

THE CITY OF LEWES, DELAWARE

Audited Financial Statements
With Supplemental Information
For Fiscal Year Ended March 31, 2012
(With Comparative Year Analyses 2011, 2010, 2009)

THE CITY OF LEWES, DELAWARE
FISCAL YEAR ENDED MARCH 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12-13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Assets	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Assts - Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	19
Notes to Financial Statements	20-31
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	32-37

THE CITY OF LEWES, DELAWARE
FISCAL YEAR ENDED MARCH 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
Supplemental Information:	
Combining Balance Sheet - General Fund	38-39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	40-45
Combining Balance Sheet - Special Revenue Funds	46-47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds	48-49
Combining Balance Sheet - Capital Projects Funds	50-51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Funds	52-53
Combining Balance Sheet - Fiduciary Funds	54-55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Fiduciary Funds	56-57

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, 2012, with comparative totals as of March 31, 2011, 2010 and 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 16, 2012. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have performed certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

August 16, 2012
Georgetown, Delaware

MANAGEMENT DISCUSSION AND ANALYSIS

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2012

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, 2012. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan, and (e) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

The assets of the City of Lewes exceeded its liabilities at the close of the most recent fiscal year by \$ 18,815,954. (net assets). Of this amount, \$ 532,671 (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' governmental funds reported combined ending fund balances of \$ 7,167,873. Of this amount, \$ 675,160 is unassigned and available for use within the City's designation and policies. The remaining \$ 6,492,713 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 \$ 675,160 or 14 % of the total general fund expenditure.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net 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, 2012

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

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

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 31 of this report.

Supplemental Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary activity. Required supplementary information can be found on page 32 – 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 – 57 of this report.

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2012

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 \$ 18,815,954 as of March 31, 2012.

A large portion of the City's net assets (65 %) 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, 2012</u>	Governmental Activities <u>March 31, 2011</u>
Current and other assets	\$ 25,674,285	\$ 25,742,587
Capital Assets	<u>21,227,895</u>	<u>21,477,421</u>
<u>Total Assets</u>	<u>46,902,180</u>	<u>47,220,008</u>
Long term liabilities	27,693,744	28,247,410
Other liabilities	<u>392,482</u>	<u>1,040,816</u>
<u>Total Liabilities</u>	<u>28,086,226</u>	<u>29,288,226</u>
Net Assets:		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	12,046,030	14,080,969
Prepaid insurance and contract	23,223	15,840
Inventories	35,864	32,093
<u>Total non-spendable</u>	<u>12,105,117</u>	<u>14,128,902</u>
Restricted by other governments	2,383,886	1,803,467
Committed by council	2,250,063	-
Assigned	1,544,217	1,349,277
Unassigned	<u>532,671</u>	<u>650,136</u>
<u>Total Net Assets</u>	\$ <u>18,815,954</u>	\$ <u>17,931,782</u>

The balance of governmental unassigned net assets \$ 532,671 may be used to meet the government's ongoing obligation to citizens and creditors.

As of March 31, 2012, the City is able to report positive balances in both 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, 2012

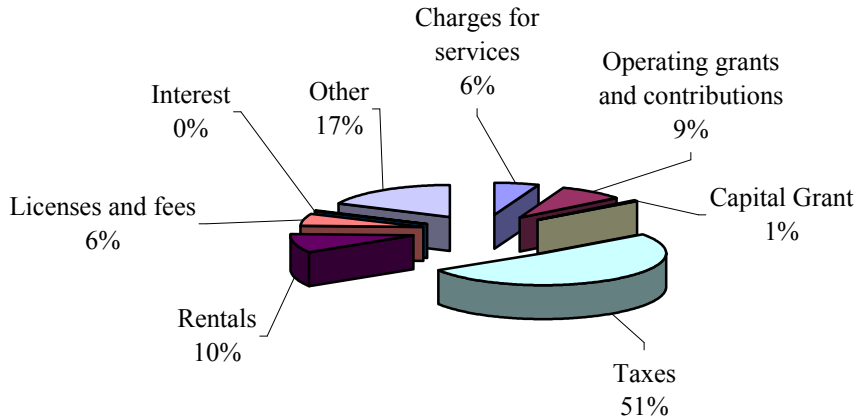
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended March 31, 2012. Governmental activities increased the City of Lewes' net assets by \$ 884,172.

THE CITY OF LEWES' CHANGES IN NET ASSETS

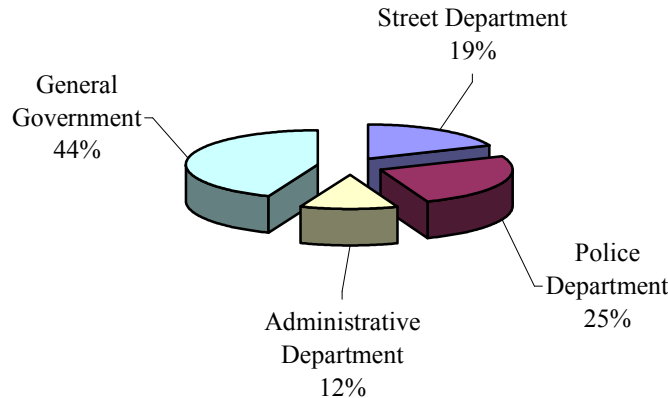
	Governmental Activities <u>March 31, 2012</u>	Governmental Activities <u>March 31, 2011</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 370,444	\$ 376,201
Operating grants and contributions	532,318	778,273
Capital Grant	30,745	45,000
General Revenues:		
Taxes	3,166,321	2,854,298
Rentals	596,164	735,572
Licenses and fees	374,876	317,376
Interest	14,062	19,175
Other	1,124,165	868,468
	<u>6,209,095</u>	<u>5,994,363</u>
<u>Total Revenues</u>		
Expenses:		
Street Department	996,931	1,163,512
Police Department	1,348,123	1,356,177
Administrative Department	638,112	575,789
General Government	2,341,087	2,383,432
	<u>5,324,253</u>	<u>5,478,910</u>
<u>Total Expenses</u>		
<u>Increase in net assets</u>	884,842	515,453
Transfer (to) fiduciary funds	(670)	-
<u>Net assets - April 1</u>	<u>17,931,782</u>	<u>17,416,329</u>
<u>Net assets - March 31</u>	<u>\$ 18,815,954</u>	<u>\$ 17,931,782</u>

