

**THE CITY OF LEWES, DELAWARE**

Audited Financial Statements  
With Supplemental Information  
For Fiscal Year Ended March 31, 2015  
(With Comparative Year Analyses 2014, 2013, 2012)



**THE CITY OF LEWES, DELAWARE**  
**FISCAL YEAR ENDED MARCH 31, 2015**

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**THE CITY OF LEWES, DELAWARE**  
**FISCAL YEAR ENDED MARCH 31, 2015**

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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, 2015, with comparative totals as of March 31, 2014, 2013 and 2012, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 32-37 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lewes, Delaware, basic financial statements. The supplementary information on pages 38 through 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sembar & Company, CPAs, P.A.*  
Certified Public Accountants

June 30, 2015  
Georgetown, Delaware

## **MANAGEMENT DISCUSSION AND ANALYSIS**



**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

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, 2015. 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 year's 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 \$24,277,140 (net assets). Of this amount, \$1,095,904 (unassigned net assets) 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's governmental funds reported combined ending fund balances of \$8,469,737. Of this amount, \$1,802,969 is unassigned and available for use within the City's designation and policies. The remaining \$6,666,768 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 \$1,802,969 or 32 % 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** ó 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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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, 2015**

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** ó 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** ó 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** ó 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 - 31 of this report.

**Supplemental Information** ó 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 32 ó 37 of this report. Non required supplemental information is presented following the required supplementary information. These statements and schedules can be found on pages 38 ó 57 of this report.

**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**GOVERNMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets 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 \$ 24,277,140 as of March 31, 2015.

A large portion of the City's net assets (68 %) 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 ASSETS**

	Governmental Activities <u>March 31, 2015</u>	Governmental Activities <u>March 31, 2014</u>
Current and other assets	\$ 18,454,173	\$ 24,922,047
Capital Assets	<u>24,085,483</u>	<u>24,136,891</u>
<u>Total Assets</u>	<u>42,539,656</u>	<u>49,058,938</u>
Long term liabilities	17,165,212	24,362,487
Other liabilities	<u>1,097,304</u>	<u>1,819,153</u>
<u>Total Liabilities</u>	<u>18,262,516</u>	<u>26,181,640</u>
Net Assets:		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	16,499,740	15,479,469
Prepaid insurance and contract	46,219	42,893
Inventories	<u>39,569</u>	<u>43,822</u>
<u>Total non-spendable</u>	<u>16,585,528</u>	<u>15,566,184</u>
Restricted by other governments	4,943,952	3,876,873
Committed by council	-	474,414
Assigned	1,651,756	1,604,695
Unassigned	<u>1,095,904</u>	<u>1,355,132</u>
<u>Total Net Assets</u>	<u>\$ 24,277,140</u>	<u>\$ 22,877,298</u>

The balance of governmental unassigned net assets \$ 1,095,904 may be used to meet the government's ongoing obligation to citizens and creditors.

As of March 31, 2015, the City is able to report positive balances in categories of net assets, the governmental funds and governmental activities.

**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

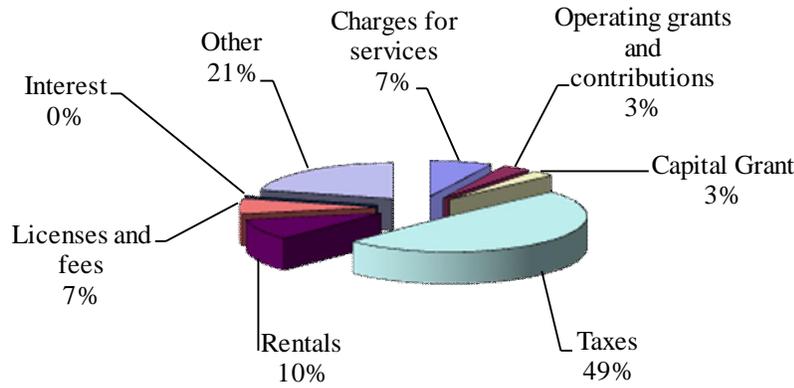
**Analysis of the City's Operations** ó The following table provides a summary of the City's operations for the year ended March 31, 2015. Governmental activities increased the City of Lewes's net assets by \$1,399,842.

**THE CITY OF LEWES' CHANGES IN NET ASSETS**

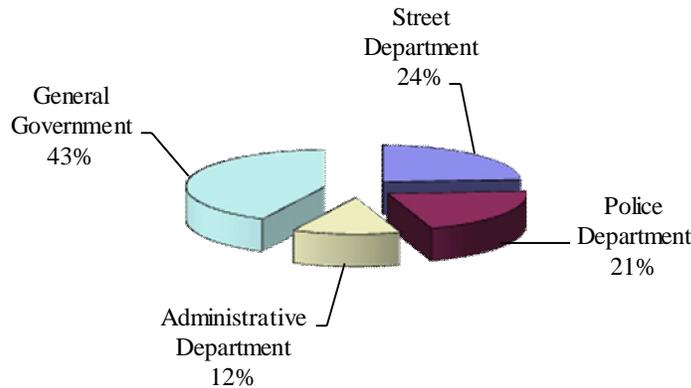
	<b>Governmental Activities <u>March 31, 2015</u></b>	<b>Governmental Activities <u>March 31, 2014</u></b>
Revenues:		
Program Revenues:		
Charges for services	\$ 561,605	\$ 437,781
Operating grants and contributions	255,218	278,433
Capital Grant	198,817	234,050
General Revenues:		
Taxes	3,767,705	3,733,275
Rentals	732,103	650,662
Licenses and fees	523,686	572,136
Interest	2,832	2,925
Other	1,607,814	2,392,756
	<u>7,649,780</u>	<u>8,302,018</u>
<u>Total Revenues</u>		
Expenses:		
Street Department	1,499,754	775,116
Police Department	1,307,543	1,402,092
Administrative Department	783,121	723,188
General Government	2,659,520	2,958,942
	<u>6,249,938</u>	<u>5,859,338</u>
<u>Total Expenses</u>		
<u>Increase in net assets</u>	1,399,842	2,442,680
Transfer (to) fiduciary funds	-	162
<u>Net assets - April 1</u>	<u>22,877,298</u>	<u>20,434,456</u>
<u>Net assets - March 31</u>	<u>\$ 24,277,140</u>	<u>\$ 22,877,298</u>

**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

**Governmental Activities 2015 Revenues**



**Governmental Activities 2015 Expenses**



**FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS**

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

At the end of the current fiscal year, the City of Lewesø governmental funds reported combined ending fund balances of \$ 8,469,737. A portion of this amount, \$ 1,802,969, constitutes unassigned fund balance while the remaining \$ 6,666,768 is reserved for future expenditures with a specific purpose.

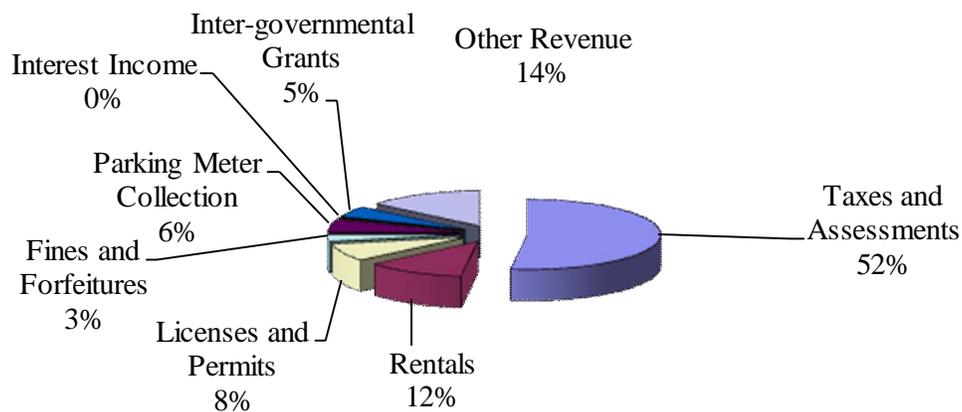
**General Fund Budgetary Highlights** ó In the General Fund, revenues exceeded budgetary expectations by \$ 891,258. The favorable variance was due to property tax and building permits. In addition, unbudgeted grant income contributed to this favorable variance. Most revenue departments saw a favorable budget variance.

