During future years, the City should be able to maintain its operations as it has in the past. Property transfer tax and gross receipt rental tax are expected to remain at the same levels.

CAPITAL ASSETS

The City of Lewes’ investment in capital assets for its governmental activities as of March 31, 2016, amounts to \$ 23,959,513 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress.

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	Governmental Activities <u>March 31, 2016</u>	Governmental Activities <u>March 31, 2015</u>
Buildings	\$ 8,278,854	\$ 8,251,653
Machinery and equipment	3,311,931	3,008,691
Land and improvements	22,361,647	22,256,569
Construction in process	573,841	98,121
Less: Accumulated Depreciation	<u>(10,566,760)</u>	<u>(9,529,551)</u>
<u>Total</u>	<u>\$ 23,959,513</u>	<u>\$ 24,085,483</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Lewes had a total bonded debt of \$ 6,530,000 backed by the full faith and credit of the government. The City of Lewes is also obligated to the State Revolving Fund for \$8,908,700.

**Outstanding Debt at Year End
Bonds and Notes Payable**

	Governmental Activities <u>March 31, 2016</u>	Governmental Activities <u>March 31, 2015</u>
2005 General Obligation Bonds	\$ 6,530,000	\$ 7,215,000
State Revolving Fund Notes	8,908,700	9,604,320
TYMCO Model Lease	149,534	-
Vehicle Leases	<u>129,525</u>	<u>161,713</u>
Total	<u>\$ 15,717,759</u>	<u>\$ 16,981,033</u>

Additional information on the City of Lewes' long term debt can be found in note #7 on pages 27-29 of this report.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens with general overview of the City's finances. If you have questions about this report or need any additional information, contact the City, Attn: City Manager, at P.O. Box 227, Lewes, Delaware 19958, call (302) 645-7777.

BASIC FINANCIAL STATEMENTS

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THE CITY OF LEWES, DELAWARE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
MARCH 31, 2016

(With Comparative Totals for March 31, 2015)

	<u>Primary Government</u> Governmental Activities March 31, 2016	<u>Primary Government</u> Governmental Activities March 31, 2015
ASSETS		
Cash and cash equivalents	\$ 5,976,932	\$ 8,702,359
Investments	3,709,700	-
Taxes receivable	30,881	30,064
Due from other entities	8,908,700	9,604,321
Accounts receivable	101,166	31,641
Prepaid expenses	147,918	46,219
Inventory-trash carts	36,935	39,569
Capital assets:		
Buildings	8,278,854	8,251,653
Machinery and equipment	3,311,931	3,008,691
Land and improvements	22,361,647	22,256,569
Construction in process	573,841	98,121
Accumulated depreciation	(10,566,760)	(9,529,551)
Net Pension Asset	44,111	-
<u>Total Assets</u>	<u>42,915,856</u>	<u>42,539,656</u>
Deferred Outflow of Resources:		
Deferred financing Outflows-Retirement	98,751	-
Total Adjusted Net Position	<u>43,014,607</u>	<u>42,539,656</u>
LIABILITIES		
Accounts payable	44,068	46,594
Accrued liabilities	96,419	88,091
Long-term liabilities		
Due within one year	698,295	717,189
Due in more than one year	15,930,199	17,165,212
Deferred revenue	460,877	245,430
<u>Total Liabilities</u>	<u>17,229,858</u>	<u>18,262,516</u>
Deferred Inflows of Resources:		
Deferred financing Inflows-Retirement	72,777	-
NET ASSETS		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	16,918,392	16,499,740
Prepaid insurance and contract	147,918	46,219
Inventories	36,935	39,569
Net Pension Asset	44,111	-
<u>Total non-spendable</u>	<u>17,147,356</u>	<u>16,585,528</u>
Restricted by other governments	3,943,714	4,943,952
Committed by council	-	-
Assigned	1,651,756	1,651,756
Unassigned	2,969,147	1,095,904
<u>Total Net Position</u>	<u>25,711,973</u>	<u>24,277,140</u>
<u>Total Adjusted Net Position</u>	<u>\$ 43,014,607</u>	<u>\$ 42,539,656</u>

The accompanying notes are an integral part of these financial statements

THE CITY OF LEWES, DELAWARE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Totals for March 31, 2015)

<u>Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Street Department	\$ 1,273,619	\$ -	\$ 93,991	\$ -
Police Department	1,552,248	618,921	97,719	-
Administrative Department	809,112	8,551	-	-
General Government	<u>2,259,552</u>	<u>-</u>	<u>106,041</u>	<u>275,746</u>
<u>Total Governmental Activities</u>	<u>5,894,532</u>	<u>627,472</u>	<u>297,751</u>	<u>275,746</u>

General revenues:

- Taxes and assessments
- Rentals
- Licenses and permits
- Interest
- Other revenue

Total General revenues

Change in net position

Net position - April 1-Restated

Net position - March 31

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

Net (Expenses) Revenues and Changes in Net Position	
Governmental Activities	
Totals	
2016	2015
\$ (1,179,628)	\$ (1,404,911)
(835,608)	(667,065)
(800,561)	(773,179)
<u>(1,877,765)</u>	<u>(2,389,143)</u>
<u>(4,693,563)</u>	<u>(5,234,298)</u>
3,623,229	3,767,705
740,736	732,103
553,396	523,686
14,116	2,832
<u>1,166,585</u>	<u>1,607,814</u>
<u>6,098,062</u>	<u>6,634,140</u>
1,404,499	1,399,842
<u>24,307,474</u>	<u>22,877,298</u>
<u>\$ 25,711,973</u>	<u>\$ 24,277,140</u>

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

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THE CITY OF LEWES, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2016

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,646,821	\$ 3,083,000	\$ 247,111	\$ 5,976,932
Taxes receivable	30,881	-	-	30,881
Accounts receivable	82,384	18,782	-	101,166
Prepaid expenses	147,918	-	-	147,918
Investments	2,580,702	1,128,998	-	3,709,700
Inventory-Trash carts	36,935	-	-	36,935
	<u>5,525,641</u>	<u>4,230,780</u>	<u>247,111</u>	<u>10,003,532</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable	44,068	-	-	44,068
Accrued liabilities	96,419	-	-	96,419
Deferred revenue	433,130	-	25,728	458,858
	<u>573,617</u>	<u>-</u>	<u>25,728</u>	<u>599,345</u>
<u>Fund Balances:</u>				
Non-spendable	184,853	-	-	184,853
Restricted by other governments	2,710,736	2,792,966	219,018	5,722,720
Committed by council	-	-	-	-
Assigned	348,423	1,437,814	2,365	1,788,602
Unassigned	1,708,012	-	-	1,708,012
	<u>4,952,024</u>	<u>4,230,780</u>	<u>221,383</u>	<u>9,404,187</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 5,525,641</u>	<u>\$ 4,230,780</u>	<u>\$ 247,111</u>	<u>10,003,532</u>

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

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THE CITY OF LEWES, DELAWARE
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND BALANCES TO
GOVERNMENTAL ACTIVITIES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2016

The Total Net Position reported for governmental activities in the Statement of Net Position different because:

Total Fund Balances for Government Funds \$ 9,404,187

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Capital assets net of accumulated depreciation are included in the Statement of Net Assets

Total Capital Assets	34,526,273	
Accumulated Depreciation	<u>(10,566,760)</u>	23,959,513

Long-term liabilities applicable to the governmental activities are not due and payable in the current year and, accordingly, are not reported as fund liabilities.

Premium on bonds payable	(361,578)	
Bonds payable	(6,530,000)	
Truck lease payable	(80,165)	
Enterprise vehicle lease payable	(49,358)	
TYMCO Model Lease	(149,535)	
Compensated absences	<u>(551,178)</u>	<u>(7,721,814)</u>

Net Pension Asset		44,111
Deferred Financing inflows		(72,776)
Deferred Financing Outflows		<u>98,752</u>

Total Net Position of Governmental Activities \$ 25,711,973

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

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THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and Assessments	\$ 3,232,423	\$ 390,806	\$ -	\$ 3,623,229
Rentals	740,736	-	-	740,736
Licenses and Permits	553,396	-	-	553,396
Fines and Forfeitures	185,145	-	-	185,145
Parking Meter Collection	442,327	-	-	442,327
Interest Income	14,116	2,055	-	16,171
Income from Investment	-	11,208	-	11,208
Unrealized Gain on Investment	-	133	-	133
Intergovernmental Grants	640,229	-	129,379	769,608
Other Revenue	927,811	34,613	-	962,424
	<u>6,736,183</u>	<u>438,815</u>	<u>129,379</u>	<u>7,304,377</u>
Expenditures:				
Street Department	706,068	223,722	135,209	1,064,999
Police Department	1,546,876	-	35,993	1,582,869
Administrative Department	803,748	-	-	803,748
General Government	2,197,591	35,720	-	2,233,311
	<u>5,254,283</u>	<u>259,442</u>	<u>171,202</u>	<u>5,684,927</u>
Excess Of Revenues Over (Under) Expenditures	<u>1,481,900</u>	<u>179,373</u>	<u>(41,823)</u>	<u>1,619,450</u>
Other Financing Sources (Uses):				
Transfers to	(888,222)	-	-	(888,222)
Transfers from	-	203,222	-	203,222
	<u>(888,222)</u>	<u>203,222</u>	<u>-</u>	<u>(685,000)</u>
Net Change in Fund Balances	593,678	382,595	(41,823)	934,450
Fund balance - April 1, 2015	<u>4,358,346</u>	<u>3,848,185</u>	<u>263,206</u>	<u>8,469,737</u>
Fund balance - March 31, 2016	<u>\$ 4,952,024</u>	<u>\$ 4,230,780</u>	<u>\$ 221,383</u>	<u>\$ 9,404,187</u>