THE CITY OF LEWES, DELAWARE
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2012

Governmental Activities 2012 Revenues



Governmental Activities 2012 Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

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

At the end of the current fiscal year, the City of Lewes’ governmental funds reported combined ending fund balances of \$ 7,167,873. A portion of this amount, \$ 675,160, constitutes unassigned fund balance while the remaining \$ 6,492,713 is reserved for future expenditures with a specific purpose.

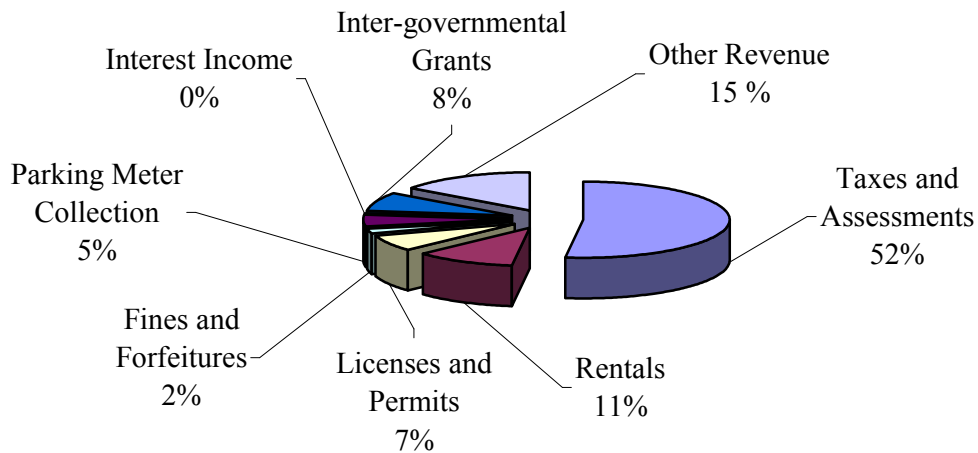
General Fund Budgetary Highlights – In the General Fund, revenues exceeded budgetary expectations by \$ 777,971. The favorable variance was due to unbudgeted governmental grants, BPW rent and franchise fees. In addition, realty transfer tax had a favorable budget variance of \$ 120,193. All revenue departments saw a favorable budget variance.

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2012

The following schedule presents a summary of General Fund revenues for the fiscal year ended March 31, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues:

Revenues	March 31, 2012 Totals	Percentage of Total	March 31, 2011 Totals	Percentage of Total
Taxes and Assessments	\$ 2,856,057	52%	\$ 2,552,391	47%
Rentals	596,164	11%	735,572	13%
Licenses and Permits	374,876	7%	317,376	6%
Fines and Forfeitures	110,253	2%	98,424	2%
Parking Meter Collection	260,191	5%	254,052	5%
Interest Income	5,145	0%	7,280	0%
Intergovernmental Grants	457,737	8%	739,812	14%
Other Revenue	855,583	15%	724,998	13%
	\$ 5,516,006	100%	\$ 5,429,905	100%

General Fund Revenues 2012

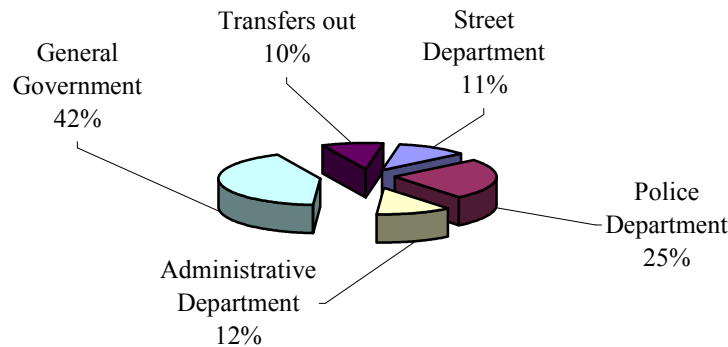


The following schedule represents a summary of General Fund expenditures and transfers out for the fiscal year ended March 31, 2012, and the percentage of total expenditures in relation to prior year amounts:

THE CITY OF LEWES, DELAWARE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2012

Expenditures	March 31, 2012 Totals	Percentage of Total	March 31, 2011 Totals	Percentage Percentage
Street Department	\$ 589,197	11%	\$ 649,446	13%
Police Department	1,280,947	25%	1,239,142	25%
Administrative Department	632,101	12%	600,454	12%
General Government	2,193,982	42%	2,078,891	43%
Transfers out	505,670	10%	360,840	7%
	\$ 5,201,897	100%	\$ 4,928,773	100%

General Fund Expenditures 2012



Expenditures were above budgetary expectations by \$ 463,192. The majority of this unfavorable variance came from general government expenditures due to numerous construction projects, professional fees, debt service costs and utilities charged by the BPW. Salaries, vehicle and equipment costs in the police department contributed to the unfavorable variance. A favorable street department variance of \$ 69,758 helped to offset the overall unfavorable expenditure variance.