**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

The following schedule presents a summary of General Fund revenues for the fiscal year ended March 31, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues:

<b>Revenues</b>	<b>March 31, 2015 Totals</b>	<b>Percentage of Total</b>	<b>March 31, 2014 Totals</b>	<b>Percentage of Total</b>
Taxes and Assessments	\$ 3,303,606	52%	\$ 3,267,583	43%
Rentals	732,103	12%	650,662	9%
Licenses and Permits	523,686	8%	572,136	7%
Fines and Forfeitures	179,725	3%	135,477	2%
Parking Meter Collection	381,880	6%	302,304	4%
Interest Income	2,832	0%	2,925	0%
Intergovernmental Grants	334,349	5%	406,141	5%
Other Revenue	852,852	14%	2,274,914	30%
	<b>\$ 6,311,033</b>	<b>100%</b>	<b>\$ 7,612,142</b>	<b>100%</b>

**General Fund Revenues 2015**

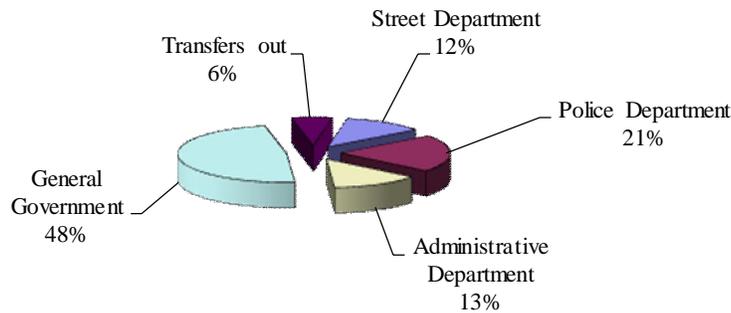


The following schedule represents a summary of General Fund expenditures and transfers out for the fiscal year ended March 31, 2015, and the percentage of total expenditures in relation to prior year amounts:

**THE CITY OF LEWES, DELAWARE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

<b>Expenditures</b>	<b>March 31, 2015 Totals</b>	<b>Percentage of Total</b>	<b>March 31, 2014 Totals</b>	<b>Percentage Percentage</b>
Street Department	\$ 723,524	12%	\$ 676,823	9%
Police Department	1,312,251	21%	1,297,689	18%
Administrative Department	783,121	13%	709,009	10%
General Government	2,220,244	48%	2,058,099	28%
Transfers out	396,795	6%	2,488,069	35%
	<b>\$ 5,435,935</b>	<b>100%</b>	<b>\$ 7,229,689</b>	<b>100%</b>

**General Fund Expenditures 2015**



Expenditures were above budgetary expectations by \$259,365. The majority of this unfavorable variance came from more than expected professional fees and capital expenditures.

**Future Economic Factors** ó 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, 2015, amounts to \$ 24,085,483 (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, 2015**

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

	<b>Governmental Activities <u>March 31, 2015</u></b>	<b>Governmental Activities <u>March 31, 2014</u></b>
Buildings	\$ 8,251,653	\$ 8,134,176
Machinery and equipment	3,008,691	2,952,921
Land and improvements	22,256,569	21,503,907
Construction in process	98,121	277,714
Less: Accumulated Depreciation	<u>(9,529,551)</u>	<u>(8,731,827)</u>
<b><u>Total</u></b>	<b><u>\$ 24,085,483</u></b>	<b><u>\$ 24,136,891</u></b>

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City of Lewes had a total bonded debt of \$ 7,215,000 backed by the full faith and credit of the government. The City of Lewes is also obligated to the State Revolving Fund for \$9,604,320.

To finance the acquisition of the land for Lewes Public Library, the City signed the promissory note to pay the Lewes Board of Public Works (BPW) the amount of \$ 2,150,000 plus interest during the fiscal year 2013. The City paid \$ 1,510,000 during the fiscal year 2014 and remaining \$640,000 was paid in 2015.

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

	<b>Governmental Activities <u>March 31, 2015</u></b>	<b>Governmental Activities <u>March 31, 2014</u></b>
2005 General Obligation Bonds	\$ 7,215,000	\$ 14,160,000
State Revolving Fund Notes	9,604,320	10,282,875
Notes Payable - BPW	-	640,000
Vehicle Leases	<u>161,713</u>	<u>116,908</u>
<b>Total</b>	<b><u>\$ 16,981,033</u></b>	<b><u>\$ 25,199,783</u></b>

Additional information on the City of Lewes' long term debt can be found in note #17 on page 30 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**



**THE CITY OF LEWES, DELAWARE**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**MARCH 31, 2015**

(With Comparative Totals for March 31, 2014)

	<u>Primary Government</u> Governmental Activities March 31, 2015	<u>Primary Government</u> Governmental Activities March 31, 2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,702,359	\$ 7,721,511
Taxes receivable	30,064	16,724
Due from other entities	9,604,321	16,986,878
Accounts receivable	31,641	110,219
Prepaid expenses	46,219	42,893
Inventory-trash carts	39,569	43,822
Capital assets:		
Buildings	8,251,653	8,134,176
Machinery and equipment	3,008,691	2,952,921
Land and improvements	22,256,569	21,503,907
Construction in process	98,121	277,714
Accumulated depreciation	(9,529,551)	(8,731,827)
<u>Total Assets</u>	<u>42,539,656</u>	<u>49,058,938</u>
<b>LIABILITIES</b>		
Accounts payable	46,594	72,737
Accrued liabilities	88,091	105,060
Long-term liabilities		
Due within one year	717,189	1,386,530
Due in more than one year	17,165,212	24,362,487
Deferred revenue	245,430	254,826
<u>Total Liabilities</u>	<u>18,262,516</u>	<u>26,181,640</u>
<b>NET ASSETS</b>		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	16,499,740	15,479,469
Prepaid insurance and contract	46,219	42,893
Inventories	39,569	43,822
<u>Total non-spendable</u>	<u>16,585,528</u>	<u>15,566,184</u>
Restricted by other governments	4,943,952	3,876,873
Committed by council	-	474,414
Assigned	1,651,756	1,604,695
Unassigned	1,095,904	1,355,132
<u>Total Net Assets</u>	<u>24,277,140</u>	<u>22,877,298</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 42,539,656</u>	<u>\$ 49,058,938</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, 2015**

(With Comparative Totals for March 31, 2014)

<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	\$ 1,499,754	\$ -	\$ 94,843	\$ -
Police Department	1,307,543	551,663	88,815	-
Administrative Department	783,121	9,942	-	-
General Government	<u>2,659,520</u>	<u>-</u>	<u>71,560</u>	<u>198,817</u>
<u>Total Governmental Activities</u>	<u>6,249,938</u>	<u>561,605</u>	<u>255,218</u>	<u>198,817</u>

General revenues:  
 Taxes and assessments  
 Rentals  
 Licenses and permits  
 Interest  
 Other revenue

Total General revenues

Change in net assets

Transfer (to) fiduciary funds

Net assets - April 1

Net assets - March 31

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

Net (Expenses) Revenues and Changes in Net Assets	
Governmental Activities	
Totals	
2015	2014
\$ (1,404,911)	\$ (680,294)
(667,065)	(895,011)
(773,179)	(713,170)
<u>(2,389,143)</u>	<u>(2,620,599)</u>
<u>(5,234,298)</u>	<u>(4,909,074)</u>
3,767,705	3,733,275
732,103	650,662
523,686	572,136
2,832	2,925
<u>1,607,814</u>	<u>2,392,756</u>
<u>6,634,140</u>	<u>7,351,754</u>
1,399,842	2,442,680
-	162
<u>22,877,298</u>	<u>20,434,456</u>
<u>\$ 24,277,140</u>	<u>\$ 22,877,298</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, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,576,240	\$ 3,829,135	\$ 296,984	\$ 8,702,359
Taxes receivable	30,064	-	-	30,064
Accounts receivable	11,541	20,100	-	31,641
Prepaid expenses	46,219	-	-	46,219
Inventory-Trash carts	39,569	-	-	39,569
	<u>4,703,633</u>	<u>3,849,235</u>	<u>296,984</u>	<u>8,849,852</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b><u>Liabilities:</u></b>				
Accounts payable	45,342	1,050	202	46,594
Accrued liabilities	88,091	-	-	88,091
Deferred revenue	211,854	-	33,576	245,430
	<u>345,287</u>	<u>1,050</u>	<u>33,778</u>	<u>380,115</u>
<b><u>Fund Balances:</u></b>				
Non-spendable	85,788	-	-	85,788
Restricted by other governments	2,227,922	2,421,168	260,236	4,909,326
Committed by council	-	-	-	-
Assigned	241,667	1,427,017	2,970	1,671,654
Unassigned	1,802,969	-	-	1,802,969
	<u>4,358,346</u>	<u>3,848,185</u>	<u>263,206</u>	<u>8,469,737</u>
<b><u>Total Liabilities and Fund Balances</u></b>	<b><u>\$ 4,703,633</u></b>	<b><u>\$ 3,849,235</u></b>	<b><u>\$ 296,984</u></b>	<b><u>\$ 8,849,852</u></b>

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 ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

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

**Total Fund Balances for Government Funds** \$ 8,469,737

Amounts reported for governmental activities in the statement of activities 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	33,615,034	
Accumulated Depreciation	<u>(9,529,551)</u>	24,085,483

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	(370,743)	
Bonds payable	(7,215,000)	
Truck lease payable	(98,802)	
Enterprise vehicle lease payable	(62,911)	
Compensated absences	<u>(530,624)</u>	<u>(8,278,080)</u>

**Total Net Assets of Governmental Activities** \$ 24,277,140

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, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues:</u></b>				
Taxes and Assessments	\$ 3,303,606	\$ 464,099	\$ -	\$ 3,767,705
Rentals	732,103	-	-	732,103
Licenses and Permits	523,686	-	-	523,686
Fines and Forfeitures	179,725	-	-	179,725
Parking Meter Collection	381,880	-	-	381,880
Interest Income	2,832	2,740	-	5,572
Intergovernmental Grants	334,349	-	119,686	454,035
Other Revenue	852,852	68,987	-	921,839
	<u>6,311,033</u>	<u>535,826</u>	<u>119,686</u>	<u>6,966,545</u>
<b><u>Total Revenues</u></b>				
<b><u>Expenditures:</u></b>				
Street Department	723,524	715,179	61,051	1,499,754
Police Department	1,312,251	-	25,582	1,337,833
Administrative Department	783,121	-	-	783,121
General Government	2,220,244	26,089	-	2,246,333
	<u>5,039,140</u>	<u>741,268</u>	<u>86,633</u>	<u>5,867,041</u>
<b><u>Total Expenditures</u></b>				
<b><u>Excess Of Revenues Over (Under) Expenditures</u></b>	<u>1,271,893</u>	<u>(205,442)</u>	<u>33,053</u>	<u>1,099,504</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers to	(447,244)	-	-	(447,244)
Transfers from	(589,551)	447,244	-	(142,307)
	<u>(1,036,795)</u>	<u>447,244</u>	<u>-</u>	<u>(589,551)</u>
<b><u>Total Other Financing Sources (Uses)</u></b>				
<b><u>Net Change in Fund Balances</u></b>	235,098	241,802	33,053	509,953
<b><u>Fund balance - April 1, 2014</u></b>	<u>4,123,248</u>	<u>3,606,383</u>	<u>230,153</u>	<u>7,959,784</u>
<b><u>Fund balance - March 31, 2015</u></b>	<u>\$ 4,358,346</u>	<u>\$ 3,848,185</u>	<u>\$ 263,206</u>	<u>\$ 8,469,737</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, 2015**