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

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THE CITY OF LEWES, DELAWARE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES TO FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	934,450
<p>Some expenses and income 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. The net change is as follows:</p>		
Compensated absences	(20,552)	
Premium on bonds payable	<u>9,165</u>	(11,387)
Transfer of principal to General Long-Term Debt Account Group to fulfill bond redemption requirement.		685,000
Pension plan adjustment related to GASB 68 affects the amount of pension expense reflected in the statement of activities		39,753
<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 depreciation (\$ 1,075,930) exceed capital outlay \$ 955,306 in the current period.</p>		
Trash truck lease payment		18,636
Vehicle lease - Enterprise		13,552
Tymco Lease		(149,534)
Gain on Sale of Equipment Adjustment		<u>(5,347)</u>
Change in net position of governmental activities	\$	<u><u>1,404,499</u></u>

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

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THE CITY OF LEWES, DELAWARE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2016

	<u>Expendable Trust Fund</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,208	\$ 22	\$ 5,230
Investments	<u>22,795</u>	<u>2,285</u>	<u>25,080</u>
<u>Total Assets</u>	<u>28,003</u>	<u>2,307</u>	<u>30,310</u>
LIABILITIES AND FUND BALANCES			
<u>Liabilities:</u>			
Accrued liabilities	<u>-</u>	<u>2,285</u>	<u>2,285</u>
<u>Fund Balances:</u>			
Unreserved	<u>28,003</u>	<u>22</u>	<u>28,025</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 28,003</u>	<u>\$ 2,307</u>	<u>30,310</u>

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

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THE CITY OF LEWES, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Expendable Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 2
Other Revenue	<u>629</u>
<u>Total Additions</u>	<u>631</u>
<u>Deductions:</u>	
General Government	<u>336</u>
<u>Change in net assets</u>	295
Unrealized gain / (loss) on investments	(2,934)
Transfer (to) from other funds	-
<u>Net assets held in trust:</u>	
<u>At April 1st</u>	<u>30,642</u>
<u>At March 31st</u>	<u>\$ 28,003</u>

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

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NOTES TO FINANCIAL STATEMENTS

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THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies

A. General Statement

The City of Lewes, Delaware (the “City”) was incorporated on February 2, 1818, and adopted its first charter in 1818. The City operates under a Council - Manager form of government and provides the following services as authorized by its charter: public safety (police and beach patrol), public services (sanitation), street maintenance and beach clean-up, culture (parks and recreation), planning and zoning, and general administrative services.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

B. Reporting Entity

The accompanying financial statements include the various departments and offices that are legally controlled by or dependent on the City Council (primary government). The City’s major operations include general government, public safety, and public works. The City’s financial reporting entity is required to consist of all organizations for which the City is financially accountable or for which there is a significant relationship. The Town has no component units in its reporting entity.

C. Basis of Presentation

Government Wide Statements:

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is the current financial resources. The City has presented the following major governmental funds:

General Fund – This is the main operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds are: Municipal Street Aid, State Aid to Local Law Enforcement, Emergency Illegal Drug Enforcement, Combat Violent Crime, and the K-9 Fund.

Capital Projects Fund – These funds are used to differentiate funds designated to purchase capital assets and to finance construction projects. The original fund was established on April 1, 1993 with a General Fund transfer, authorized by the City Council, of \$2,000,000. In the year ended March 31, 1999, a second Capital Projects Fund was added to account for the new one-half per cent transfer tax that was approved by the State Legislature.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fiduciary and Agency Fund Type

Agency Fund – This fund is custodial in nature and reports assets received or held for other entities, outside persons or groups. The City’s Agency Fund is used to report assets and liabilities for the employees’ deferred compensation plan and the Nature Trail.

Trust Fund – This fund is used to account for assets under administrative control of the City for extended periods of time. The City maintains two expendable trust funds: Fisher Martin Trust and the Youth Activity Fund.

D. Measurement Focus / Basis of Accounting

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

The government-wide statements 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 total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

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 that 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 City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies (Continued)

D. Measurement / Basis of Accounting (Continued)

The City reports the following major governmental fund:

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are derived principally from property taxes, municipal user taxes, and other intergovernmental revenues. This fund accounts for the general administrative services of the City not recorded elsewhere, including the activities of the various departments, public safety, street maintenance, code enforcement, general administrative, and mayor and council.

E. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – Amounts that cannot be spent due to liquidity, such as prepaid amounts and fixed assets.

Restricted – Amounts where an external government defines how the monies must be spent. Examples include federal, state and county grants.

Committed – Amounts that the City Council has formally passed by ordinance. A majority vote by council is also required to formally release these funds.

Assigned – Amounts that may be designated for a specific purpose without a formal vote by the City Council.

Unassigned – Amounts that are at the City's discretion for day to day operations.

F. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. In addition, all certificates of deposits are considered highly liquid investments, regardless of maturity date.

G. Investments

Investments are recorded at their fair value.

H. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. 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. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies (Continued)

H. Capital Assets-(Cont.)

consists of streets and drainage projects. The City has elected to not capitalize infrastructure acquired prior to May 1, 2004.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5-40 years
Equipment	5-20 years
Vehicles	5 years
Infrastructure	30 years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or 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 or resources (expense/expenditure) until then. The City's pension contributions subsequent to the measurement date of the net pension liability are reported as deferred outflow of resources.

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 City reported increases in its net pension asset that were not included in its pensions expenses as deferred inflows of resources.

J. Property Tax

The City's property tax calendar is from April 1st through March 31st. Taxes are billed on April 1st. Taxes paid after June 30th are assessed a penalty of one and a half percent (1.5%) per month. Delinquent accounts are referred to the City's attorney for collection action in January of each year.

K. Compensated Absences

Full-time permanent employees of the City accrue vacation leave based on their tenure, to a maximum of twenty-four (24) days, as specified in the employee handbook. Sick leave accrues to a maximum of 130 days. Holiday time is accrued for all employees. Police officers can accrue a maximum of 500 hours of holiday time. Upon termination or retirement, employees in good standing are entitled to their leave accruals to the maximums specified in the employee handbook.

L. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans are reported as interfund receivables and payable as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide financial statements.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(1) Summary of Significant Accounting Policies (Continued)

M. Budgetary Control

The City charter established the fiscal year as the twelve-month period beginning April 1st. The City Council adopts a budget annually. The budget can be revised as deemed necessary by the Council. A single fixed budget covers the general fund and is employed during the year as a management control device. The budgetary amounts are comprised of the normal operating budget and supplemental budget allocations, if applicable.

N. 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 estimates.

O. Change in Accounting Principle

During 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Adoption of this statement requires the City to provide Additional information in the financial statements related to all pension plans. Implementation of GASB Statement No. 68 resulted in a restatement of the net position as of March 31, 2016.

(2) Cash and Cash Equivalents

Custodial Credit Risk-Custodial credit risk is the risk that, in the vent of 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.

All deposits are carried at cost. Transactions are made directly with the banks; services of brokers or securities dealers are not used. At March 31, 2016, the carrying amount of the Town's deposits was \$5,964,011 and the bank balance was \$6,205,701.

As of March 31, 2016, none of the Town's bank balances of \$ 6,205,701 was exposed to custodial risk.

(3) Investments

Custodial Credit Risk-Custodial Credit Risk is the risk that, in the vent of 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 City's Investment.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(4) Investments (Cont.)

Concentration of Credit Risk- All investments are carried in a third party managed portfolio of funds with guidelines as directed by the Investment Committee Board as follows:

- Equities must not exceed 60% or be less than 20% of the portfolio
- Fixed Income must not exceed 70% or be less than 30% of the portfolio
- Alternative Investments must not exceed 15% of the portfolio

Credit Risk-All investments other than cash are in mutual funds type accounts which are listed and traded in the open market and valued at the actual price as of March 31, 2016. The cash account is insured under FDIC.