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

CAPITAL ASSETS

The City of Lewes' investment in capital assets for its governmental activities as of March 31, 2012, amounts to \$ 21,227,895 (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, 2012

Capital Assets at Year-End
Net of Accumulated Depreciation

	Governmental Activities <u>March 31, 2012</u>	Governmental Activities <u>March 31, 2011</u>
Buildings	\$ 8,129,026	\$ 8,001,541
Machinery and equipment	2,596,727	2,302,256
Land and improvements	17,167,237	17,145,463
Construction in process	232,544	25,084
Less: Accumulated Depreciation	<u>(6,897,639)</u>	<u>(5,996,923)</u>
Total	\$ <u>21,227,895</u>	\$ <u>21,477,421</u>

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Lewes had a total bonded debt of \$ 15,505,000. All of this is backed by the full faith and credit of the government. The City of Lewes is also obligated to the State Revolving Fund for \$ 11,590,642.

Outstanding Debt at Year End
Bonds and Notes Payable

	Governmental Activities <u>March 31, 2012</u>	Governmental Activities <u>March 31, 2011</u>
2005 General Obligation Bonds	\$ 15,505,000	\$ 16,140,000
State Revolving Fund Notes	<u>11,590,642</u>	<u>12,220,475</u>
Total	\$ <u>27,095,642</u>	\$ <u>28,360,475</u>

Additional information on the City of Lewes' long term debt can be found in note #17 on pages 30-31 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, 2012

(With Comparative Totals for March 31, 2011)

	<u>Primary Government</u> Governmental Activities March 31, 2012	<u>Primary Government</u> Governmental Activities March 31, 2011
ASSETS		
Cash and cash equivalents	\$ 5,037,594	\$ 4,487,378
Taxes receivable	12,539	14,987
Rentals receivable	-	555
Due from other entities	20,362,470	21,122,240
Accounts receivable	202,595	69,494
Prepaid expenses	23,223	15,840
Inventory-trash carts	35,864	32,093
Capital assets:		
Buildings	8,129,026	8,001,541
Machinery and equipment	2,596,727	2,302,256
Land and improvements	17,167,237	17,145,463
Construction in process	232,544	25,084
Accumulated depreciation	<u>(6,897,639)</u>	<u>(5,996,923)</u>
<u>Total Assets</u>	<u>46,902,180</u>	<u>47,220,008</u>
LIABILITIES		
Accounts payable	86,464	92,450
Accrued liabilities	71,217	68,583
Long-term liabilities		
Due within one year	1,300,799	1,264,957
Due in more than one year	26,392,945	27,627,972
Deferred revenue	<u>234,801</u>	<u>234,264</u>
<u>Total Liabilities</u>	<u>28,086,226</u>	<u>29,288,226</u>
NET ASSETS		
<u>Non-spendable</u>		
Net assets invested in capital assets, net of related debt	12,046,030	14,080,969
Prepaid insurance and contract	23,223	15,840
Inventories	<u>35,864</u>	<u>32,093</u>
<u>Total non-spendable</u>	12,105,117	14,128,902
Restricted by other governments	2,383,886	1,803,467
Committed by council	2,250,063	-
Assigned	1,544,217	1,349,277
Unassigned	<u>532,671</u>	<u>650,136</u>
<u>Total Net Assets</u>	<u>18,815,954</u>	<u>17,931,782</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 46,902,180</u>	<u>\$ 47,220,008</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, 2012

(With Comparative Totals for March 31, 2011)

<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	\$ 996,931	\$ -	\$ 96,029	\$ -
Police Department	1,348,123	359,102	95,537	-
Administrative Department	638,112	11,342	-	-
General Government	<u>2,341,087</u>	<u>-</u>	<u>340,752</u>	<u>30,745</u>
<u>Total Governmental Activities</u>	<u>5,324,253</u>	<u>370,444</u>	<u>532,318</u>	<u>30,745</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	
2012	2011
\$ (900,902)	\$ (1,056,326)
(893,484)	(922,828)
(626,770)	(566,606)
<u>(1,969,590)</u>	<u>(1,733,676)</u>
<u>(4,390,746)</u>	<u>(4,279,436)</u>
3,166,321	2,854,298
596,164	735,572
374,876	317,376
14,062	19,175
<u>1,124,165</u>	<u>868,468</u>
<u>5,275,588</u>	<u>4,794,889</u>
884,842	515,453
(670)	-
<u>17,931,782</u>	<u>17,416,329</u>
<u>\$ 18,815,954</u>	<u>\$ 17,931,782</u>

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

Page intentionally left blank.