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

Net Change in Fund Balances - Total Governmental Funds	\$	509,953
<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	(85,578)	
Premium on bonds payable	(336,348)	
Accrued bond interest	<u>69,792</u>	(352,134)
Transfer of principal to General Long-Term Debt Account Group to fulfill bond redemption requirement.		575,000
Reduction of bond payable due to reinsurance		123,235
Payment of notes payable		640,000
<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 (\$ 797,723) exceed capital outlay \$ 746,316 in the current period.</p>		
		(51,407)
Trash truck lease payment		18,106
Vehicle lease - Enterprise		<u>(62,911)</u>
Change in net assets of governmental activities	\$	<u><u>1,399,842</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, 2015**

	<u>Expendable Trust Fund</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,913	\$ 22	\$ 4,935
Investments	<u>25,729</u>	<u>2,153</u>	<u>27,882</u>
<u>Total Assets</u>	<u>30,642</u>	<u>2,175</u>	<u>32,817</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<u>Liabilities:</u>			
Accrued liabilities	<u>-</u>	<u>2,153</u>	<u>2,153</u>
<u>Fund Balances:</u>			
Unreserved	<u>30,642</u>	<u>22</u>	<u>30,664</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 30,642</u>	<u>\$ 2,175</u>	<u>32,817</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, 2015**

	<u>Expendable Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 2
Other Revenue	<u>670</u>
<u>Total Additions</u>	<u>672</u>
<u>Deductions:</u>	
General Government	<u>-</u>
<u>Change in net assets</u>	672
Unrealized gain / (loss) on investments	1,573
Transfer (to) from other funds	-
<u>Net assets held in trust:</u>	
<u>At April 1st</u>	<u>28,397</u>
<u>At March 31st</u>	<u>\$ 30,642</u>

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

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## **NOTES TO FINANCIAL STATEMENTS**



**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(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. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- œ the organization is legally separate (can sue and be sued in its own name)
- œ the City holds the corporate powers of the organization
- œ the City appoints a voting majority of the organization's board
- œ the City is able to impose its will on the organization
- œ the organization has the potential to impose a financial benefit/burden on the City
- œ there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Lewes has no component units.

C. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) 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, 2015**

(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 ó 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 ó 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 ó 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, 2015**

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fiduciary and Agency Fund Type

Agency Fund ó 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 ó 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 assets and the operating statements present increases (revenues) and decreases (expenses) in total net Assets. 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, 2015**

(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. Implementation of New Accounting Principles

For fiscal year 2012, the City has implemented GASB Statement No. 54. This standard requires governments to further define how much of the fund balance is truly unrestricted, or unassigned, in order to meet the needs of the governments day to day operations. There are five new fund balance types presented in the City's financial statements.

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

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

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

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

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

F. Budgetary Control

The City charter established the fiscal year as the twelve-month period beginning April 1<sup>st</sup>. 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.

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(2) Total Columns On Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in position in conformity with generally accepted accounting principles. Neither is such financial data comparable to a consolidation. Each fund should be considered separately as to its financial position and operating results.

(3) Component Units

A component unit is characterized by the Governmental Accounting Standards Board, (GASB Statement No. 14), as an entity for which a primary government is financially accountable. Financial accountability may exist when the primary government is able to impose its will on the entity, or when the potential exists for specific financial benefits or burdens to the primary government. In addition, the Governmental Accounting Standards Board issued GASB Statement No. 39, which further defines when a legally separate entity should be considered a component unit.

The Lewes Board of Public Works, (BPW), a related organization (see Note #4), is not considered a component unit because:

1. The City does not have a vote to influence the Board's policies.
2. The economic resources held by the BPW are not for the direct benefit of the City.
3. The City is not entitled to, nor can it access the BPW's economic resources.

The City is legally obligated for the State Revolving Fund note payables, however the BPW has contractually agreed to pay back all of the debt incurred in the City's name. These debts, and the receivable due from the BPW, are included in the City's government-wide statements of net assets found on pages 5 and 11.

(4) Related Organizations

The Board of Public Works, which provides utilities to the residents of the City of Lewes, is a related organization that is excluded from the statements of the City because the City does not exercise significant influence over the operations or finances of the Board. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The Board of Public Works ends its fiscal year on March 31st, and audited financial statements are available from the Board.

The Greater Lewes Foundation, a charitable foundation with a mission of protecting and enhancing the lifestyle that makes Lewes unique along with the Delaware seacoast, was established in 2000. Although a related organization, the activities of this organization are excluded from the financial statements of the City since the City does not exhibit significant influence over the Foundation's financial operations. The Greater Lewes Foundation has a calendar year end and audited financial statements are available from the Foundation.

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(5) Designated Fund Balances

The balance sheets of the Municipal Street Aid Fund, and the Fiduciary Fund reflect designations of total fund equity for subsequent years' expenditures. This is to ensure that these funds abide by the requirements specified by the State of Delaware for all expenditures.

(6) Investment Policy

The investment policy adopted by the City in April 1998 specifies that public funds are to be invested in a manner that will maximize both return on investment and safety to principal, while providing for the City's cash flow needs. Implementation of the investment policy is the responsibility of the Treasurer of the City Council, who delegates the purchasing and recording of the investments to the City Manager.

Through the fiscal year ended March 31, 2015, the City's investments consisted of money market savings accounts as reported in the General Fund and General Capital Projects Fund.

(7) Deposits and Investments

At March 31, 2015 the City had the following amounts of cash on deposit in five banks:

PNC Bank	\$	27,845
Community Bank		682,583
M&T Bank		1,427,655
Fulton Bank		922,094
Citizens Bank		<u>5,226,058</u>
<u>Total</u>	\$	<u><u>8,286,235</u></u>

This amount includes \$ 4,935 which is being held in agency and fiduciary funds as found on pages 54 and 55. Funds are covered by FDIC insurance of \$ 250,000 per bank.

The remaining funds may be collateralized by a third party with funds held in the City's name. As of March 31, 2015, \$ 8,286,235 was either insured or collateralized. The following schedule summarizes the City's deposits as insured, collateralized or uncollateralized.

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(7) Deposits And Investments (Continued)

	<u>PNC Bank</u>	<u>Community Bank</u>	<u>M&amp;T Bank</u>	<u>Citizens Bank</u>	<u>Fulton Bank</u>	<u>Total</u>
Time and savings accounts	3,187	682,583	1,327,480	-	-	2,013,250
Demand deposit accounts	<u>24,658</u>	<u>-</u>	<u>100,175</u>	<u>5,226,058</u>	<u>922,094</u>	<u>6,272,985</u>
Total Deposits	<u>\$ 27,845</u>	<u>\$ 682,583</u>	<u>\$ 1,427,655</u>	<u>\$ 5,226,058</u>	<u>\$ 922,094</u>	<u>\$ 8,286,235</u>
Less: FDIC insured	27,845	250,000	250,000	250,000	250,000	1,027,845
Less: Collateralized Amounts	<u>-</u>	<u>432,583</u>	<u>1,177,655</u>	<u>4,976,058</u>	<u>672,094</u>	<u>7,258,390</u>
Total Deposits uninsured or uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(8) City's Property Tax Calendar

The City's property tax calendar is from April 1<sup>st</sup> through March 31<sup>st</sup>. Taxes are billed on April 1<sup>st</sup>. Taxes paid after June 30<sup>th</sup> 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, 2015, the balance of unpaid taxes was approximately \$ 30,064, and an allowance for doubtful accounts has not been calculated, based on prior years' collections.

(9) Property, Plant and Equipment

During fiscal year 2015, rehabilitation of Madison Street project was completed and moved from construction in process to land and improvements category.

The City entered a new lease to purchase agreement on April, 2014 for three vehicles with Enterprise.

A summary of changes in property, plant and equipment follows:

	<u>Balance April 1st</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31st</u>
Buildings	\$ 8,134,176	\$ 117,477	\$ -	\$ 8,251,653
Machinery and equipment	2,952,921	283,008	227,238	3,008,691
Land and improvements	21,503,907	752,662	-	22,256,569
Construction in process	<u>277,714</u>	<u>98,121</u>	<u>277,714</u>	<u>98,121</u>
Total	32,868,718	1,251,268	504,952	33,615,034
Less: Accumulated depreciation	<u>8,731,827</u>	<u>1,074,472</u>	<u>276,748</u>	<u>9,529,551</u>
Capital Assets (Net of Accumulated Depreciation)	<u>\$ 24,136,891</u>	<u>\$ 176,796</u>	<u>\$ 228,204</u>	<u>\$ 24,085,483</u>

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(10) Risk Management

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 \$ 5,000 deductible per claim on public officials, a \$ 5,000 deductible per claim on police officers liability, and \$ 5,000 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 liability would be \$ 5,000 per claim, which is the amount of the insurance deductible.