The following is a listing of the investment:

Cash	\$372,018
Subtotal	\$372,018
Equities	
I Shares MSCI Eurozone	\$24,073
I Shares MSCI Eafe ETF	48,929
Vanguard Total Stock Market ETF	196,013
Subtotal	\$269,015
Fixed Income	
Ishares 7-10 Year Treas Bond	\$53,956
Powershares Senior Loan	101,082
SPDR Barclays Inter Term Corp	448,457
Vanguard Mortgage Backed	44,754
Vanguard BD Index FD Inc Total Bond Mkt EFI	222,414
Alpine Income TR ULT Muni INSTL	1,199,000
Putnam Short Duration Income Fund A	999,004
Subtotal	\$3,068,667

(5) Property Taxes

The City's property tax calendar is from April 1st through March 31st. Taxes are billed on April 1st. Taxes paid after June 30th are assessed a penalty of one and a half percent (1.5%) per month. Delinquent accounts are referred to the City's attorney for collection action in January of each year. At March 31, 2016, the balance of unpaid taxes was approximately \$ 30,881, and an allowance for doubtful accounts has not been calculated, based on prior years' collections.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(6) Property, Plant and Equipment

Capital Asset Activity for the year ended March 31, 2016, was as follows:

	Balance <u>April 1st</u>	Additions	Deletions	Balance <u>March 31st</u>
Buildings	\$ 8,251,653	\$ 27,201	\$ -	\$ 8,278,854
Machinery and equipment	3,008,691	347,308	(44,067)	3,311,932
Land and improvements	22,256,569	105,077	-	22,361,646
Construction in process	98,121	475,720	-	573,841
Total	33,615,034	955,306	(44,067)	34,526,273
Less: Accumulated depreciation	<u>9,529,551</u>	<u>1,075,930</u>	<u>38,721</u>	<u>10,566,760</u>
Capital Assets (Net of Accumulated Depreciation)	<u>\$ 24,085,483</u>	<u>\$ (120,624)</u>	<u>\$ (82,788)</u>	<u>\$ 23,959,513</u>

(7) Long-Term Liabilities

Accrued Compensated Absences:

The following is a summary of accrued compensated absences as of March 31, 2016:

	Street <u>Dept.</u>	Police <u>Dept.</u>	Admin. <u>Dept.</u>	Total	Current <u>Portion</u>	Long-term <u>Portion</u>
Sick Leave	\$ 90,696	\$ 195,976	\$ 78,772	\$ 365,444	\$ 1,143	\$ 364,301
Vacation Leave	26,767	46,085	22,767	95,619	5,655	89,964
Holiday Time	-	57,260	-	57,260	-	57,260
Payroll Taxes	<u>8,986</u>	<u>22,898</u>	<u>7,768</u>	<u>39,652</u>	<u>-</u>	<u>39,652</u>
Total	<u>\$ 126,449</u>	<u>\$ 322,219</u>	<u>\$ 109,307</u>	<u>\$ 557,975</u>	<u>\$ 6,798</u>	<u>\$ 551,177</u>

Long Term Debt

During fiscal year ended March 31, 2005, the City Council approved the issuance of \$19.5 million of general obligation bonds. This indebtedness is shared with the Lewes Board of Public Works (BPW), \$14,605,000 and the City \$4,895,000. Since the issuance there have been 10 payments of principal totaling \$6,065,000. In fiscal year ended March 31, 2015, the City refunded the 2005 general obligation bonds to obtain a lower interest rate and to give the BPW an opportunity to pay off its portion of the bonds entirely. Since the proceeds from the 2015 bond refunding paid off the shared 2005 general obligation bond debt between the City and

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(7) Long Term Liabilities (Cont.)

Long Term Debt (Cont.)

BPW, the general obligation bonds reflected in the financial statements are entirely a City debt obligation. A summary of the proceeds from the 2015 bond refunding are as follows:

Beginning bond payable - 4/1/2015	\$	7,215,000
Payment - City		(685,000)
Ending bond payable - 3/31/2016	\$	<u>6,530,000</u>

A schedule of the repayment of the City's 2015 bonded debt is as follows:

Year Ended March 31, 2017		665,000
Year Ended March 31, 2018		675,000
Year Ended March 31, 2019		690,000
Year Ended March 31, 2020		705,000
Year Ended March 31, 2021		720,000
Thereafter		<u>3,075,000</u>
<u>Total</u>	\$	<u><u>6,530,000</u></u>

During the fiscal year ended March 31, 2006, the City Council upon the request of the Board of Public Works approved borrowing through the State of Delaware Drinking Water State Revolving Fund. These funds were totally for the benefit of BPW construction projects, and as such are to be repaid by the BPW to the City. These represent twenty year loans with semi-annual repayment installments. The balance of the Fund was \$ 8,908,700 at March 31, 2016.

On April 7, 2013, the City entered a lease agreement with the TCF Equipment Finance, Inc. The purchase price of the trash truck was \$ 138,438 payable in seven (7) annual lease payments of \$ 21,530 at 2.9% interest. The final payment will be due May 2020.

The City entered into a lease agreement with Tymco, Inc. on September 2015 for a street sweeper. The purchase price of the equipment was \$181, 953, payable after a down payment in five (5) annual payments of \$32,419 at 2.75% interest. The final payment will be due September 2020. An amortization schedule of the lease agreements are as follows:

<u>Date</u>	<u>Beginning Balance</u>	<u>Lease Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Balance</u>
4/1/2017	149,534	32,419	4,112	28,307	121,227
4/1/2018	121,227	32,419	3,334	29,085	92,142
4/1/2019	92,142	32,419	2,534	29,885	62,257
4/1/2020	62,257	32,419	1,712	30,707	31,550
4/1/2021	31,550	32,419	869	31,550	-
		<u>\$ 162,095</u>	<u>\$ 12,561</u>	<u>\$ 149,534</u>	

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(7) Long Term Liabilities (Cont.)

The City entered a lease agreement with the Enterprise, Inc. on April 2014 for three Ford Escapes. The purchase price of vehicles was \$ 71,646 payable in sixty (60) monthly payments of \$ 1,322 at 4.0% interest. The final payment will be due July 2019.

An amortization schedule of the lease agreements are as follows:

Date	Beginning Balance	Lease Payment	Interest	Principal	Debt Balance
4/1/2015	71,646	10,576	1,841	8,735	62,911
4/1/2016	62,911	15,864	2,311	13,553	49,358
4/1/2017	49,358	15,864	1,638	14,226	35,132
4/1/2018	35,132	15,864	1,137	14,727	20,405
4/1/2019	20,405	15,864	538	15,326	5,079
4/1/2020	5,079	5,288	209	5,079	-
		<u>\$ 79,320</u>	<u>\$ 7,674</u>	<u>\$ 71,646</u>	

Combined City's Long-Term as of March 31, 2016 is as follows;

	Beginning Balance April 1st	New Debt	Amounts Retired	Ending Balance March 31st
Delaware Revolving Fund Notes	\$ 9,604,320	\$ -	\$ 695,620	\$ 8,908,700
General Obligation Bonds series 2005	7,215,000	-	685,000	6,530,000
Trash Truck Lease Agreement	98,802	-	18,636	80,166
Tymco Lease Agreement	-	149,534	-	149,534
Vehicle Lease Agreements - Enterprise	62,911	-	13,553	49,358
<u>Total</u>	<u>\$ 16,981,033</u>	<u>\$ 149,534</u>	<u>\$ 1,412,809</u>	<u>\$ 15,717,758</u>

(8) Retirement and Pension Plans

State of Delaware-County and Municipal Pension Plan-Police/Firefighters

Plan Description

The State of Delaware-County and Municipal Pension Plan-Police/Firefighters (the plan) is a cost sharing multiple-employer defined –benefit pension plan established in the Delaware Code.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(8) Retirement and Pension Plans (Cont.)

State of Delaware-County and Municipal Pension Plan-Police/Firefighters (Cont.)

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

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

The following are brief descriptions of the Plan in effect as of June 30, 2015. For a more complete description, please refer to the DPERS CAFR.

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
860 Silver Lake Blvd
Dover, De 19904

Plan Benefits

Eligibility

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

Service Benefits

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting

Five years of credited services.

Retirement

Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits

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

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(8) Retirement and Pension Plans (Cont.)

State of Delaware-County and Municipal Pension Plan-Police/Firefighters (Cont.)

Duty-Partial Disability-Calculated the same as Service Benefits, subjects to minimum 50% of final average compensation.

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

Survivor Benefits

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

Employer

Determined by Board of Pension Trustees. Employer contributions were 14.2% and 15.5% of earnings for the fiscal year 2015 and 2014, respectively.

Member

7% of compensation.

Pensions Liabilities, Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to the Plan

At March 31, 2016 the City reported a liability (asset) of (\$44,111) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The City's proportion of the net pension liability (asset) was based on the percentage of actual employee contributions. At June 30, 2015, the City's Proportion for the Police Plan was .8370%.

For the year ended March 31, 2016, the City recognized pension expense of \$61,328 At June 30, 2015; the City reported deferred outflows of resources or deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to Measurement Date	\$98,752	-
Deferred Inflows of Resources	-	\$72,776
Total	<u>\$98,752</u>	<u>\$72,776</u>

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(8) Retirement and Pension Plans (Cont.)

State of Delaware-County and Municipal Pension Plan-Police/Firefighters (Cont.)

The City’s contribution subsequent to the measurement date of \$72,703, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over five years and recognized as pension expense as follows:

Year Ending March 31

2016	\$	(22,021)
2017	\$	(22,021)
2018	\$	(22,021)
2019	\$	12,865
2020	\$	(2,518)

Actuarial Assumptions

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Investment rate of return	7.2%
Projected Salary Increases	4 to 11.5%
Inflation	3%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact of future financial statements.

Mortality rates were based on the Sex distinct RP-2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(8) Retirement and Pension Plans (Cont.)

State of Delaware-County and Municipal Pension Plan-Police/Firefighters (Cont.)