THE CITY OF LEWES, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2012

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,867,017	\$ 2,936,291	\$ 234,286	\$ 5,037,594
Taxes receivable	12,539	-	-	12,539
Grant receivable	64,825	-	-	64,825
Accounts receivable	118,688	19,082	-	137,770
Prepaid expenses	21,700	-	-	21,700
Inventory-Trash carts	35,864	-	-	35,864
Due from the Bank of New York	2,250,063	-	-	2,250,063
<u>Total Assets</u>	4,370,696	2,955,373	234,286	7,560,355
 LIABILITIES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts payable	86,464	-	-	86,464
Accrued liabilities	71,217	-	-	71,217
Deferred revenue	212,544	-	22,257	234,801
<u>Total Liabilities</u>	370,225	-	22,257	392,482
 <u>Fund Balances:</u>				
Non-spendable	57,564	-	-	57,564
Restricted by other governments	651,021	1,528,268	204,597	2,383,886
Committed by council	2,250,063	-	-	2,250,063
Assigned	366,663	1,427,105	7,432	1,801,200
Unassigned	675,160	-	-	675,160
<u>Total Fund Balances</u>	4,000,471	2,955,373	212,029	7,167,873
<u>Total Liabilities and Fund Balances</u>	\$ 4,370,696	\$ 2,955,373	\$ 234,286	\$ 7,560,355

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

Page intentionally left blank.

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, 2012

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

Total Fund Balances for Government Funds \$ 7,167,873

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	28,125,534	
Accumulated Depreciation	(6,897,639)	21,227,895

Current assets not recorded in governmental funds, but are fully recorded in governmental activities

Prepaid computer contract	1,523	1,523
---------------------------	-------	-------

Receivable due from the Board of Public Works for their portion of the general obligation bond issuance series 2005

6,521,765

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.

Bond interest due	(80,712)	
Premium on bonds payable	(117,919)	
Bonds payable	(15,505,000)	
Compensated absences	(399,471)	(16,103,102)

Total Net Assets of Governmental Activities \$ 18,815,954

Page intentionally left blank

THE CITY OF LEWES, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes and Assessments	\$ 2,856,057	\$ 310,264	\$ -	\$ 3,166,321
Rentals	596,164	-	-	596,164
Licenses and Permits	374,876	-	-	374,876
Fines and Forfeitures	110,253	-	-	110,253
Parking Meter Collection	260,191	-	-	260,191
Interest Income	5,145	9,112	94	14,351
Intergovernmental Grants	457,737	-	105,325	563,062
Other Revenue	855,583	268,582	-	1,124,165
<u>Total Revenues</u>	<u>5,516,006</u>	<u>587,958</u>	<u>105,419</u>	<u>6,209,383</u>
Expenditures:				
Street Department	589,197	261,341	37,701	888,239
Police Department	1,280,947	-	11,054	1,292,001
Administrative Department	632,101	-	-	632,101
General Government	2,193,982	2,754	-	2,196,736
<u>Total Expenditures</u>	<u>4,696,227</u>	<u>264,095</u>	<u>48,755</u>	<u>5,009,077</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>819,779</u>	<u>323,863</u>	<u>56,664</u>	<u>1,200,306</u>
Other Financing Sources (Uses):				
Transfers to	(505,670)	-	-	(505,670)
Transfers from	-	-	-	-
Bond proceeds	2,250,000	-	-	2,250,000
<u>Total Other Financing Sources (Uses)</u>	<u>1,744,330</u>	<u>-</u>	<u>-</u>	<u>1,744,330</u>
<u>Net Change in Fund Balances</u>	<u>2,564,109</u>	<u>323,863</u>	<u>56,664</u>	<u>2,944,636</u>
<u>Fund balance - April 1, 2011</u>	<u>1,436,362</u>	<u>2,631,510</u>	<u>155,365</u>	<u>4,223,237</u>
<u>Fund balance - March 31, 2012</u>	<u>\$ 4,000,471</u>	<u>\$ 2,955,373</u>	<u>\$ 212,029</u>	<u>\$ 7,167,873</u>

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

Page intentionally left blank.

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, 2012

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

Net Change in Fund Balances - Total Governmental Funds	\$	2,944,636
<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.</p> <p>The net change is as follows:</p>		
Compensated absences	(25,235)	
Premium on bonds payable	(43,893)	
Accrued bond interest	3,480	
Accrued interest income	<u>(289)</u>	(65,937)
Transfer of principal to General Long-Term Debt Account Group to fulfill bond redemption requirement.		(1,744,330)
<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 \$ (900,717) exceeded capital outlay \$ 651,190 in the current period.</p>		
		<u>(249,527)</u>
Change in net assets of governmental activities	\$	<u><u>884,842</u></u>

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

Page intentionally left blank.

THE CITY OF LEWES, DELAWARE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2012

	<u>Expendable Trust Fund</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,133	\$ 22	\$ 3,155
Investments	<u>19,044</u>	<u>1,840</u>	<u>20,884</u>
<u>Total Assets</u>	<u>22,177</u>	<u>1,862</u>	<u>24,039</u>
LIABILITIES AND FUND BALANCES			
<u>Liabilities:</u>			
Accrued liabilities	<u>-</u>	<u>1,840</u>	<u>1,840</u>
<u>Fund Balances:</u>			
Unreserved	<u>22,177</u>	<u>22</u>	<u>22,199</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 22,177</u>	<u>\$ 1,862</u>	<u>24,039</u>

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

Page intentionally left blank.

THE CITY OF LEWES, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2012

	<u>Expendable Trust Funds</u>
<u>Additions:</u>	
Interest Income	\$ 2
Other Revenue	<u>590</u>
<u>Total Additions</u>	<u>592</u>
 <u>Deductions:</u>	
General Government	<u>-</u>
<u>Change in net assets</u>	592
Unrealized gain / (loss) on investments	(745)
Transfer (to) from other funds	670
 <u>Net assets held in trust:</u>	
<u>At April 1st</u>	<u>21,660</u>
<u>At March 31st</u>	<u>\$ 22,177</u>

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

Page intentionally left blank

NOTES TO FINANCIAL STATEMENTS

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(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:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization’s board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- 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, 2012

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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

Fund Financial Statements:

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

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

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

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

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

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fiduciary and Agency Fund Type

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

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

D. Measurement Focus / Basis of Accounting

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. 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, 2012

(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 2004, the City implemented GASB Statement No. 33, GASB Statement No. 34, GASB Statement No. 37 and GASB Statement No. 38.