(11) Defined Contribution Pension Plan

The City sponsors a Defined Contribution Pension Plan for its employees. Transactions are reflected under general government expenditures. A trust had been established with the Principal Financial Group. The City did not change the type of plan. Assets of said trust are not reflected in these financial statements.

Employees may participate in this plan after having completed six months of employment. Participating employees contribute a minimum of one per cent (1%) and a maximum of ten per cent (10%) to the plan. The City makes a contribution equal to ten per cent (10%) of the employees' base salary. In addition, participating employees may make an additional voluntary contribution of not less than one per cent (1%) or more than ten per cent (10%) of compensation. The City does not provide any matching for the employees' voluntary contributions. Employee vesting occurs at a rate of twenty per cent (20%) per year, thereby an employee is fully vested upon completion of five (5) years of employment.

At March 31, 2015, Principal Financial Group, the Trustee, reported a balance of \$ 2,052,310. The following is a summary of pension contributions for the current year:

Balance at March 31, 2014	\$ 1,930,080
City contributions	87,412
Employee contributions	68,777
Withdrawals	(154,279)
Change in investment	<u>120,320</u>
Ending balance at March 31, 2015	<u><u>\$ 2,052,310</u></u>

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(12) 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, 2015, a balance of \$ 2,153 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, 2015.

(13) State of Delaware Police Pension Plan

On July 1, 2008, the City agreed to participate in the Delaware Public Employee Retirement System, (DPERS), for the police officers. The City is required to contribute 14.75% of each officer's base pay. Each police officer is required to contribute 7% of base pay. The City received a police pension grant from the state of Delaware in the amount of \$ 46,591, to offset the cost of the City's contribution for the Police officers.

(14) Accrued 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. The current portion of these estimated accrued compensated absences is recorded as a liability and corresponding payroll expense in the General Fund. The long-term portion is recorded in the General Long-Term Debt Account Group. The employer portion of payroll taxes is included in these estimates.

The following is a summary of accrued compensated absences as of March 31, 2015:

	<u>Street Dept.</u>	<u>Police Dept.</u>	<u>Admin. Dept.</u>	<u>Total</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Sick Leave	\$ 82,199	\$ 179,005	\$ 76,670	\$ 337,874	\$ 2,505	\$ 335,369
Vacation Leave	23,886	44,764	28,880	97,530	4,557	92,973
Holiday Time	-	64,074	-	64,074	-	64,074
Payroll Taxes	8,114	22,020	8,075	38,209	-	38,209
<b>Total</b>	<b>\$ 114,199</b>	<b>\$ 309,863</b>	<b>\$ 113,625</b>	<b>\$ 537,687</b>	<b>\$ 7,062</b>	<b>\$ 530,625</b>

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(15) 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. This Trust comprised of cash and 180 shares of E.I. DuPont de Nemours and Company stock with a cost basis of \$ 12,240. In April 1997, a stock split was approved by DuPont shareholders, increasing the total number of shares to 360. At March 31, 2015, the fair market value of these shares was approximately \$ 25,729.

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.

(16) 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 \$ 10,487.31. 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 reimburses the Capital Projects Fund the purchase price of \$ 106,300 in ten (10) annual installments of \$ 12,115.55 at 3% interest from January 1, 2005. The final installment will be due 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 \$ 12,010.38 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 2015.

A schedule of annual payments on the contingencies is as follows:

<u>Fiscal Year End</u>	<u>Amount</u>
March 31, 2016	12,010
March 31, 2017	12,010
March 31, 2018	-
March 31, 2019	-
Thereafter	-
<u>Total</u>	<u>\$ 24,020</u>

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(17) 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 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 - 4/1/2014	\$ 14,160,000
Payment - City	(575,000)
Payment - BPW	(6,246,765)
Bond premium less bond expenses	<u>(123,235)</u>
Ending bond payable - 3/31/2015	<u>\$ 7,215,000</u>

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

Year Ended March 31, 2016	685,000
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
Thereafter	<u>3,795,000</u>
<u>Total</u>	<u>\$ 7,215,000</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 \$ 9,604,320 at March 31, 2015.

On December 21, 2012, the City signed a short term promissory note with BPW in order to finance the land purchased for the future library site. The entire principal amount of \$ 2,150,000 plus interest accrued will be due and payable in full on December 27, 2014. During the fiscal year 2014, the City made the payment of \$ 1,510,000. The Lewes Public Library has paid \$ 80,000 on May 2014 to help the City pay off the remaining balance of \$ 640,000. The Lewes Public Library had made \$540,000 payments forward the note and debt was paid in full in fiscal year 2015.

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 in seven (7) annual lease payment of \$ 21,530 at 2.9% interest. The final payment will be due May 2020.

**THE CITY OF LEWES, DELAWARE**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(17) Long-Term Debt (Continued)

The City entered a lease agreement with the Enterprise, Inc. on April 2015 for three Ford Interceptors. The purchase price of vehicles was \$ 71,646 in sixty (60) monthly payment 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;

<u>Date</u>	<u>Beginning Balance</u>	<u>Lease Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Debt Balance</u>
4/1/2015	\$ 161,713	\$ 37,388	\$ 5,199	\$ 32,189	\$ 129,524
4/1/2016	129,524	37,388	4,093	33,295	96,229
4/1/2017	96,229	37,388	2,946	34,442	61,787
4/1/2018	61,787	37,388	1,760	35,628	26,159
4/1/2019	26,159	26,816	657	26,159	-
		<u>\$ 150,709</u>	<u>\$ 12,271</u>	<u>\$ 138,438</u>	

Combined City's Long-Term as of March 31, 2015 is as follows;

	<u>Beginning Balance April 1st</u>	<u>New Debt</u>	<u>Amounts Retired</u>	<u>Ending Balance March 31st</u>
Delaware Revolving Fund Notes	\$ 10,282,875	\$ -	\$ 678,555	\$ 9,604,320
Note Payable - BPW	640,000	-	640,000	-
General Obligation Bonds series 2005	14,160,000	-	6,945,000	7,215,000
Trash Truck Lease Agreement	116,908	-	18,106	98,802
Vehicle Lease Agreements - Enterprise	-	71,646	8,735	62,911
<u>Total</u>	<u>\$ 25,199,783</u>	<u>\$ 71,646</u>	<u>\$ 8,290,396</u>	<u>\$ 16,981,033</u>

(18) Subsequent Events

The City has evaluated subsequent events up to June 30, 2015.

## **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, 2015**

	<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)	\$ 2,360,000	\$ 2,377,833	\$ 17,833
Property transfer tax	760,000	925,773	165,773
<u>Total Taxes And Assessments</u>	<u>3,120,000</u>	<u>3,303,606</u>	<u>183,606</u>
<u>Rentals:</u>			
BPW rent	134,000	135,633	1,633
Gross receipt rental tax	400,000	475,760	75,760
Rent levy	23,000	24,577	1,577
Library conference room	2,000	715	(1,285)
Rental property	4,775	5,640	865
City dock	70,000	84,278	14,278
Great Marsh	6,000	5,500	(500)
<u>Total Rentals</u>	<u>639,775</u>	<u>732,103</u>	<u>92,328</u>
<u>Licenses And Permits:</u>			
Mercantile licenses	180,000	241,085	61,085
Board of adjustment fees	2,500	5,000	2,500
Building permits	150,000	265,210	115,210
Subdivision & annexation fees	1,000	12,391	11,391
<u>Total Licenses And Permits</u>	<u>333,500</u>	<u>523,686</u>	<u>190,186</u>
<u>Fines and Forfeits</u>			
Police fines	30,000	35,766	5,766
Parking violations	90,000	134,017	44,017
Penalties on delinquent taxes	9,000	9,942	942
<u>Total Fines And Forfeits</u>	<u>129,000</u>	<u>179,725</u>	<u>50,725</u>
<u>Parking Meter Collection</u>	<u>332,000</u>	<u>381,880</u>	<u>49,880</u>
<u>Interest Income</u>	<u>3,000</u>	<u>2,832</u>	<u>(168)</u>
<u>Intergovernmental Grants</u>	<u>\$ 85,000</u>	<u>\$ 334,349</u>	<u>\$ 249,349</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, 2015**

	<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	\$ 650,000	\$ 644,000	\$ (6,000)
Cable and gas franchise fees	95,000	115,297	20,297
Police reports	500	880	380
Sale of assets	-	25,805	25,805
Sale of trash carts	2,000	1,850	(150)
Miscellaneous	30,000	65,020	35,020
<u>Total Other Revenue</u>	<u>777,500</u>	<u>852,852</u>	<u>75,352</u>
<u>Total Revenue</u>	<u>5,419,775</u>	<u>6,311,033</u>	<u>891,258</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Salaries	415,000	427,178	(12,178)
Street maintenance and repair	2,500	703	1,797
Truck expense	33,000	35,726	(2,726)
Health and life insurance	157,300	140,989	16,311
Uniform rental	4,000	3,129	871
Repairs and maintenance	8,250	26,367	(18,117)
Payroll taxes	31,750	32,479	(729)
Training, seminars, travel	1,100	6	1,094
Shop maintenance supplies	7,000	10,043	(3,043)
Equipment	8,500	8,523	(23)
Other expenses	4,895	4,036	859
Pension expense	36,300	34,345	1,955
Unemployment payments	2,500	-	2,500
<u>Total Street Department</u>	<u>\$ 712,095</u>	<u>\$ 723,524</u>	<u>\$ (11,429)</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, 2015**