Actuarial Assumptions (Cont.)

combined to produce long-term expected rate of return by weighing the expected future real rate of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class include in the System’s current and expected asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Alternative Investments	7.8%
Cash and equivalents	-

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rate determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the collective net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the plan’s net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
191,399	(44,108)	(398,056)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan’s fiduciary net positions is available in the separately issued DPERS financial report.

Funding Policy

The Delaware County and Municipal Police/Firefighter’s’ Pension Plan requires active members to contribute 7% of compensation. The city is required to contribute at an actuarially determined rate, which was 15.5% at July 1, 2013, 14.2% at July 1, 2014, and 15.5% at July 1, 2015. The contribution information for the City is as follows:

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(8) Retirement and Pension Plans (Cont.)

State of Delaware-County and Municipal Pension Plan-Police/Firefighters (Cont.)

	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
6/30/13	\$ 79,601	100%
6/30/14	\$ 93,826	100%
6/30/15	\$ 84,262	100%

City of Lewes Defined Contribution Pension Plan

The City contributes to the City Retirement Plan (CRP), a defined contribution pension plan, for its fulltime employees. CRP is administered by the City Retirement System.

Benefit terms, including contribution requirements, for CRP are established and amended by the City Council. For each employee in the pension plan, the City is required to contribute 10% of annual salary, exclusive of overtime pay, to an individual account for all employees who do not participate in the State of Delaware-County and Municipal Pension Plan-Police/Firefighters . Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended March 31, 2016, employee contributions totaled \$73,140 and the City recognized pension expense of \$96,089.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions at a rate of 20% percent per year and become fully vested after completion of 60 months of creditable service with the City. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. For the year ended March 31, 2016, the city reported no forfeitures.

(9) Deferred Compensation Fund

Prior to 1997, the City offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. At March 31, 2016, a balance of \$ 2,285 was still being held for City employees by the independent plan administrator, Nationwide Retirement Solutions. Since the City has title to these assets, the Deferred Compensation Fund is included in the financial statements as an agency fund, and its assets are presented at fair market value as of March 31, 2016

(10) Related Party Lewes Board of Public Works

The Lewes Board of Public Works was established in 1901 by charter separate from the Lewes charter and recently update in 2010. The BPW is responsible for developing and maintaining mostly underground infrastructure, including electric, stormwater management, drinking water, and wastewater.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(10) Related Party Lewes Board of Public Works (Cont.)

There are five publicly elected Board members, with officers, elected annually by the board members including a President, Vice President, Secretary, Treasurer, and Assistant Treasurer, while the Mayor also serves in an ex-officio capacity. The BPW also has an ex-officio position on the Lewes Planning Commission.

The City of Lewes charges the Board rent for the use of buildings and offices owned by the City of Lewes and Board began to bill the City of utilities used. In addition, in accordance with the City's charter, the City of Lewes imposes a 5% in lieu of franchise fee on sales and assessments rendered by the BPW. For the year ended March 31, 2016, rent and in lieu of franchise fees paid to the city were \$139,701 and \$153, 602, respectively.

(11) Fisher Martin Trust

The Fisher Martin house is being preserved in order to provide visitors with information on the history of Lewes. On April 24, 1992, the State of Delaware assigned the Trust Fund for maintenance of the Fisher Martin House to the City of Lewes, along with the title to the house. An agreement between the City and the State of Delaware requires that all funds in the Trust, including interest and dividend income, be used for the purpose of restoring, maintaining, interpreting, and operating the Fisher Martin House.

(12) Contingencies

During the fiscal year ended March 31, 2002, a garbage truck was purchased with funds from the Capital Projects Fund. The General Fund reimbursed the Capital Projects Fund the purchase price of \$91, 773 in ten (10) annual installments of \$10,487. The final installment was paid on January 1, 2011. However, the City has made the decision to continue this annual payment to create a reserve for future trash truck purchases.

During the fiscal year ended March 31, 2005, a garbage truck was purchased with funds from the Capital Projects Fund. The General Fund reimbursed the Capital Projects Fund the purchase price of \$106,300 in ten (10) annual installments of \$12,116 at 3% interest from January 1, 2005. The final installment was paid on January 1, 2014. The City intends to continue this payment to create a reserve.

During the fiscal year ended March 31, 2008, a garbage truck was purchased with funds from the Capital Projects Fund. The General Fund reimburses the Capital Projects Fund the purchase price of \$ 102,451 in ten (10) annual installments of \$ 12,010 at 3% interest from January 1, 2008. The final Installment will be due January 1, 2017.

The City reimbursed \$ 34,613 during the fiscal year 2016. A schedule of annual payments on the contingencies is as follows:

<u>Fiscal Year End</u>	<u>Amount</u>
March 31, 2017	<u>12,010</u>
<u>Total</u>	<u>\$ 12,010</u>

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

(13) Risk Management (Cont.)

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage, and settlement amounts have not exceeded insurance liabilities for the current year or the three prior years. The City has a \$10,000 deductible per claim on public officials, a \$10,000 deductible per claim on police officers liability, and \$25,000 deductible on employee practices' coverage. At the present time, there are no potential claims against the City with reasonable possibilities of unfavorable outcomes. The amount of any property liability would be \$5,000 per claim, which is the amount of the insurance deductible.

(14) Subsequent Events

The City has evaluated subsequent events up to July 22, 2016.

(15) Prior Period Adjustment

Due to the Implementation of GASB 68, the beginning net position on the government wide financial statements has been increased by \$30,334, the deferred outflow of resources for 2015 was increased by \$84,262, the deferred inflow of resources for 2015 was increased by \$152,634, and the net pension asset for 2015 was increased by \$98,706.

(16) Future Accounting Pronouncements

In 2015, the GASB issued No. 72 "Fair Value Measurement and Application." This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The City is currently evaluating the future impact of this statement.

In 2015, the GASB issued No. 77 "Tax Abatement Disclosures." This statement requires additional disclosure of tax abatement agreement including a description of the agreement, the amount of taxes abated during the year and other commitments made by the City as part of the agreement. The statement also requires disclosure of tax abatement agreements with an impact on the City that have been entered into by other governments. This Statement is effective for fiscal years beginning after December 15, 2015. The City is currently evaluating the future impact of this statement.

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REQUIRED SUPPLEMENTAL INFORMATION

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Revenues:</u>			
<u>Taxes And Assessments:</u>			
Tax levy (net of discounts)	\$ 2,400,000	\$ 2,450,756	\$ 50,756
Property transfer tax	760,000	781,667	21,667
<u>Total Taxes And Assessments</u>	<u>3,160,000</u>	<u>3,232,423</u>	<u>72,423</u>
<u>Rentals:</u>			
BPW rent	139,702	139,702	-
Gross receipt rental tax	425,000	474,777	49,777
Rent levy	23,000	24,281	1,281
Rental property	4,880	6,300	1,420
City dock	70,000	90,176	20,176
Great Marsh	5,500	5,500	-
<u>Total Rentals</u>	<u>668,082</u>	<u>740,736</u>	<u>72,654</u>
<u>Licenses And Permits:</u>			
Mercantile licenses	200,000	246,503	46,503
Board of adjustment fees	3,750	2,500	(1,250)
Building permits	175,000	297,393	122,393
Subdivision & annexation fees	1,000	7,000	6,000
<u>Total Licenses And Permits</u>	<u>379,750</u>	<u>553,396</u>	<u>173,646</u>
<u>Fines and Forfeits</u>			
Police fines	30,000	41,126	11,126
Parking violations	110,000	135,468	25,468
Penalties on delinquent taxes	9,000	8,551	(449)
<u>Total Fines And Forfeits</u>	<u>149,000</u>	<u>185,145</u>	<u>36,145</u>
<u>Parking Meter Collection</u>	<u>380,000</u>	<u>442,327</u>	<u>62,327</u>
<u>Interest Income</u>	<u>2,500</u>	<u>14,116</u>	<u>11,616</u>
<u>Intergovernmental Grants</u>	<u>\$ 85,000</u>	<u>\$ 640,229</u>	<u>\$ 555,229</u>

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

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Revenues: (Continued)</u>			
<u>Other Revenue:</u>			
BPW franchise fee	\$ 600,000	\$ 706,566	\$ 106,566
Cable and gas franchise fees	95,000	120,070	25,070
Police reports	500	1,650	1,150
Sale of assets	-	18,965	18,965
Gain (Loss) on Investment	-	(4,105)	(4,105)
Sale of trash carts	3,000	4,704	1,704
Miscellaneous	50,250	79,961	29,711
<u>Total Other Revenue</u>	<u>748,750</u>	<u>927,811</u>	<u>179,061</u>
<u>Total Revenue</u>	<u>5,573,082</u>	<u>6,736,183</u>	<u>1,163,101</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Salaries	431,000	437,515	(6,515)
Street maintenance and repair	2,500	-	2,500
Truck expense	35,000	23,083	11,917
Health and life insurance	133,200	140,649	(7,449)
Uniform rental	4,000	3,683	317
Repairs and maintenance	11,000	16,130	(5,130)
Payroll taxes	33,000	32,931	69
Training, seminars, travel	1,100	-	1,100
Shop maintenance supplies	8,750	5,456	3,294
Equipment	8,500	6,803	1,697
Other expenses	4,250	2,268	1,982
Pension expense	37,600	37,550	50
Unemployment payments	1,000	-	1,000
<u>Total Street Department</u>	<u>\$ 710,900</u>	<u>\$ 706,068</u>	<u>\$ 4,832</u>