Under GASB Statement 33, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date.

GASB 34 creates another set of the basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting.

GASB 37 requires a government to present the Management's Discussion and Analysis.

GASB 38 requires a government to present Notes to the Financial Statements.

The City has implemented GASB Statement No. 54 in the current year. 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 – Amounts that cannot be spent due to liquidity, such as prepaid amounts and fixed assets.

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

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

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

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

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(1) Summary of Significant Accounting Policies (Continued)

F. Budgetary Control

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

(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 BPW’s 2005 General Obligation Bonds, and other State Revolving Fund note payables, however the BPW has contractually agreed to pay back their portion 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.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(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.

(5) Designated Fund Balances

The balance sheets of the Municipal Street Aid Fund, the Criminal Justice Council Block Grants, 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, 2012, 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, 2012 the City had the following amounts of cash on deposit in four banks:

PNC Bank	15,712
Community Bank	670,229
M&T Bank	1,596,001
Citizens Bank	2,758,656
<u>Total</u>	<u>\$ 5,040,598</u>

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(7) Deposits And Investments (Continued)

This amount includes \$ 3,155 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. Non-interest bearing checking accounts are covered under the FDIC, even in excess of the \$ 250,000 limit.

The remaining funds may be collateralized by a third party with funds held in the City's name. As of March 31, 2012, \$ 5,040,598 was either insured or collateralized. The following schedule summarizes the City's deposits as insured, collateralized or uncollateralized. Citizen's bank deposits are also collateralized up to \$ 2,665,785, in the event that these deposits exceed the FDIC limits.

	<u>PNC Bank</u>	<u>Community Bank</u>	<u>M&T Bank</u>	<u>Citizens Bank</u>	<u>Total</u>
Non-interest					
Earning deposits	12,527	-	247,522	2,758,656	3,018,705
Interest					
Earning deposits	3,185	670,229	1,348,479	-	2,021,893
Total Deposits	<u>\$ 15,712</u>	<u>\$ 670,229</u>	<u>\$ 1,596,001</u>	<u>\$ 2,758,656</u>	<u>\$ 5,040,598</u>
Less: Unlimited FDIC	(12,527)	-	(247,522)	(2,758,656)	(3,018,705)
Less: Up to \$250,000 FDIC	(3,185)	(250,000)	(250,000)	-	(503,185)
Less: Collateralized Amounts	-	(420,229)	(1,098,479)	-	(1,518,708)
Total Deposits uninsured or uncollateralized	<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 1st through March 31st. Taxes are billed on April 1st. Taxes paid after June 30th are assessed a penalty of one and a half percent (1.5%) per month. Delinquent accounts are referred to the City's attorney for collection action in January of each year. At March 31, 2012, the balance of unpaid taxes was approximately \$ 12,539, and an allowance for doubtful accounts has not been calculated, based on prior years' collections.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(9) Property, Plant and Equipment

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

	Balance		Balance	
	April 1st	Additions	Deletions	March 31st
Buildings	\$ 8,001,541	\$ 127,485	\$ -	\$ 8,129,026
Machinery and equipment	2,302,256	294,471	-	2,596,727
Land and improvements	17,145,463	21,774	-	17,167,237
Construction in process	25,084	211,514	4,054	232,544
	<u>27,474,344</u>	<u>655,244</u>	<u>4,054</u>	<u>28,125,534</u>
Less: Accumulated depreciation	<u>5,996,923</u>	<u>900,716</u>	<u>-</u>	<u>6,897,639</u>
Capital Assets (Net of Accumulated Depreciation)	<u>\$ 21,477,421</u>	<u>\$ (245,472)</u>	<u>\$ 4,054</u>	<u>\$ 21,227,895</u>

(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 has been established with the Hartford Life Insurance Company to administer the 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. Employee contributions and contributions from the State of Delaware are fully vested.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(11) Defined Contribution Pension Plan (Continued)

At March 31, 2012 Hartford Life Insurance Company, the Trustee, reported a balance of \$ 1,813,179. The following is a summary of pension contributions for the current year:

Balance at March 31, 2011	\$ 1,612,952
City contributions	75,701
Employee contributions	86,916
Withdrawals	(59,364)
Change in investment	<u>96,974</u>
Ending balance at March 31, 2012	<u>\$ 1,813,179</u>

(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, 2012, a balance of \$ 1,840 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, 2012.

During the 2007 fiscal year another deferred compensation plan was set up through ICMARC. This plan was closed as of December 31, 2011 by the sole participant of this plan. This plan is no longer presented in the fiduciary fund statements on pages 54 and 55 of this report.

(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 14.53% of each officer's base pay. Each police officer is required to contribute 7% of their base pay. The City received a police pension grant from the state of Delaware in the amount of \$ 51,241, to offset the cost of the City's contribution for the Police officers.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(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, 2012:

	Street Dept.	Police Dept.	Admin. Dept.	Total	Current Portion	Long-term Portion
Sick Leave	\$ 73,009	\$ 131,163	\$ 42,017	\$ 246,189	\$ 4,086	\$ 242,103
Vacation Leave	17,832	36,301	16,186	70,319	1,166	69,153
Holiday Time	-	60,843	-	60,843	1,015	59,828
Payroll Taxes	6,949	17,465	4,452	28,866	479	28,387
<u>Total</u>	<u>\$ 97,790</u>	<u>\$ 245,772</u>	<u>\$ 62,655</u>	<u>\$ 406,217</u>	<u>\$ 6,746</u>	<u>\$ 399,471</u>

(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, 2012, the fair market value of these shares was approximately \$ 19,044.