	<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	\$ 799,000	\$ 756,056	\$ 42,944
Salaries - clerical employee	-	31,700	(31,700)
Uniforms and equipment	11,000	-	11,000
Automobile expense	10,000	17,678	(7,678)
Health and life insurance	137,600	143,990	(6,390)
Telephone	5,000	5,930	(930)
Supplies	5,000	5,187	(187)
Unemployment	-	4,427	(4,427)
Payroll taxes	61,200	61,484	(284)
Training, seminars, travel	3,000	1,815	1,185
Pension expense	103,000	91,858	11,142
Repairs and maintenance	10,250	5,047	5,203
Vehicle purchases	25,000	30,290	(5,290)
Computer expense	10,000	24,671	(14,671)
Other expenses	13,480	9,091	4,389
<u>Total Police</u>	<u>1,193,530</u>	<u>1,189,224</u>	<u>4,306</u>
<u>Meters:</u>			
Salaries	43,150	41,441	1,709
Payroll taxes	3,300	3,170	130
Unemployment	17,500	18,503	(1,003)
Supplies, uniforms and equipment	9,000	12,245	(3,245)
<u>Total Meters</u>	<u>72,950</u>	<u>75,359</u>	<u>(2,409)</u>
<u>Beach Patrol:</u>			
Salaries	55,000	35,789	19,211
Payroll taxes	4,250	2,738	1,512
Unemployment	6,000	4,379	1,621
Supplies, uniforms and equipment	2,850	4,762	(1,912)
<u>Total Beach Patrol</u>	<u>68,100</u>	<u>47,668</u>	<u>20,432</u>
<u>Total Police Department</u>	<u>\$ 1,334,580</u>	<u>\$ 1,312,251</u>	<u>\$ 22,329</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, 2015**

	<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	\$ 160,000	\$ 161,820	\$ (1,820)
Payroll taxes	12,250	12,338	(88)
Health and life insurance	13,600	12,939	661
Pension expense	15,500	15,406	94
Supplies	-	18,227	(18,227)
Telephone	-	5,252	(5,252)
Other expenses	22,869	701	22,168
<u>Total City Manager</u>	<u>224,219</u>	<u>226,683</u>	<u>(2,464)</u>
<u>Finance</u>			
Salaries	169,550	182,548	(12,998)
Payroll taxes	13,000	13,585	(585)
Health and life insurance	66,350	64,285	2,065
Pension expense	16,500	16,450	50
Professional fees	18,500	21,820	(3,320)
Other expenses	1,840	330	1,510
<u>Total Finance</u>	<u>285,740</u>	<u>299,018</u>	<u>(13,278)</u>
<u>Grant Administration</u>			
Salaries	34,000	36,352	(2,352)
Payroll taxes	2,600	2,737	(137)
Health and life insurance	12,845	12,447	398
Pension expense	3,400	3,381	19
Other expenses	1,120	212	908
<u>Total Grant Administration</u>	<u>53,965</u>	<u>55,129</u>	<u>(1,164)</u>
<u>Building Official</u>			
Salaries	128,500	135,677	(7,177)
Payroll taxes	9,850	10,419	(569)
Health and life insurance	21,500	30,867	(9,367)
Pension expense	9,500	7,721	1,779
Prof. serv consulting	21,125	15,506	5,619
Other expenses	3,170	2,101	1,069
<u>Total Building Official</u>	<u>193,645</u>	<u>202,291</u>	<u>(8,646)</u>
<u>Total Administrative Department</u>	<u>\$ 757,569</u>	<u>\$ 783,121</u>	<u>\$ (25,552)</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, 2015**

	<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	\$ 105,821	\$ 121,539	\$ (15,718)
R & M - Equipment	2,850	3,444	(594)
Event expenses	5,000	8,191	(3,191)
Other expenses	22,095	29,569	(7,474)
<u>Total Parks and Recreation</u>	<u>135,766</u>	<u>162,743</u>	<u>(26,977)</u>
<u>Mayor and Council</u>			
Salaries	16,000	16,000	-
Payroll taxes	1,225	1,224	1
Conferences and seminars	5,000	3,193	1,807
Dues and subscriptions	3,000	1,069	1,931
Donation - fire department	30,000	30,000	-
Donations - other	3,150	3,525	(375)
Other expenses	2,750	3,795	(1,045)
<u>Total Mayor and Council</u>	<u>61,125</u>	<u>58,806</u>	<u>2,319</u>
<u>Marina and City Dock</u>			
Salaries	34,250	34,289	(39)
Payroll taxes	2,650	2,623	27
Unemployment	9,500	8,032	1,468
Repairs and maintenance	15,000	11,667	3,333
Supplies and equipment	3,650	710	2,940
Utilities	2,250	317	1,933
Dredging project	40,000	-	40,000
Other expenses	3,000	2,432	568
<u>Total Marina and City Dock</u>	<u>110,300</u>	<u>60,070</u>	<u>50,230</u>
<u>Other General Government</u>			
Lewes planning commission	2,800	2,755	45
Pedestrian safety	6,000	8,243	(2,243)
Historic preservation	2,400	2,699	(299)
Mitigation	5,000	5,129	(129)
Assessment	26,050	37,775	(11,725)
Election	1,250	2,743	(1,493)
Professional fees - BOA	-	600	(600)
Other expenses - BOA	7,500	8,169	(669)
Gasoline purchases	\$ 55,000	\$ 42,176	\$ 12,824

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, 2015**

	Budgeted Amounts		Variance with
	Original And	Actual	Final Budget
	Final	Amounts	Favorable
			(Unfavorable)
<u>Expenditures: (Continued)</u>			
<u>General Government: (Continued)</u>			
<u>Other General Government (Continued)</u>			
Professional fees	\$ 201,525	\$ 251,080	\$ (49,555)
Engineering fees	25,000	156,478	(131,478)
Insurance	195,115	152,997	42,118
Supplies	6,600	6,741	(141)
Transfer tax and bank fees	32,000	40,952	(8,952)
Public building maintenance	44,000	47,441	(3,441)
Codification update	15,000	7,100	7,900
Debt Service - Interest	369,800	369,801	(1)
Other expenses and contingencies	10,600	28,659	(18,059)
Utilities	227,500	187,574	39,926
Construction projects	-	4,253	(4,253)
Capital expenditure/Equipment	233,000	319,357	(86,357)
Trash/Recycling/Yard Waste	267,200	255,903	11,297
<u>Total Other General Government</u>	<u>1,733,340</u>	<u>1,938,625</u>	<u>(205,285)</u>
<u>Total General Government</u>	<u>2,040,531</u>	<u>2,220,244</u>	<u>(179,713)</u>
<u>Total Expenditures</u>	<u>4,844,775</u>	<u>5,039,140</u>	<u>(194,365)</u>
<u>Excess Of Revenues Over</u>			
<u>(Under) Expenditures</u>	575,000	1,271,893	696,893
<u>Other Financing Sources (Uses):</u>			
Transfer (to) from Long-Term Debt	(575,000)	(589,551)	(14,551)
Transfer (to) from other funds	-	(447,244)	(447,244)
<u>Total Other Financing Sources (Uses)</u>	<u>(575,000)</u>	<u>(1,036,795)</u>	<u>(461,795)</u>
<u>Excess Of Revenues And Other Financing</u>			
<u>Sources (Uses) Over (Under)</u>			
<u>Expenditures</u>	\$ -	\$ 235,098	\$ 235,098
<u>Fund Balance - April 1st</u>		<u>4,123,248</u>	
<u>Fund Balance - March 31st</u>		<u>\$ 4,358,346</u>	

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, 2015**

(With Comparative Amounts As Of March 31, 2014, 2013, 2012)

**ASSETS**

	2015	2014	2013	2012
<b><u>Cash And Cash Equivalents:</u></b>				
Cash on hand	\$ 150	\$ 150	\$ 150	\$ 150
Cash in bank - checking	3,945,939	3,221,972	2,210,977	1,245,218
Cash in bank - money market	626,964	624,192	621,389	618,464
Cash in bank - savings	3,187	3,187	3,186	3,185
<b><u>Total Cash And Cash Equivalents</u></b>	<b>4,576,240</b>	<b>3,849,501</b>	<b>2,835,702</b>	<b>1,867,017</b>
<b><u>Taxes Receivable:</u></b>				
Real estate taxes receivable, current year	30,064	16,724	7,832	12,539
<b><u>Total Taxes Receivable</u></b>	<b>30,064</b>	<b>16,724</b>	<b>7,832</b>	<b>12,539</b>
<b><u>Due From Other Funds:</u></b>				
Due from Bank of New York	-	447,238	881,218	2,250,063
<b><u>Total Due From Other Funds</u></b>	<b>-</b>	<b>447,238</b>	<b>881,218</b>	<b>2,250,063</b>
<b><u>Accounts Receivable:</u></b>				
Due from magistrate courts	1,754	2,282	1,478	1,874
BPW receivables	1,474	2,151	122,474	116,814
Franchises fee	7,635	7,004	-	-
Others	678	-	-	-
LPL receivable	-	80,000	-	-
<b><u>Total Accounts Receivable</u></b>	<b>11,541</b>	<b>91,437</b>	<b>123,952</b>	<b>118,688</b>
<b><u>Prepaid Expenses:</u></b>				
Prepaid insurance	46,219	42,893	49,448	21,700
<b><u>Grant Receivable:</u></b>				
Due from State of Delaware	-	10,000	20,000	64,825
<b><u>Inventory:</u></b>				
Trash carts	39,569	43,822	49,634	35,864
<b><u>TOTAL ASSETS</u></b>	<b>\$ 4,703,633</b>	<b>\$ 4,501,615</b>	<b>\$ 3,967,786</b>	<b>\$ 4,370,696</b>