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

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures: (Continued)</u>			
<u>Police Department:</u>			
<u>Police</u>			
Salaries - police officers	\$ 825,500	\$ 851,226	\$ (25,726)
Salaries - clerical employee	-	31,139	(31,139)
Uniforms and equipment	17,250	13,659	3,591
Automobile expense	10,000	12,301	(2,301)
Health and life insurance	160,750	182,551	(21,801)
Telephone	6,500	5,544	956
Supplies	6,000	34,173	(28,173)
Unemployment	-	-	-
Payroll taxes	63,250	67,255	(4,005)
Training, seminars, travel	3,000	2,345	655
Pension expense	103,000	101,081	1,919
Repairs and maintenance	-	4,080	(4,080)
Vehicle purchases	25,000	81,621	(56,621)
Computer expense	10,000	11,278	(1,278)
Other expenses	12,500	7,278	5,222
<u>Total Police</u>	<u>1,242,750</u>	<u>1,405,531</u>	<u>(162,781)</u>
<u>Meters:</u>			
Salaries	48,150	44,737	3,413
Payroll taxes	3,700	3,422	278
Unemployment	17,500	14,029	3,471
Supplies, uniforms and equipment	9,000	14,596	(5,596)
<u>Total Meters</u>	<u>78,350</u>	<u>76,784</u>	<u>1,566</u>
<u>Beach Patrol:</u>			
Salaries	61,000	53,331	7,669
Payroll taxes	4,700	4,080	620
Unemployment	6,000	4,692	1,308
Supplies, uniforms and equipment	2,850	2,458	392
<u>Total Beach Patrol</u>	<u>74,550</u>	<u>64,561</u>	<u>9,989</u>
<u>Total Police Department</u>	<u>\$ 1,395,650</u>	<u>\$ 1,546,876</u>	<u>\$ (151,226)</u>

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

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures: (Continued)</u>			
<u>Administrative Department:</u>			
<u>City Manager</u>			
Salaries	\$ 165,000	\$ 167,813	\$ (2,813)
Payroll taxes	12,750	12,756	(6)
Health and life insurance	9,100	9,546	(446)
Pension expense	16,000	15,942	58
Supplies	-	15,666	(15,666)
Telephone	-	8,497	(8,497)
Other expenses	9,655	219	9,436
<u>Total City Manager</u>	<u>212,505</u>	<u>230,439</u>	<u>(17,934)</u>
<u>Finance</u>			
Salaries	178,000	188,835	(10,835)
Payroll taxes	14,000	13,547	453
Health and life insurance	50,100	52,503	(2,403)
Pension expense	17,300	17,262	38
Professional fees	18,500	28,515	(10,015)
Other expenses	1,560	114	1,446
<u>Total Finance</u>	<u>279,460</u>	<u>300,776</u>	<u>(21,316)</u>
<u>Parks & Marina Administrator</u>			
Salaries	37,500	42,187	(4,687)
Payroll taxes	2,900	3,187	(287)
Health and life insurance	12,445	10,240	2,205
Pension expense	3,750	1,427	2,323
Other expenses	1,050	907	143
<u>Total Parks & Marina Administrator</u>	<u>57,645</u>	<u>57,948</u>	<u>(303)</u>
<u>Building Official</u>			
Salaries	156,500	158,073	(1,573)
Payroll taxes	12,000	11,925	75
Health and life insurance	28,900	30,005	(1,105)
Pension expense	12,200	12,187	13
Prof. serv consulting	15,000	1,575	13,425
Other expenses	4,100	820	3,280
<u>Total Building Official</u>	<u>228,700</u>	<u>214,585</u>	<u>14,115</u>
<u>Total Administrative Department</u>	<u>\$ 778,310</u>	<u>\$ 803,748</u>	<u>\$ (25,438)</u>

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

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures: (Continued)</u>			
<u>General Government:</u>			
<u>Parks and Recreation</u>			
R & M - Grounds	\$ 63,367	\$ 125,670	\$ (62,303)
R & M - Equipment	3,800	4,916	(1,116)
Event expenses	7,095	6,165	930
Other expenses	105,084	60,584	44,501
<u>Total Parks and Recreation</u>	<u>179,346</u>	<u>197,335</u>	<u>(17,989)</u>
<u>Mayor and Council</u>			
Salaries	16,000	16,000	-
Payroll taxes	1,225	1,224	1
Conferences and seminars	7,500	2,408	5,092
Dues and subscriptions	3,000	465	2,535
Donation - fire department	30,000	30,000	-
Donations - other	4,150	3,375	775
Other expenses	2,750	3,357	(607)
<u>Total Mayor and Council</u>	<u>64,625</u>	<u>56,829</u>	<u>7,796</u>
<u>Marina and City Dock</u>			
Salaries	34,850	28,059	6,791
Payroll taxes	2,700	2,146	554
Unemployment	9,500	8,435	1,065
Repairs and maintenance	15,000	13,727	1,273
Supplies and equipment	3,650	1,510	2,140
Utilities	2,250	678	1,572
Dredging project	45,000	54,600	(9,600)
Other expenses	3,000	5,238	(2,238)
<u>Total Marina and City Dock</u>	<u>115,950</u>	<u>114,393</u>	<u>1,557</u>
<u>Other General Government</u>			
Lewes planning commission	2,800	1,299	1,501
Pedestrian safety	6,000	691	5,309
Historic preservation	5,400	4,687	713
Mitigation	5,000	812	4,188
Assessment	26,050	20,511	5,539
Election	1,500	153	1,347
Professional fees - BOA	-	413	(413)
Other expenses - BOA	7,500	-	7,500
Gasoline purchases	\$ 50,000	\$ 28,121	\$ 21,879

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

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	Budgeted Amounts		Variance with Final Budget Favorable (Unfavorable)
	Original And Final	Actual Amounts	
<u>Expenditures: (Continued)</u>			
<u>General Government: (Continued)</u>			
<u>Other General Government (Continued)</u>			
Professional fees	\$ 237,525	\$ 335,666	\$ (98,141)
Engineering fees	75,000	143,149	(68,149)
Insurance	159,220	184,872	(25,652)
Supplies	6,600	7,717	(1,117)
Transfer tax and bank fees	42,000	60,495	(18,495)
Public building maintenance	47,000	45,353	1,647
Codification update	20,000	5,861	14,139
Debt Service - Interest	341,060	161,835	179,225
Other expenses and contingencies	12,100	29,666	(17,566)
Utilities	227,500	211,430	16,070
Construction projects	-	2,635	(2,635)
Capital expenditure/Equipment	165,806	282,261	(116,455)
Trash/Recycling/Yard Waste	285,240	301,407	(16,167)
<u>Total Other General Government</u>	1,723,301	1,829,034	(105,733)
<u>Total General Government</u>	2,083,222	2,197,591	(114,369)
<u>Total Expenditures</u>	4,968,082	5,254,283	(286,201)
<u>Excess Of Revenues Over (Under) Expenditures</u>	605,000	1,481,900	876,900
<u>Other Financing Sources (Uses):</u>			
Transfer (to) from Long-Term Debt	(605,000)	(685,000)	(80,000)
Transfer (to) from other funds	-	(203,222)	(203,222)
<u>Total Other Financing Sources (Uses)</u>	(605,000)	(888,222)	(283,222)
<u>Excess Of Revenues And Other Financing Sources (Uses) Over (Under) Expenditures</u>			
	\$ -	\$ 593,678	\$ 593,678
<u>Fund Balance - April 1st</u>		4,358,346	
<u>Fund Balance - March 31st</u>		\$ 4,952,024	

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

SUPPLEMENTAL INFORMATION

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF MARCH 31, 2016

(With Comparative Amounts As Of March 31, 2015, 2014, 2013)

ASSETS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Cash And Cash Equivalents:</u>				
Cash on hand	\$ 150	\$ 150	\$ 150	\$ 150
Cash in bank - checking	2,014,213	3,945,939	3,221,972	2,210,977
Cash in bank - money market	629,270	626,964	624,192	621,389
Cash in bank - savings	3,188	3,187	3,187	3,186
	<u>2,646,821</u>	<u>4,576,240</u>	<u>3,849,501</u>	<u>2,835,702</u>
<u>Taxes Receivable:</u>				
Real estate taxes receivable, current year	30,881	30,064	16,724	7,832
	<u>30,881</u>	<u>30,064</u>	<u>16,724</u>	<u>7,832</u>
<u>Due From Other Funds:</u>				
Due from Bank of New York	-	-	447,238	881,218
	<u>-</u>	<u>-</u>	<u>447,238</u>	<u>881,218</u>
<u>Accounts Receivable:</u>				
Due from magistrate courts	2,612	1,754	2,282	1,478
BPW receivables	72,680	1,474	2,151	122,474
Franchises fee	7,092	7,635	7,004	-
Others	-	678	-	-
LPL receivable	-	-	80,000	-
	<u>82,384</u>	<u>11,541</u>	<u>91,437</u>	<u>123,952</u>
<u>Prepaid Expenses:</u>				
Prepaid insurance	147,918	46,219	42,893	49,448
	<u>147,918</u>	<u>46,219</u>	<u>42,893</u>	<u>49,448</u>
<u>Grant Receivable:</u>				
Due from State of Delaware	-	-	10,000	20,000
	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>20,000</u>
<u>Inventory:</u>				
Trash carts	36,935	39,569	43,822	49,634
	<u>36,935</u>	<u>39,569</u>	<u>43,822</u>	<u>49,634</u>
<u>Investments:</u>	2,580,702	-	-	-
	<u>2,580,702</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 5,525,641</u>	<u>\$ 4,703,633</u>	<u>\$ 4,501,615</u>	<u>\$ 3,967,786</u>