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 ending March 31, 2002, a garbage truck was purchased with funds from the Capital Projects. The arrangement is for the General Fund to reimburse the Capital Projects Fund the purchase price of \$ 91,773 in ten (10) annual installments of \$ 10,487.31 at 3.00% interest beginning January 1, 2002. The final installment was paid on January 1, 2011. The City made this payment in January of 2012, and will continue to make this payment, in hopes of creating a reserve for future trash truck purchases.

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(16) Contingencies (Continued)

The City again in fiscal year ending March 31, 2005 purchased a garbage truck with funds from the Capital Projects Fund. The General Fund will reimburse the Capital Projects Fund the purchase price of \$ 106,300 in ten (10) annual installments of \$ 12,115.55 at 3% interest beginning January 1, 2005. The final installment will be due January 1, 2014.

During the fiscal year ending March 31, 2008, a garbage truck was purchased with funds from the Capital Projects Fund. The General Fund will reimburse the Capital Projects Fund the purchase price of \$ 102,451 in ten (10) annual installments of \$ 12,010.38 at 3% interest beginning January 1, 2008. The final Installment will be due January 1, 2017.

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

<u>Fiscal Year End</u>	<u>Amount</u>
March 31, 2013	\$ 24,126
March 31, 2014	24,127
March 31, 2015	12,010
March 31, 2016	12,010
March 31, 2017	12,010
Thereafter	-
<u>Total</u>	<u>\$ 84,283</u>

(17) Long-Term Debt

During the fiscal year ending March 31, 2005, the City Council approved the issuance of \$ 19.5 million of general obligation bonds. The official issuance of the proceeds took place on January 15, 2005. The bond proceeds will fund upgrades and improvements to the City's wastewater treatment plant, lines and systems, water treatment plant and system, electrical plant and system, street rehabilitation, public buildings, and parks. This indebtedness will be shared with the Board of Public Works (BPW),

\$ 14,605,000 and the City \$ 4,895,000. The repayment of this debt will come from the Board and property tax revenue. These bonds are required to be repaid within 25 years from date of issuance. During the fiscal year ending 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. At March 31, 2012, all approved funds were not drawn down. A total indebtedness of \$ 14,616,000 was approved, and \$ 14,616,000 has been disbursed through March 31, 2012.

	<u>Beginning</u>		<u>New</u>		<u>Amounts</u>		<u>Ending</u>
	Balance		Debt		Retired		Balance
	April 1st						March 31st
Delaware Revolving Fund Notes	\$ 12,220,475	\$	-	\$	629,833	\$	11,590,642
General Obligation Bonds series 2005	16,140,000		-		635,000		15,505,000
<u>Total</u>	<u>\$ 28,360,475</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>1,264,833</u>	<u>\$</u>	<u>27,095,642</u>

THE CITY OF LEWES, DELAWARE
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

(17) Long-Term Debt (Continued)

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

Year Ended March 31, 2013	\$ 655,000
Year Ended March 31, 2014	690,000
Year Ended March 31, 2015	725,000
Year Ended March 31, 2016	760,000
Year Ended March 31, 2017	795,000
Thereafter	<u>11,880,000</u>
<u>Total</u>	<u>\$ 15,505,000</u>

(18) Conduit Debt

The City has incurred indebtedness to the State of Delaware through the Drinking Water State Revolving Fund in the amount of \$ 11,590,642. This debt is the responsibility of the City, however all debt proceeds have been expended for BPW's projects. This debt is not reflected in the financial statements for government funds as it was considered a conduit debt obligation.

(19) Post Employment Retirement Benefits

The City entered into a contractual agreement with a former employee on January 1, 2007. This agreement requires the City to make monthly payments up to and until the former employee reaches the age of 66, which will occur in about 1 year and 8 months. The total amount to be paid is \$ 400,000. \$ 57,831 is paid each year. The remaining balance to be paid in the future is \$ 96,385. The payments will end upon the attainment of age 66 or upon the passing away of the former employee.

(20) Subsequent Events

The City has evaluated subsequent events up to August 16, 2012.

The City has received about \$196,397 from the BPW, for various receivables due to the City.

The City has also received about \$266,856 for various projects connected with an energy grant.

Since March 31, 2012, the City has had approximately \$1,500,000 in expenses related to the Bay Avenue street project. The project is expected to be completed by September 2012, for a total cost of about \$1,750,000. Monies from the Bank of New York will be drawn to pay for the Bay Avenue project.