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, 2015**

(With Comparative Amounts As Of March 31, 2014, 2013, 2012)

**LIABILITIES AND FUND EQUITY**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Liabilities:</u></b>				
<b><u>Accounts Payable</u></b>	\$ <u>45,342</u>	\$ <u>61,453</u>	\$ <u>151,767</u>	\$ <u>86,464</u>
<b><u>Accrued Liabilities:</u></b>				
Accrued salaries	74,157	68,963	59,199	58,624
Accrued pension payable	172	4,035	2,929	3,001
Accrued compensatory absences - current portion	7,062	28,277	12,480	6,746
Accrued payroll taxes and withholdings	<u>6,700</u>	<u>3,785</u>	<u>6,510</u>	<u>2,846</u>
<b><u>Total Accrued Liabilities</u></b>	<u>88,091</u>	<u>105,060</u>	<u>81,118</u>	<u>71,217</u>
<b><u>Deferred Revenue</u></b>	<u>211,854</u>	<u>211,854</u>	<u>212,544</u>	<u>212,544</u>
<b><u>TOTAL LIABILITIES</u></b>	<u>345,287</u>	<u>378,367</u>	<u>445,429</u>	<u>370,225</u>
<b><u>Fund Equity:</u></b>				
Non-spendable	85,788	86,715	99,082	57,564
Restricted by other governments	2,227,922	1,461,905	957,841	651,021
Committed by council	-	447,238	881,218	2,250,063
Assigned	241,667	183,127	392,486	366,663
Unassigned	<u>1,802,969</u>	<u>1,944,263</u>	<u>1,191,730</u>	<u>675,160</u>
<b><u>TOTAL FUND EQUITY</u></b>	<u>4,358,346</u>	<u>4,123,248</u>	<u>3,522,357</u>	<u>4,000,471</u>
<b><u>TOTAL LIABILITIES AND FUND EQUITY</u></b>	<u>\$ 4,703,633</u>	<u>\$ 4,501,615</u>	<u>\$ 3,967,786</u>	<u>\$ 4,370,696</u>

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

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**THE CITY OF LEWES, DELAWARE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy (net of discounts)	\$ 2,377,833	\$ 2,336,190	\$ 2,308,762	\$ 2,285,864
Property transfer tax	<u>925,773</u>	<u>931,393</u>	<u>793,497</u>	<u>570,193</u>
<u>Total Taxes And Assessments</u>	<u>3,303,606</u>	<u>3,267,583</u>	<u>3,102,259</u>	<u>2,856,057</u>
<u>Rentals:</u>				
BPW rent	135,633	131,682	128,775	130,025
Gross receipt rental tax	475,760	404,383	423,428	360,102
Rent levy	24,577	24,149	24,719	23,072
Library conference room	715	2,755	3,370	2,265
Rental property	5,640	4,075	4,275	4,060
City dock	84,278	78,118	71,579	71,140
Great Marsh	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>
<u>Total Rentals</u>	<u>732,103</u>	<u>650,662</u>	<u>661,646</u>	<u>596,164</u>
<u>Licenses And Permits:</u>				
Mercantile licenses	241,085	196,813	190,542	185,765
Board of adjustment fees	5,000	5,000	1,250	-
Building permits	265,210	290,673	195,368	184,028
Subdivision income	<u>12,391</u>	<u>79,650</u>	<u>2,500</u>	<u>5,083</u>
<u>Total Licenses And Permits</u>	<u>523,686</u>	<u>572,136</u>	<u>389,660</u>	<u>374,876</u>
<u>Fines and Forfeits</u>				
Police fines	35,766	30,707	26,594	26,525
Parking violations	134,017	94,752	85,681	72,386
Penalties on delinquent taxes	<u>9,942</u>	<u>10,018</u>	<u>8,990</u>	<u>11,342</u>
<u>Total Fines And Forfeits</u>	<u>179,725</u>	<u>135,477</u>	<u>121,265</u>	<u>110,253</u>
<u>Parking Meter Collection</u>	<u>381,880</u>	<u>302,304</u>	<u>294,796</u>	<u>260,191</u>
<u>Interest Income</u>	<u>2,832</u>	<u>2,925</u>	<u>3,024</u>	<u>5,145</u>
<u>Intergovernmental Grants:</u>				
State and County	<u>334,349</u>	<u>406,141</u>	<u>758,796</u>	<u>457,737</u>
<u>Total Intergovernmental Grants</u>	<u>\$ 334,349</u>	<u>\$ 406,141</u>	<u>\$ 758,796</u>	<u>\$ 457,737</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, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	2015	2014	2013	2012
<u>Revenue: (Continued)</u>				
<u>Other Revenue:</u>				
BPW franchise fee	\$ 644,000	\$ 670,918	\$ 670,435	\$ 700,236
Cable and gas franchise fees	115,297	74,658	78,324	81,510
Police reports	880	703	721	333
Sale of Assets	25,805	1,173,002	1,125	4,100
Curbside recycling	-	-	-	385
Sale of trash carts	1,850	1,050	2,400	2,078
Miscellaneous	65,020	354,583	390,479	66,941
<u>Total Other Revenue</u>	852,852	2,274,914	1,143,484	855,583
<u>Total Revenue</u>	6,311,033	7,612,142	6,474,930	5,516,006
 <u>Expenditures:</u>				
<u>Street Department:</u>				
Salaries	427,178	423,163	400,827	382,072
Street maintenance and repair	703	-	-	400
Truck expense	35,726	39,507	35,134	32,584
Health and life insurance	140,989	119,459	106,784	93,796
Repairs and maintenance	26,367	11,152	12,202	7,979
Uniform rental	3,129	2,072	2,619	2,360
Payroll taxes	32,479	31,671	29,940	28,720
Training, seminars, travel	6	-	-	60
Shop maintenance & office supplies	10,043	7,304	3,666	5,768
Equipment	8,523	5,027	12,224	6,979
Other expenses	4,036	3,477	2,820	5,223
Unemployment payments	-	371	2,447	-
Pension expense	34,345	33,620	32,726	23,256
<u>Total Street Department</u>	\$ 723,524	\$ 676,823	\$ 641,389	\$ 589,197