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

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - GENERAL FUND
AS OF MARCH 31, 2016

(With Comparative Amounts As Of March 31, 2015, 2014, 2013)

LIABILITIES AND FUND EQUITY

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Liabilities:</u>				
<u>Accounts Payable</u>	\$ 44,068	\$ 45,342	\$ 61,453	\$ 151,767
<u>Accrued Liabilities:</u>				
Accrued salaries	85,071	74,157	68,963	59,199
Accrued pension payable	174	172	4,035	2,929
Accrued compensatory absences - current portion	6,798	7,062	28,277	12,480
Accrued payroll taxes and withholdings	4,376	6,700	3,785	6,510
<u>Total Accrued Liabilities</u>	<u>96,419</u>	<u>88,091</u>	<u>105,060</u>	<u>81,118</u>
<u>Deferred Revenue</u>	<u>433,130</u>	<u>211,854</u>	<u>211,854</u>	<u>212,544</u>
<u>TOTAL LIABILITIES</u>	<u>573,617</u>	<u>345,287</u>	<u>378,367</u>	<u>445,429</u>
<u>Fund Equity:</u>				
Non-spendable	184,853	85,788	86,715	99,082
Restricted by other governments	2,710,736	2,227,922	1,461,905	957,841
Committed by council	-	-	447,238	881,218
Assigned	348,423	241,667	183,127	392,486
Unassigned	1,708,012	1,802,969	1,944,263	1,191,730
<u>TOTAL FUND EQUITY</u>	<u>4,952,024</u>	<u>4,358,346</u>	<u>4,123,248</u>	<u>3,522,357</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 5,525,641</u>	<u>\$ 4,703,633</u>	<u>\$ 4,501,615</u>	<u>\$ 3,967,786</u>

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016
(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy (net of discounts)	\$ 2,450,756	\$ 2,377,833	\$ 2,336,190	\$ 2,308,762
Property transfer tax	781,667	925,773	931,393	793,497
Total Taxes And Assessments	3,232,423	3,303,606	3,267,583	3,102,259
<u>Rentals:</u>				
BPW rent	139,702	135,633	131,682	128,775
Gross receipt rental tax	474,777	475,760	404,383	423,428
Rent levy	24,281	24,577	24,149	24,719
Library conference room	-	715	2,755	3,370
Rental property	6,300	5,640	4,075	4,275
City dock	90,176	84,278	78,118	71,579
Great Marsh	5,500	5,500	5,500	5,500
Total Rentals	740,736	732,103	650,662	661,646
<u>Licenses And Permits:</u>				
Mercantile licenses	246,503	241,085	196,813	190,542
Board of adjustment fees	2,500	5,000	5,000	1,250
Building permits	297,393	265,210	290,673	195,368
Subdivision income	7,000	12,391	79,650	2,500
Total Licenses And Permits	553,396	523,686	572,136	389,660
<u>Fines and Forfeits</u>				
Police fines	41,126	35,766	30,707	26,594
Parking violations	135,468	134,017	94,752	85,681
Penalties on delinquent taxes	8,551	9,942	10,018	8,990
Total Fines And Forfeits	185,145	179,725	135,477	121,265
<u>Parking Meter Collection</u>	442,327	381,880	302,304	294,796
<u>Interest Income</u>	14,116	2,832	2,925	3,024
<u>Intergovernmental Grants:</u>				
State and County	640,229	334,349	406,141	758,796
Total Intergovernmental Grants	\$ 640,229	\$ 334,349	\$ 406,141	\$ 758,796

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016
 (With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	2016	2015	2014	2013
<u>Revenue: (Continued)</u>				
<u>Other Revenue:</u>				
BPW franchise fee	\$ 706,566	\$ 644,000	\$ 670,918	\$ 670,435
Cable and gas franchise fees	120,070	115,297	74,658	78,324
Police reports	1,650	880	703	721
Sale of Assets	18,965	25,805	1,173,002	1,125
Gain (Loss) on Investments	(4,105)	-	-	-
Sale of trash carts	4,704	1,850	1,050	2,400
Miscellaneous	79,961	65,020	354,583	390,479
	<u>927,811</u>	<u>852,852</u>	<u>2,274,914</u>	<u>1,143,484</u>
<u>Total Other Revenue</u>				
	<u>6,736,183</u>	<u>6,311,033</u>	<u>7,612,142</u>	<u>6,474,930</u>
 <u>Expenditures:</u>				
<u>Street Department:</u>				
Salaries	437,515	427,178	423,163	400,827
Street maintenance and repair	-	703	-	-
Truck expense	23,083	35,726	39,507	35,134
Health and life insurance	140,649	140,989	119,459	106,784
Repairs and maintenance	16,130	26,367	11,152	12,202
Uniform rental	3,683	3,129	2,072	2,619
Payroll taxes	32,931	32,479	31,671	29,940
Training, seminars, travel	-	6	-	-
Shop maintenance & office supplies	5,456	10,043	7,304	3,666
Equipment	6,803	8,523	5,027	12,224
Other expenses	2,268	4,036	3,477	2,820
Unemployment payments	-	-	371	2,447
Pension expense	37,550	34,345	33,620	32,726
	<u>706,068</u>	<u>723,524</u>	<u>676,823</u>	<u>641,389</u>
<u>Total Street Department</u>				

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	2016	2015	2014	2013
<u>Expenditures: (Continued)</u>				
<u>Police Department:</u>				
<u>Police</u>				
Salaries - police officers	\$ 851,226	\$ 756,056	\$ 762,597	\$ 767,833
Salaries - clerical employee	31,139	31,700	28,287	11,942
Unemployment	-	4,427	11,347	-
Uniforms and equipment	13,659	-	15,038	40,778
Automobile expense	12,301	17,678	5,827	8,860
Health and life insurance	182,551	143,990	129,636	111,230
Telephone	5,544	5,930	5,919	5,507
Supplies	34,173	5,187	4,952	13,876
K-9 expense	-	-	-	359
Payroll taxes	67,255	61,484	59,809	58,925
Training, seminars, travel	2,345	1,815	2,724	3,664
Pension expense	101,081	91,858	107,023	80,373
Repairs and maintenance	4,080	5,047	2,932	3,455
Vehicle purchases	81,621	30,290	-	18,523
Computer expense	11,278	24,671	10,120	9,925
Other expenses	7,278	9,091	9,210	8,304
<u>Total Police</u>	1,405,531	1,189,224	1,155,421	1,143,554
<u>Meters:</u>				
Salaries	44,737	41,441	42,897	42,725
Payroll taxes	3,422	3,170	3,282	3,268
Unemployment	14,029	18,503	19,358	16,320
Supplies, uniforms and equipment	14,501	12,039	8,211	6,002
Other expenses	95	206	83	-
<u>Total Meters</u>	76,784	75,359	73,831	68,315
<u>Beach Patrol:</u>				
Salaries	53,331	35,789	56,066	52,357
Payroll taxes	4,080	2,738	4,251	3,975
Unemployment	4,692	4,379	4,543	7,988
Supplies, uniforms and equipment	2,134	3,937	3,093	3,872
Other expenses	324	825	484	373
<u>Total Beach Patrol</u>	64,561	47,668	68,437	68,565
<u>Total Police Department</u>	\$ 1,546,876	\$ 1,312,251	\$ 1,297,689	\$ 1,280,434