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, 2012

	<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)	\$ 2,269,265	\$ 2,285,864	\$ 16,599
Property transfer tax	450,000	570,193	120,193
<u>Total Taxes And Assessments</u>	<u>2,719,265</u>	<u>2,856,057</u>	<u>136,792</u>
<u>Rentals:</u>			
BPW rent	126,250	130,025	3,775
Gross receipt rental tax	300,000	360,102	60,102
Rent levy	23,000	23,072	72
Library conference room	2,000	2,265	265
Rental property	4,020	4,060	40
City dock	60,000	71,140	11,140
Great Marsh	5,000	5,500	500
<u>Total Rentals</u>	<u>520,270</u>	<u>596,164</u>	<u>75,894</u>
<u>Licenses And Permits:</u>			
Mercantile licenses	140,000	185,765	45,765
Board of adjustment fees	5,000	-	(5,000)
Building permits	120,000	184,028	64,028
Subdivision & annexation fees	1,000	5,083	4,083
<u>Total Licenses And Permits</u>	<u>266,000</u>	<u>374,876</u>	<u>108,876</u>
<u>Fines and Forfeits</u>			
Police fines	30,000	26,525	(3,475)
Parking violations	64,000	72,386	8,386
Penalties on delinquent taxes	5,500	11,342	5,842
<u>Total Fines And Forfeits</u>	<u>99,500</u>	<u>110,253</u>	<u>10,753</u>
<u>Parking Meter Collection</u>	<u>252,000</u>	<u>260,191</u>	<u>8,191</u>
<u>Interest Income</u>	<u>4,000</u>	<u>5,145</u>	<u>1,145</u>
<u>Intergovernmental Grants</u>	<u>\$ 75,000</u>	<u>\$ 457,737</u>	<u>\$ 382,737</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, 2012

	<u>Budgeted Amounts</u>		Variance with Final Budget Favorable (Unfavorable)
	Original And Final	Actual Amounts	
<u>Revenues: (Continued)</u>			
<u>Other Revenue:</u>			
BPW franchise fee	\$ 732,000	\$ 700,236	\$ (31,764)
Cable and gas franchise fees	54,000	81,510	27,510
Police reports	500	333	(167)
Sale of assets	-	4,100	4,100
Differential disposal fee	1,500	-	(1,500)
Curbside recycling	-	385	385
Sale of trash carts	2,500	2,078	(422)
Miscellaneous	11,500	66,941	55,441
<u>Total Other Revenue</u>	<u>802,000</u>	<u>855,583</u>	<u>53,583</u>
<u>Total Revenue</u>	<u>4,738,035</u>	<u>5,516,006</u>	<u>777,971</u>
<u>Expenditures:</u>			
<u>Street Department:</u>			
Salaries	394,635	382,072	12,563
Street maintenance and repair	10,000	400	9,600
Truck expense	56,150	32,584	23,566
Health and life insurance	82,150	93,796	(11,646)
Uniform rental	6,200	2,360	3,840
Repairs and maintenance	9,750	7,979	1,771
Payroll taxes	30,200	28,720	1,480
Training, seminars, travel	1,100	60	1,040
Shop maintenance supplies	20,000	5,768	14,232
Equipment	7,500	6,979	521
Other expenses	4,270	5,223	(953)
Pension expense	34,500	23,256	11,244
Unemployment payments	2,500	-	2,500
<u>Total Street Department</u>	<u>\$ 658,955</u>	<u>\$ 589,197</u>	<u>\$ 69,758</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, 2012

	<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	\$ 678,835	\$ 779,281	\$ (100,446)
Salaries - clerical employee	26,000	26,599	(599)
Uniforms and equipment	6,750	23,247	(16,497)
Automobile expense	8,000	15,817	(7,817)
Health and life insurance	108,500	109,194	(694)
Telephone	750	4,884	(4,134)
Supplies	5,000	5,116	(116)
Payroll taxes	54,000	61,649	(7,649)
Training, seminars, travel	11,000	3,962	7,038
Pension expense	80,325	84,723	(4,398)
Pension - retired officer	-	2,400	(2,400)
Repairs and maintenance	3,500	7,540	(4,040)
Vehicle purchases	-	23,059	(23,059)
Computer expense	11,500	9,112	2,388
Other expenses	9,230	3,512	5,718
<u>Total Police</u>	<u>1,003,390</u>	<u>1,160,095</u>	<u>(156,705)</u>
<u>Meters:</u>			
Salaries	41,100	37,174	3,926
Payroll taxes	3,150	2,844	306
Unemployment	10,000	12,075	(2,075)
Supplies, uniforms and equipment	5,250	11,926	(6,676)
Other expenses	-	141	(141)
<u>Total Meters</u>	<u>59,500</u>	<u>64,160</u>	<u>(4,660)</u>
<u>Beach Patrol:</u>			
Salaries	50,250	45,512	4,738
Payroll taxes	3,850	3,482	368
Unemployment	7,500	5,823	1,677
Supplies, uniforms and equipment	2,600	1,734	866
Other expenses	100	141	(41)
<u>Total Beach Patrol</u>	<u>64,300</u>	<u>56,692</u>	<u>7,608</u>
<u>Total Police Department</u>	<u>\$ 1,127,190</u>	<u>\$ 1,280,947</u>	<u>\$ (153,757)</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, 2012

	<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	\$ 141,145	\$ 147,504	\$ (6,359)
Payroll taxes	10,800	11,264	(464)
Health and life insurance	7,000	6,161	839
Pension expense	72,000	67,748	4,252
Supplies	5,000	13,805	(8,805)
Telephone	2,400	6,233	(3,833)
Other expenses	1,005	1,017	(12)
<u>Total City Manager</u>	<u>239,350</u>	<u>253,732</u>	<u>(14,382)</u>
<u>Finance</u>			
Salaries	148,855	153,209	(4,354)
Payroll taxes	11,400	11,469	(69)
Health and life insurance	29,500	27,749	1,751
Pension expense	14,780	10,559	4,221
Professional fees	18,500	17,659	841
Other expenses	1,140	539	601
<u>Total Finance</u>	<u>224,175</u>	<u>221,184</u>	<u>2,991</u>
<u>Grant Administration</u>			
Salaries	26,520	30,224	(3,704)
Payroll taxes	2,030	2,319	(289)
Health and life insurance	-	4,875	(4,875)
Pension expense	-	1,464	(1,464)
Other expenses	1,050	433	617
<u>Total Grant Administration</u>	<u>29,600</u>	<u>39,315</u>	<u>(9,715)</u>
<u>Building Official</u>			
Salaries	94,570	94,162	408
Payroll taxes	7,250	7,189	61
Health and life insurance	6,750	5,868	882
Pension expense	6,300	4,574	1,726
Repairs and maintenance	1,250	4,905	(3,655)
Other expenses	1,670	1,172	498
<u>Total Building Official</u>	<u>117,790</u>	<u>117,870</u>	<u>(80)</u>
<u>Total Administrative Department</u>	<u>\$ 610,915</u>	<u>\$ 632,101</u>	<u>\$ (21,186)</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, 2012