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, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Expenditures: (Continued)</u>				
<u>Police Department:</u>				
<u>Police</u>				
Salaries - police officers	\$ 756,056	\$ 762,597	\$ 767,833	\$ 779,281
Salaries - clerical employee	31,700	28,287	11,942	26,599
Unemployment	4,427	11,347	-	-
Uniforms and equipment	-	15,038	40,778	23,247
Automobile expense	17,678	5,827	8,860	15,817
Health and life insurance	143,990	129,636	111,230	109,194
Telephone	5,930	5,919	5,507	4,884
Supplies	5,187	4,952	13,876	5,116
K-9 expense	-	-	359	-
Payroll taxes	61,484	59,809	58,925	61,649
Training, seminars, travel	1,815	2,724	3,664	3,962
Pension expense	91,858	107,023	80,373	84,723
Pension - retired officer	-	-	-	2,400
Repairs and maintenance	5,047	2,932	3,455	7,540
Vehicle purchases	30,290	-	18,523	23,059
Computer expense	24,671	10,120	9,925	9,112
Other expenses	9,091	9,210	8,304	3,512
<u>Total Police</u>	<u>1,189,224</u>	<u>1,155,421</u>	<u>1,143,554</u>	<u>1,160,095</u>
<u>Meters:</u>				
Salaries	41,441	42,897	42,725	37,174
Payroll taxes	3,170	3,282	3,268	2,844
Unemployment	18,503	19,358	16,320	12,075
Supplies, uniforms and equipment	12,039	8,211	6,002	11,926
Other expenses	206	83	-	141
<u>Total Meters</u>	<u>75,359</u>	<u>73,831</u>	<u>68,315</u>	<u>64,160</u>
<u>Beach Patrol:</u>				
Salaries	35,789	56,066	52,357	45,512
Payroll taxes	2,738	4,251	3,975	3,482
Unemployment	4,379	4,543	7,988	5,823
Supplies, uniforms and equipment	3,937	3,093	3,872	1,734
Other expenses	825	484	373	141
<u>Total Beach Patrol</u>	<u>47,668</u>	<u>68,437</u>	<u>68,565</u>	<u>56,692</u>
<u>Total Police Department</u>	<u>\$ 1,312,251</u>	<u>\$ 1,297,689</u>	<u>\$ 1,280,434</u>	<u>\$ 1,280,947</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, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	2015	2014	2013	2012
<u>Expenditures: (Continued)</u>				
<u>Administrative Department:</u>				
<u>City Manager</u>				
Salaries	\$ 161,820	\$ 157,382	\$ 150,249	\$ 147,504
Payroll taxes	12,338	11,868	11,479	11,264
Health and life insurance	12,939	8,029	6,998	6,161
Pension expense	15,406	53,393	71,405	67,748
Supplies	18,227	17,078	14,385	13,805
Telephone	5,252	9,353	6,562	6,233
Other expenses	701	1,498	1,183	1,017
<u>Total City Manager</u>	<u>226,683</u>	<u>258,601</u>	<u>262,261</u>	<u>253,732</u>
<u>Finance</u>				
Salaries	182,548	167,446	158,552	153,209
Payroll taxes	13,585	12,222	12,160	11,469
Health and life insurance	64,285	44,647	37,480	27,749
Pension expense	16,450	14,109	14,438	10,559
Professional fees	21,820	18,407	18,448	17,659
Other expenses	330	1,157	718	539
<u>Total Finance</u>	<u>299,018</u>	<u>257,988</u>	<u>241,796</u>	<u>221,184</u>
<u>Grant Administration</u>				
Salaries	36,352	39,267	32,008	30,224
Payroll taxes	2,737	3,007	2,448	2,319
Health and life insurance	12,447	9,385	6,635	4,875
Pension expense	3,381	3,191	3,019	1,464
Other expenses	212	651	377	433
<u>Total Grant Administration</u>	<u>55,129</u>	<u>55,501</u>	<u>44,487</u>	<u>39,315</u>
<u>Building Official</u>				
Salaries	135,677	99,511	95,783	94,162
Payroll taxes	10,419	7,536	7,288	7,189
Health and life insurance	30,867	7,688	6,713	5,868
Pension expense	7,721	6,729	6,236	4,574
Prof. serv consulting	15,506	15,169	-	-
Repairs and maintenance	241	-	406	4,905
Other expenses	1,860	286	560	1,172
<u>Total Building Official</u>	<u>202,291</u>	<u>136,919</u>	<u>116,986</u>	<u>117,870</u>
<u>Total Administrative Department</u>	<u>\$ 783,121</u>	<u>\$ 709,009</u>	<u>\$ 665,530</u>	<u>\$ 632,101</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, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Expenditures: (Continued)</u>				
<u>General Government:</u>				
<u>Parks and Recreation</u>				
R & M - Grounds	\$ 121,539	\$ 95,045	\$ 81,059	\$ 80,726
R & M - Equipment	3,444	2,510	2,842	2,890
Event expenses	8,191	3,283	2,239	15,222
Supplies	-	-	12,822	9,380
Other expenses	29,569	44,189	55,500	28,636
<u>Total Parks and Recreation</u>	<u>162,743</u>	<u>145,027</u>	<u>154,462</u>	<u>136,854</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	3,193	2,886	3,358	3,497
Dues and subscriptions	1,069	1,269	1,653	2,749
Donation - fire department	30,000	30,000	31,000	30,000
Donations - other	3,525	3,335	2,983	3,613
Other expenses	3,795	2,127	3,313	1,865
<u>Total Mayor and Council</u>	<u>58,806</u>	<u>56,841</u>	<u>59,531</u>	<u>58,948</u>
<u>Marina and City Dock</u>				
Salaries	34,289	34,211	33,771	30,555
Payroll taxes	2,623	2,617	2,585	2,337
Unemployment	8,032	7,367	9,453	5,262
Repairs and maintenance	11,667	18,037	11,333	12,172
Supplies and equipment	710	2,245	1,866	1,494
Utilities	317	314	1,240	2,332
Dredging project	-	82,451	-	-
Other expenses	2,432	3,363	537	1,447
<u>Total Marina and City Dock</u>	<u>60,070</u>	<u>150,605</u>	<u>60,785</u>	<u>55,599</u>
<u>Other General Government</u>				
Lewes planning commission	2,755	1,354	462	649
Pedestrian safety	8,243	1,905	3,777	6,059
Historic preservation	2,699	1,574	1,124	-
Mitigation	5,129	1,280	417	1,665
Assessment	37,775	27,862	20,119	24,053
Election	2,743	887	865	735
Professional fees - BOA	600	-	7,842	12,680
Other expenses - BOA	8,169	835	243	277
Gasoline purchases	\$ 42,176	\$ 52,625	\$ 55,336	\$ 64,551

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, 2015**  
(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	2015	2014	2013	2012
<u>Expenditures: (Continued)</u>				
<u>General Government: (Continued)</u>				
<u>Other General Government (Continued)</u>				
Professional fees	\$ 251,080	\$ 234,025	\$ 202,069	\$ 130,508
Engineering fees	156,478	67,927	21,586	11,990
Insurance	152,997	167,220	203,923	180,767
Supplies	6,741	7,114	6,822	7,898
Transfer tax and bank fees	40,952	33,497	28,831	18,644
Public building maintenance	47,441	46,016	45,171	49,472
Codification update	7,100	8,298	3,968	11,219
Debt Service - Interest	369,801	302,184	248,301	440,975
Other expenses and contingencies	28,659	18,871	15,543	9,179
Utilities	187,574	214,878	222,735	225,052
Construction projects	4,253	5,812	419,724	472,084
Capital expenditure/Equipment	319,357	252,859	2,533,577	7,873
Trash/Recycling/Yard Waste	255,903	258,603	289,161	266,251
Bond administration fees	-	-	15,375	-
<u>Total Other General Government</u>	1,938,625	1,705,626	4,346,971	1,942,581
<u>Total General Government</u>	2,220,244	2,058,099	4,621,749	2,193,982
<u>Total Expenditures</u>	5,039,140	4,741,620	7,209,102	4,696,227
<u>Excess Of Revenues Over</u>				
<u>(Under) Expenditures</u>	1,271,893	2,870,522	(734,172)	819,779
<u>Other Financing Sources (Uses):</u>				
Transfer (to) from Long-Term Debt	(589,551)	(1,836,562)	(525,000)	(505,000)
Transfer (to) from other funds	(447,244)	(433,069)	(1,368,942)	(670)
Proceeds from notes payable	-	-	2,150,000	-
Proceeds from bond issuance	-	-	-	2,250,000
<u>Total Other Financing Sources (Uses)</u>	(1,036,795)	(2,269,631)	256,058	1,744,330
<u>Excess Of Revenues And Other Financing</u>				
<u>Sources (Uses) Over (Under) Expenditures</u>	235,098	600,891	(478,114)	2,564,109
<u>Fund Balance - April 1st</u>	4,123,248	3,522,357	4,000,471	1,436,362
<u>Fund Balance - March 31st</u>	\$ 4,358,346	\$ 4,123,248	\$ 3,522,357	\$ 4,000,471

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

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**THE CITY OF LEWES, DELAWARE**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**  
**AS OF MARCH 31, 2015**

(With Comparative Amounts As Of March 31, 2014, 2013, 2012)

<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	\$ 260,236	\$ 15,836	\$ -
<u>TOTAL ASSETS</u>	260,236	15,836	-
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Deferred revenue	-	15,836	-
<u>Total Liabilities</u>	-	15,836	-
<u>Fund Equity:</u>			
Non-spendable	-	-	-
Restricted by other governments	260,236	-	-
Committed by council	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<u>Total Fund Equity</u>	260,236	-	-
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 260,236	\$ 15,836	\$ -

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

Combat Violent Crime	K - 9 Unit	Totals (Memorandum Only)			
		2015	2014	2013	2012
\$ 17,740	\$ 3,172	\$ 296,984	\$ 273,125	\$ 254,821	\$ 234,286
<u>17,740</u>	<u>3,172</u>	<u>296,984</u>	<u>273,125</u>	<u>254,821</u>	<u>234,286</u>
-	202	202	-	13,692	-
<u>17,740</u>	<u>-</u>	<u>33,576</u>	<u>42,972</u>	<u>27,161</u>	<u>22,257</u>
<u>17,740</u>	<u>202</u>	<u>33,778</u>	<u>42,972</u>	<u>40,853</u>	<u>22,257</u>
-	-	-	-	-	-
-	-	260,236	226,444	216,830	204,597
-	-	-	-	-	-
-	2,970	2,970	3,709	(2,862)	7,432
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>2,970</u>	<u>263,206</u>	<u>230,153</u>	<u>213,968</u>	<u>212,029</u>
\$ <u>17,740</u>	\$ <u>3,172</u>	\$ <u>296,984</u>	\$ <u>273,125</u>	\$ <u>254,821</u>	\$ <u>234,286</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, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<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>94,843</u>	<u>5,431</u>	<u>2,102</u>
<u>Total Revenues</u>	<u>94,843</u>	<u>5,431</u>	<u>2,102</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Equipment	54,703	-	-
Street improvements	<u>6,348</u>	<u>-</u>	<u>-</u>
<u>Total Street Department</u>	<u>61,051</u>	<u>-</u>	<u>-</u>
<u>Police Department:</u>			
Salaries	-	-	-
Equipment, supplies, uniforms	<u>-</u>	<u>5,431</u>	<u>2,102</u>
<u>Total Police Department</u>	<u>-</u>	<u>5,431</u>	<u>2,102</u>
<u>Total Expenditures</u>	<u>61,051</u>	<u>5,431</u>	<u>2,102</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	33,792	-	-
<u>Fund Balance - April 1st</u>	<u>226,444</u>	<u>-</u>	<u>-</u>
<u>Fund Balance - March 31st</u>	<u>\$ 260,236</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)			
		2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94
<u>17,310</u>	<u>-</u>	<u>119,686</u>	<u>106,342</u>	<u>115,959</u>	<u>105,325</u>
<u>17,310</u>	<u>-</u>	<u>119,686</u>	<u>106,342</u>	<u>115,959</u>	<u>105,419</u>
-	-	54,703	23,741	7,404	37,701
<u>-</u>	<u>-</u>	<u>6,348</u>	<u>61,467</u>	<u>76,024</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>61,051</u>	<u>85,208</u>	<u>83,428</u>	<u>37,701</u>
-	-	-	-	-	520
<u>17,310</u>	<u>739</u>	<u>25,582</u>	<u>4,949</u>	<u>30,592</u>	<u>10,534</u>
<u>17,310</u>	<u>739</u>	<u>25,582</u>	<u>4,949</u>	<u>30,592</u>	<u>11,054</u>
<u>17,310</u>	<u>739</u>	<u>86,633</u>	<u>90,157</u>	<u>114,020</u>	<u>48,755</u>
-	(739)	33,053	16,185	1,939	56,664
<u>-</u>	<u>3,709</u>	<u>230,153</u>	<u>213,968</u>	<u>212,029</u>	<u>155,365</u>
<u>\$ -</u>	<u>\$ 2,970</u>	<u>\$ 263,206</u>	<u>\$ 230,153</u>	<u>\$ 213,968</u>	<u>\$ 212,029</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, 2015**