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016
(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Expenditures: (Continued)</u>				
<u>Administrative Department:</u>				
<u>City Manager</u>				
Salaries	\$ 167,813	\$ 161,820	\$ 157,382	\$ 150,249
Payroll taxes	12,756	12,338	11,868	11,479
Health and life insurance	9,546	12,939	8,029	6,998
Pension expense	15,942	15,406	53,393	71,405
Supplies	15,666	18,227	17,078	14,385
Telephone	8,497	5,252	9,353	6,562
Other expenses	219	701	1,498	1,183
<u>Total City Manager</u>	<u>230,439</u>	<u>226,683</u>	<u>258,601</u>	<u>262,261</u>
<u>Finance</u>				
Salaries	188,835	182,548	167,446	158,552
Payroll taxes	13,547	13,585	12,222	12,160
Health and life insurance	52,503	64,285	44,647	37,480
Pension expense	17,262	16,450	14,109	14,438
Professional fees	28,515	21,820	18,407	18,448
Other expenses	114	330	1,157	718
<u>Total Finance</u>	<u>300,776</u>	<u>299,018</u>	<u>257,988</u>	<u>241,796</u>
<u>Parks & Marina Administrator</u>				
Salaries	42,187	36,352	39,267	32,008
Payroll taxes	3,187	2,737	3,007	2,448
Health and life insurance	10,240	12,447	9,385	6,635
Pension expense	1,427	3,381	3,191	3,019
Other expenses	907	212	651	377
<u>Total Parks & Marina Administrator</u>	<u>57,948</u>	<u>55,129</u>	<u>55,501</u>	<u>44,487</u>
<u>Building Official</u>				
Salaries	158,073	135,677	99,511	95,783
Payroll taxes	11,925	10,419	7,536	7,288
Health and life insurance	30,005	30,867	7,688	6,713
Pension expense	12,187	7,721	6,729	6,236
Prof. serv consulting	1,575	15,506	15,169	-
Repairs and maintenance	420	241	-	406
Other expenses	400	1,860	286	560
<u>Total Building Official</u>	<u>214,585</u>	<u>202,291</u>	<u>136,919</u>	<u>116,986</u>
<u>Total Administrative Department</u>	<u>\$ 803,748</u>	<u>\$ 783,121</u>	<u>\$ 709,009</u>	<u>\$ 665,530</u>

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Expenditures: (Continued)</u>				
<u>General Government:</u>				
<u>Parks and Recreation</u>				
R & M - Grounds	\$ 125,670	\$ 121,539	\$ 95,045	\$ 81,059
R & M - Equipment	4,916	3,444	2,510	2,842
Event expenses	6,165	8,191	3,283	2,239
Supplies	-	-	-	12,822
Other expenses	60,584	29,569	44,189	55,500
<u>Total Parks and Recreation</u>	<u>197,335</u>	<u>162,743</u>	<u>145,027</u>	<u>154,462</u>
<u>Mayor and Council</u>				
Salaries	16,000	16,000	16,000	16,000
Payroll taxes	1,224	1,224	1,224	1,224
Conferences and seminars	2,408	3,193	2,886	3,358
Dues and subscriptions	465	1,069	1,269	1,653
Donation - fire department	30,000	30,000	30,000	31,000
Donations - other	3,375	3,525	3,335	2,983
Other expenses	3,357	3,795	2,127	3,313
<u>Total Mayor and Council</u>	<u>56,829</u>	<u>58,806</u>	<u>56,841</u>	<u>59,531</u>
<u>Marina and City Dock</u>				
Salaries	28,059	34,289	34,211	33,771
Payroll taxes	2,146	2,623	2,617	2,585
Unemployment	8,435	8,032	7,367	9,453
Repairs and maintenance	13,727	11,667	18,037	11,333
Supplies and equipment	1,510	710	2,245	1,866
Utilities	678	317	314	1,240
Dredging project	54,600	-	82,451	-
Other expenses	5,238	2,432	3,363	537
<u>Total Marina and City Dock</u>	<u>114,393</u>	<u>60,070</u>	<u>150,605</u>	<u>60,785</u>
<u>Other General Government</u>				
Lewes planning commission	1,299	2,755	1,354	462
Pedestrian safety	691	8,243	1,905	3,777
Historic preservation	4,687	2,699	1,574	1,124
Mitigation	812	5,129	1,280	417
Assessment	20,511	37,775	27,862	20,119
Election	153	2,743	887	865
Professional fees - BOA	413	600	-	7,842
Other expenses - BOA	-	8,169	835	243
Gasoline purchases	\$ 28,121	\$ 42,176	\$ 52,625	\$ 55,336

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016
(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	2016	2015	2014	2013
<u>Expenditures: (Continued)</u>				
<u>General Government: (Continued)</u>				
<u>Other General Government (Continued)</u>				
Professional fees	\$ 335,666	\$ 251,080	\$ 234,025	\$ 202,069
Engineering fees	143,149	156,478	67,927	21,586
Insurance	184,872	152,997	167,220	203,923
Supplies	7,717	6,741	7,114	6,822
Transfer tax and bank fees	60,495	40,952	33,497	28,831
Public building maintenance	45,353	47,441	46,016	45,171
Codification update	5,861	7,100	8,298	3,968
Debt Service - Interest	161,835	369,801	302,184	248,301
Other expenses and contingencies	29,666	28,659	18,871	15,543
Utilities	211,430	187,574	214,878	222,735
Construction projects	2,635	4,253	5,812	419,724
Capital expenditure/Equipment	282,261	319,357	252,859	2,533,577
Trash/Recycling/Yard Waste	301,407	255,903	258,603	289,161
Bond administration fees	-	-	-	15,375
<u>Total Other General Government</u>	1,829,034	1,938,625	1,705,626	4,346,971
<u>Total General Government</u>	2,197,591	2,220,244	2,058,099	4,621,749
<u>Total Expenditures</u>	5,254,283	5,039,140	4,741,620	7,209,102
<u>Excess Of Revenues Over</u>				
<u>(Under) Expenditures</u>	1,481,900	1,271,893	2,870,522	(734,172)
<u>Other Financing Sources (Uses):</u>				
Transfer (to) from Long-Term Debt	(685,000)	(589,551)	(1,836,562)	(525,000)
Transfer (to) from other funds	(203,222)	(447,244)	(433,069)	(1,368,942)
Proceeds from notes payable	-	-	-	2,150,000
<u>Total Other Financing Sources (Uses)</u>	(888,222)	(1,036,795)	(2,269,631)	256,058
<u>Excess Of Revenues And Other Financing</u>				
<u>Sources (Uses) Over (Under) Expenditures</u>	593,678	235,098	600,891	(478,114)
<u>Fund Balance - April 1st</u>	4,358,346	4,123,248	3,522,357	4,000,471
<u>Fund Balance - March 31st</u>	\$ 4,952,024	\$ 4,358,346	\$ 4,123,248	\$ 3,522,357

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

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF MARCH 31, 2016

(With Comparative Amounts As Of March 31, 2015, 2014, 2013)

<u>ASSETS</u>	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>
<u>Cash:</u>			
Cash in bank - checking	\$ 219,018	\$ 5,970	\$ -
<u>TOTAL ASSETS</u>	<u>219,018</u>	<u>5,970</u>	<u>-</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Deferred revenue	-	5,970	-
<u>Total Liabilities</u>	<u>-</u>	<u>5,970</u>	<u>-</u>
<u>Fund Equity:</u>			
Non-spendable	-	-	-
Restricted by other governments	219,018	-	-
Committed by council	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<u>Total Fund Equity</u>	<u>219,018</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 219,018</u>	<u>\$ 5,970</u>	<u>\$ -</u>

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

Combat Violent Crime	K - 9 Unit	Totals (Memorandum Only)			
		2016	2015	2014	2013
\$ 19,758	\$ 2,365	\$ 247,111	\$ 296,984	\$ 273,125	\$ 254,821
<u>19,758</u>	<u>2,365</u>	<u>247,111</u>	<u>296,984</u>	<u>273,125</u>	<u>254,821</u>
-	-	-	202	-	13,692
<u>19,758</u>	<u>-</u>	<u>25,728</u>	<u>33,576</u>	<u>42,972</u>	<u>27,161</u>
<u>19,758</u>	<u>-</u>	<u>25,728</u>	<u>33,778</u>	<u>42,972</u>	<u>40,853</u>
-	-	-	-	-	-
-	-	219,018	260,236	226,444	216,830
-	-	-	-	-	-
-	2,365	2,365	2,970	3,709	(2,862)
-	-	-	-	-	-
<u>-</u>	<u>2,365</u>	<u>221,383</u>	<u>263,206</u>	<u>230,153</u>	<u>213,968</u>
\$ <u>19,758</u>	\$ <u>2,365</u>	\$ <u>247,111</u>	\$ <u>296,984</u>	\$ <u>273,125</u>	\$ <u>254,821</u>

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>
<u>Revenues:</u>			
Interest	\$ -	\$ -	\$ -
Intergovernmental grants	<u>93,991</u>	<u>15,242</u>	<u>-</u>
<u>Total Revenues</u>	<u>93,991</u>	<u>15,242</u>	<u>-</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Equipment	89,712	-	-
Street improvements	<u>45,497</u>	<u>-</u>	<u>-</u>
<u>Total Street Department</u>	<u>135,209</u>	<u>-</u>	<u>-</u>
<u>Police Department:</u>			
Salaries	-	-	-
Equipment, supplies, uniforms	<u>-</u>	<u>15,242</u>	<u>-</u>
<u>Total Police Department</u>	<u>-</u>	<u>15,242</u>	<u>-</u>
<u>Total Expenditures</u>	<u>135,209</u>	<u>15,242</u>	<u>-</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	(41,218)	-	-
<u>Fund Balance - April 1st</u>	<u>260,236</u>	<u>-</u>	<u>-</u>
<u>Fund Balance - March 31st</u>	<u>\$ 219,018</u>	<u>\$ -</u>	<u>\$ -</u>

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

Combat Violent Crime	K - 9 Unit	Totals (Memorandum Only)			
		2016	2015	2014	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>20,146</u>	<u>-</u>	<u>129,379</u>	<u>119,686</u>	<u>106,342</u>	<u>115,959</u>
<u>20,146</u>	<u>-</u>	<u>129,379</u>	<u>119,686</u>	<u>106,342</u>	<u>115,959</u>
-	-	89,712	54,703	23,741	7,404
<u>-</u>	<u>-</u>	<u>45,497</u>	<u>6,348</u>	<u>61,467</u>	<u>76,024</u>
<u>-</u>	<u>-</u>	<u>135,209</u>	<u>61,051</u>	<u>85,208</u>	<u>83,428</u>
-	-	-	-	-	-
<u>20,146</u>	<u>605</u>	<u>35,993</u>	<u>25,582</u>	<u>4,949</u>	<u>30,592</u>
<u>20,146</u>	<u>605</u>	<u>35,993</u>	<u>25,582</u>	<u>4,949</u>	<u>30,592</u>
<u>20,146</u>	<u>605</u>	<u>171,202</u>	<u>86,633</u>	<u>90,157</u>	<u>114,020</u>
-	(605)	(41,823)	33,053	16,185	1,939
<u>-</u>	<u>2,970</u>	<u>263,206</u>	<u>230,153</u>	<u>213,968</u>	<u>212,029</u>
<u>\$</u>	<u>\$ 2,365</u>	<u>\$ 221,383</u>	<u>\$ 263,206</u>	<u>\$ 230,153</u>	<u>\$ 213,968</u>

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

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
AS OF MARCH 31, 2016

(With Comparative Amounts As Of March 31, 2015, 2014, 2013)

<u>ASSETS</u>	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only) 2016</u>
<u>Cash:</u>			
Cash in bank - checking	\$ 58,831	\$ 2,038,966	\$ 2,097,797
Cash in bank - money market	985,203	-	985,203
Cash in bank - savings	-	-	-
<u>Total Cash</u>	<u>1,044,034</u>	<u>2,038,966</u>	<u>3,083,000</u>
<u>Receivables:</u>			
Interest receivable	-	-	-
Accounts receivable - Sidewalks	18,782	-	18,782
<u>Total Receivables</u>	<u>18,782</u>	<u>-</u>	<u>18,782</u>
<u>Investments:</u>	<u>374,998</u>	<u>754,000</u>	<u>1,128,998</u>
<u>TOTAL ASSETS</u>	<u>1,437,814</u>	<u>2,792,966</u>	<u>4,230,780</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	-	-	-
BNY Advance	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Equity:</u>			
Non-spendable	-	-	-
Restricted by other governments	-	2,792,966	2,792,966
Committed by council	-	-	-
Assigned	1,437,814	-	1,437,814
Unassigned	-	-	-
<u>Total Fund Equity</u>	<u>1,437,814</u>	<u>2,792,966</u>	<u>4,230,780</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,437,814</u>	<u>\$ 2,792,966</u>	<u>\$ 4,230,780</u>

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

Totals (Memorandum Only)		
2015	2014	2013
\$ 2,445,765	\$ 2,234,314	\$ 1,971,465
1,383,098	1,364,299	1,361,070
272	272	272
3,829,135	3,598,885	3,332,807
-	-	4
20,100	18,782	18,782
20,100	18,782	18,786
-	-	-
3,849,235	3,617,667	3,351,593
1,050	-	-
-	11,284	24,927
1,050		
-	-	-
2,421,168	2,188,524	1,897,684
-	-	27,176
1,427,017	1,417,859	1,401,806
-	-	-
3,848,185	3,606,383	3,326,666
\$ 3,849,235	\$ 3,617,667	\$ 3,351,593

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only) 2016</u>
<u>Revenues:</u>			
<u>Taxes And Assessments:</u>			
Property transfer tax	\$ -	\$ 390,806	\$ 390,806
<u>Other Revenue:</u>			
Interest	2,055	-	2,055
Income from Investments	4,933	6,275	11,208
Unrealized Gain on Investment	-	133	133
Sidewalk installation	-	-	-
General Fund reimbursement	34,613	-	34,613
<u>Total Other Revenue</u>	<u>41,601</u>	<u>6,408</u>	<u>48,009</u>
<u>Total Revenues</u>	<u>41,601</u>	<u>397,214</u>	<u>438,815</u>
<u>Expenditures:</u>			
<u>Capital Projects:</u>			
<u>General Government:</u>			
Debt service interest	-	21,530	21,530
Bank fees	70	6,777	6,847
Unrealized Gain on Investment	2,951	-	2,951
Investment fees	1,983	2,409	4,392
<u>Total General Government</u>	<u>5,004</u>	<u>30,716</u>	<u>35,720</u>
<u>Capital Expenditures:</u>			
Street improvements	7,150	115,319	122,469
Engineering fees	-	2,438	2,438
Land improvements	-	64,265	64,265
Machinery and equipment	18,650	15,899	34,549
<u>Total Capital Expenditures</u>	<u>25,800</u>	<u>197,922</u>	<u>223,722</u>
<u>Total Expenditures</u>	<u>30,804</u>	<u>228,638</u>	<u>259,442</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>10,797</u>	<u>168,576</u>	<u>179,373</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	-	203,222	203,222
<u>Net Change in Fund Balance</u>	<u>10,797</u>	<u>371,798</u>	<u>382,595</u>
<u>Fund Balance - April 1st</u>	<u>1,427,017</u>	<u>2,421,168</u>	<u>3,848,185</u>
<u>Fund Balance - March 31st</u>	<u>\$ 1,437,814</u>	<u>\$ 2,792,966</u>	<u>\$ 4,230,780</u>

Totals (Memorandum Only)		
2015	2014	2013
\$ 464,099	\$ 465,692	\$ 396,771
2,740	3,229	3,710
-	-	-
34,376	-	-
34,611	34,613	341,199
71,727	37,842	344,909
535,826	503,534	741,680
21,530	140,000	175,000
4,559	3,828	3,795
-	-	-
26,089	143,828	178,795
222,887	330,601	990,654
42,240	139,154	508,115
331,215	146	-
118,837	43,319	61,765
715,179	513,220	1,560,534
741,268	657,048	1,739,329
(205,442)	(153,514)	(997,649)
447,244	433,231	1,368,942
241,802	279,717	371,293
3,606,383	3,326,666	2,955,373
\$ 3,848,185	\$ 3,606,383	\$ 3,326,666

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

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - FIDUCIARY FUNDS
AS OF MARCH 31, 2016

(With Comparative Amounts As Of March 31, 2015, 2014, 2013)

	Expendable Trust Fund		Agency Fund
<u>ASSETS</u>	Fisher Martin Trust	Youth Activity Fund	Deferred Compensation Fund
<u>Cash:</u>			
Cash in bank	\$ 5,208	\$ -	\$ -
<u>Investments:</u>			
Mutual funds (deferred compensation)	-	-	2,285
Stocks - 360 shares - E.I. DuPont deNemours & Co.	22,795	-	-
<u>Total Investments</u>	22,795	-	2,285
<u>TOTAL ASSETS</u>	28,003	-	2,285
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
<u>Accrued Liabilities:</u>			
Deferred compensation payable	-	-	2,285
<u>Fund Equity:</u>			
Unreserved			
Designated for subsequent years' expenditures	28,003	-	-
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 28,003	\$ -	\$ 2,285

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

<u>Agency Fund</u>		Totals			
Nature		(Memorandum Only)			
Trail	2016	2015	2014	2013	
\$ 22	\$ 5,230	\$ 4,935	\$ 4,263	\$ 3,775	
-	2,285	2,153	2,111	1,937	
-	22,795	25,729	24,156	17,697	
-	25,080	27,882	26,267	19,634	
22	30,310	32,817	30,530	23,409	
-	2,285	2,153	2,111	1,937	
22	28,025	30,664	28,419	21,472	
\$ 22	\$ 30,310	\$ 32,817	\$ 30,530	\$ 23,409	

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

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

(With Comparative Amounts For The Years Ended March 31, 2015, 2014, 2013)

	Expendable Trust Funds	
	Fisher Martin Trust	Youth Activity Fund
<u>Revenue:</u>		
Interest	\$ 2	\$ -
Dividends	629	-
<u>Total Revenue</u>	631	-
<u>Expenditures:</u>		
<u>General Government:</u>		
Building maintenance	-	-
Misc. Expense	-	336
Youth Activity Expense	-	-
<u>Total General Government</u>	-	336
<u>Excess Of Revenues Over (Under) Expenditures</u>	631	(336)
<u>Unrealized Gain/(Loss)</u>	(2,934)	-
<u>Transfer (to) from other funds</u>	-	-
<u>Fund Balance - April 1st</u>	30,306	336
<u>Fund Balance - March 31st</u>	\$ 28,003	\$ -

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

Agency Fund	Totals (Memorandum Only)			
	Nature Trail	2016	2015	2014
\$ -	\$ 2	\$ 2	\$ 1	\$ 2
-	629	670	648	619
-	631	672	649	621
-	-	-	-	-
-	336	-	-	-
-	-	-	-	-
-	336	-	-	-
-	295	672	649	621
-	(2,934)	1,573	6,459	(1,347)
-	-	-	(162)	-
22	38,336	36,091	29,145	22,199
\$ 22	\$ 35,697	\$ 38,336	\$ 36,091	\$ 21,473

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

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