(With Comparative Amounts As Of March 31, 2014, 2013, 2012)

<u>ASSETS</u>	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only) 2015</u>
<u>Cash:</u>			
Cash in bank - checking	\$ 23,547	\$ 2,422,218	\$ 2,445,765
Cash in bank - money market	1,383,098	-	1,383,098
Cash in bank - savings	<u>272</u>	<u>-</u>	<u>272</u>
<u>Total Cash</u>	<u>1,406,917</u>	<u>2,422,218</u>	<u>3,829,135</u>
<u>Receivables:</u>			
Interest receivable	-	-	-
Accounts receivable - Sidewalks	<u>20,100</u>	<u>-</u>	<u>20,100</u>
<u>Total Receivables</u>	<u>20,100</u>	<u>-</u>	<u>20,100</u>
<u>TOTAL ASSETS</u>	<u><u>1,427,017</u></u>	<u><u>2,422,218</u></u>	<u><u>3,849,235</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	-	1,050	1,050
BNY Advance	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>-</u>	<u>1,050</u>	<u>1,050</u>
<u>Fund Equity:</u>			
Non-spendable	-	-	-
Restricted by other governments	-	2,421,168	2,421,168
Committed by council	-	-	-
Assigned	1,427,017	-	1,427,017
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Fund Equity</u>	<u>1,427,017</u>	<u>2,421,168</u>	<u>3,848,185</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 1,427,017</u>	<u>\$ 2,422,218</u>	<u>\$ 3,849,235</u>

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

Totals (Memorandum Only)		
2014	2013	2012
\$ 2,234,314	\$ 1,971,465	\$ 1,538,571
1,364,299	1,361,070	1,397,448
272	272	272
3,598,885	3,332,807	2,936,291
-	4	-
18,782	18,782	19,082
18,782	18,786	19,082
<u>3,617,667</u>	<u>3,351,593</u>	<u>2,955,373</u>
-	-	-
11,284	24,927	-
-	-	-
2,188,524	1,897,684	1,528,268
-	27,176	-
1,417,859	1,401,806	1,427,105
-	-	-
<u>3,606,383</u>	<u>3,326,666</u>	<u>2,955,373</u>
\$ <u>3,617,667</u>	\$ <u>3,351,593</u>	\$ <u>2,955,373</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**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only) 2015</u>
<u>Revenues:</u>			
<u>Taxes And Assessments:</u>			
Property transfer tax	\$ -	\$ 464,099	\$ 464,099
<u>Other Revenue:</u>			
Interest	2,740	-	2,740
Interest earned on BPW bond transfers	-	-	-
Sidewalk installation	34,376	-	34,376
Greater Lewes Foundation, Inc.	-	-	-
General Fund reimbursement	34,611	-	34,611
<u>Total Other Revenue</u>	<u>71,727</u>	<u>-</u>	<u>71,727</u>
<u>Total Revenues</u>	<u>71,727</u>	<u>464,099</u>	<u>535,826</u>
<u>Expenditures:</u>			
<u>Capital Projects:</u>			
<u>General Government:</u>			
Debt service interest	-	21,530	21,530
Bank fees	13	4,546	4,559
<u>Total General Government</u>	<u>13</u>	<u>26,076</u>	<u>26,089</u>
<u>Capital Expenditures:</u>			
Street improvements	34,128	188,759	222,887
Engineering fees	-	42,240	42,240
Land improvements	-	331,215	331,215
Machinery and equipment	28,428	90,409	118,837
<u>Total Capital Expenditures</u>	<u>62,556</u>	<u>652,623</u>	<u>715,179</u>
<u>Total Expenditures</u>	<u>62,569</u>	<u>678,699</u>	<u>741,268</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>9,158</u>	<u>(214,600)</u>	<u>(205,442)</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	-	447,244	447,244
<u>Net Change in Fund Balance</u>	<u>9,158</u>	<u>232,644</u>	<u>241,802</u>
<u>Fund Balance - April 1st</u>	<u>1,417,859</u>	<u>2,188,524</u>	<u>3,606,383</u>
<u>Fund Balance - March 31st</u>	<u>\$ 1,427,017</u>	<u>\$ 2,421,168</u>	<u>\$ 3,848,185</u>

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

Totals (Memorandum Only)		
<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 465,692	\$ 396,771	\$ 310,264
3,229	3,710	9,112
-	-	233,969
-	-	-
-	-	-
<u>34,613</u>	<u>341,199</u>	<u>34,613</u>
<u>37,842</u>	<u>344,909</u>	<u>277,694</u>
<u>503,534</u>	<u>741,680</u>	<u>587,958</u>
140,000	175,000	-
<u>3,828</u>	<u>3,795</u>	<u>2,754</u>
<u>143,828</u>	<u>178,795</u>	<u>2,754</u>
330,601	990,654	16,395
139,154	508,115	174,361
146	-	-
<u>43,319</u>	<u>61,765</u>	<u>70,585</u>
<u>513,220</u>	<u>1,560,534</u>	<u>261,341</u>
<u>657,048</u>	<u>1,739,329</u>	<u>264,095</u>
(153,514)	(997,649)	323,863
<u>433,231</u>	<u>1,368,942</u>	<u>-</u>
279,717	371,293	323,863
<u>3,326,666</u>	<u>2,955,373</u>	<u>2,631,510</u>
<u>\$ 3,606,383</u>	<u>\$ 3,326,666</u>	<u>\$ 2,955,373</u>

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, 2015**

(With Comparative Amounts As Of March 31, 2014, 2013, 2012)

<u>ASSETS</u>	Expendable Trust Fund Fisher Martin Trust	Youth Activity Fund	Agency Fund Deferred Compensation Fund
<u>Cash:</u>			
Cash in bank	\$ 4,577	\$ 336	\$ -
<u>Investments:</u>			
Mutual funds (deferred compensation)	-	-	2,153
Stocks - 360 shares - E.I. DuPont deNemours & Co.	25,729	-	-
<u>Total Investments</u>	25,729	-	2,153
<u>TOTAL ASSETS</u>	30,306	336	2,153
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
<u>Accrued Liabilities:</u>			
Deferred compensation payable	-	-	2,153
<u>Fund Equity:</u>			
Unreserved			
Designated for subsequent years' expenditures	30,306	336	-
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 30,306	\$ 336	\$ 2,153

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

<u>Agency Fund</u>	Totals			
Nature Trail	(Memorandum Only)			
	2015	2014	2013	2012
\$ <u>22</u>	\$ <u>4,935</u>	\$ <u>4,263</u>	\$ <u>3,775</u>	\$ <u>3,155</u>
-	2,153	2,111	1,937	1,840
-	<u>25,729</u>	<u>24,156</u>	<u>17,697</u>	<u>19,044</u>
-	<u>27,882</u>	<u>26,267</u>	<u>19,634</u>	<u>20,884</u>
<u>22</u>	<u>32,817</u>	<u>30,530</u>	<u>23,409</u>	<u>24,039</u>
-	<u>2,153</u>	<u>2,111</u>	<u>1,937</u>	<u>1,840</u>
<u>22</u>	<u>30,664</u>	<u>28,419</u>	<u>21,472</u>	<u>22,199</u>
\$ <u>22</u>	\$ <u>32,817</u>	\$ <u>30,530</u>	\$ <u>23,409</u>	\$ <u>24,039</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**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2015**

(With Comparative Amounts For The Years Ended March 31, 2014, 2013, 2012)

	<u>Expendable Trust Funds</u>	
	<u>Fisher Martin Trust</u>	<u>Youth Activity Fund</u>
<u>Revenue:</u>		
Interest	\$ 2	\$ -
Dividends	670	-
<u>Total Revenue</u>	<u>672</u>	<u>-</u>
<u>Expenditures:</u>		
<u>General Government:</u>		
Building maintenance	-	-
Youth Activity Expense	-	-
<u>Total General Government</u>	<u>-</u>	<u>-</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	672	-
<u>Unrealized Gain/(Loss)</u>	1,573	-
<u>Transfer (to) from other funds</u>	-	-
<u>Fund Balance - April 1st</u>	<u>28,061</u>	<u>336</u>
<u>Fund Balance - March 31st</u>	<u>\$ 30,306</u>	<u>\$ 336</u>

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

Agency Fund	Totals (Memorandum Only)			
Nature Trail	2015	2014	2013	2012
\$ -	\$ 2	\$ 1	\$ 2	\$ 2
-	670	648	619	590
-	672	649	621	592
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	672	649	621	592
-	1,573	6,459	(1,347)	(745)
-	-	(162)	-	670
22	36,091	29,145	22,199	-
\$ 22	\$ 38,336	\$ 36,091	\$ 21,473	\$ 517

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