	<u>Budgeted Amounts</u>		Variance with
	Original And	Actual	Final Budget
	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>Expenditures: (Continued)</u>			
<u>General Government:</u>			
<u>Parks and Recreation</u>			
R & M - Grounds	\$ 91,450	\$ 80,726	\$ 10,724
R & M - Equipment	2,850	2,890	(40)
Event expenses	6,600	15,222	(8,622)
Supplies	9,400	9,380	20
Other expenses	11,800	28,636	(16,836)
<u>Total Parks and Recreation</u>	<u>122,100</u>	<u>136,854</u>	<u>(14,754)</u>
<u>Mayor and Council</u>			
Salaries	16,000	16,000	-
Payroll taxes	1,225	1,224	1
Conferences and seminars	5,000	3,497	1,503
Dues and subscriptions	3,000	2,749	251
Donation - fire department	30,000	30,000	-
Donations - other	3,150	3,613	(463)
Other expenses	2,750	1,865	885
<u>Total Mayor and Council</u>	<u>61,125</u>	<u>58,948</u>	<u>2,177</u>
<u>Marina and City Dock</u>			
Salaries	30,800	30,555	245
Payroll taxes	2,375	2,337	38
Unemployment	5,300	5,262	38
Repairs and maintenance	2,250	12,172	(9,922)
Supplies and equipment	5,000	1,494	3,506
Utilities	2,250	2,332	(82)
Other expenses	4,150	1,447	2,703
<u>Total Marina and City Dock</u>	<u>52,125</u>	<u>55,599</u>	<u>(3,474)</u>
<u>Other General Government</u>			
Lewes planning commission	2,800	649	2,151
Pedestrian safety	6,000	6,059	(59)
Historic preservation	2,400	-	2,400
Mitigation	2,000	1,665	335
Assessment	26,050	24,053	1,997
Election	1,250	735	515
Professional fees - BOA	-	12,680	(12,680)
Other expenses - BOA	5,000	277	4,723
Gasoline purchases	\$ 62,000	\$ 64,551	\$ (2,551)

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, 2012

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original And Final</u>	<u>Actual Amounts</u>	
<u>Expenditures: (Continued)</u>			
<u>General Government: (Continued)</u>			
<u>Other General Government (Continued)</u>			
Professional fees	\$ 124,500	\$ 130,508	\$ (6,008)
Engineering fees	37,955	11,990	25,965
Insurance	176,600	180,767	(4,167)
Supplies	18,500	7,898	10,602
Transfer tax and bank fees	13,750	18,644	(4,894)
Public building maintenance	40,000	49,472	(9,472)
Equipment maintenance	6,000	-	6,000
Codification update	3,500	11,219	(7,719)
Debt Service - Interest	408,570	440,975	(32,405)
Other expenses and contingencies	14,000	9,179	4,821
Utilities	285,000	225,052	59,948
Construction projects	-	472,084	(472,084)
Capital expenditure/Equipment	-	7,873	(7,873)
Trash/Recycling/Yard Waste	364,500	266,251	98,249
Bond administration fees	250	-	250
<u>Total Other General Government</u>	<u>1,600,625</u>	<u>1,942,581</u>	<u>(341,956)</u>
<u>Total General Government</u>	<u>1,835,975</u>	<u>2,193,982</u>	<u>(358,007)</u>
<u>Total Expenditures</u>	<u>4,233,035</u>	<u>4,696,227</u>	<u>(463,192)</u>
<u>Excess Of Revenues Over</u>			
<u>(Under) Expenditures</u>	505,000	819,779	314,779
<u>Other Financing Sources (Uses):</u>			
Transfer (to) from Long-Term Debt	(505,000)	(505,000)	-
Transfer (to) from other funds	-	(670)	(670)
Proceeds from bond issuance	-	2,250,000	2,250,000
<u>Total Other Financing Sources (Uses)</u>	<u>(505,000)</u>	<u>1,744,330</u>	<u>2,249,330</u>
<u>Excess Of Revenues And Other Financing</u>			
<u>Sources (Uses) Over (Under)</u>			
<u>Expenditures</u>	<u>\$ -</u>	<u>\$ 2,564,109</u>	<u>\$ 2,564,109</u>
<u>Fund Balance - April 1st</u>		<u>1,436,362</u>	
<u>Fund Balance - March 31st</u>		<u>\$ 4,000,471</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, 2012

(With Comparative Amounts As Of March 31, 2011, 2010, 2009)

ASSETS

	2012	2011	2010	2009
<u>Cash And Cash Equivalents:</u>				
Cash on hand	\$ 150	\$ 150	\$ 150	\$ 150
Cash in bank - checking	1,245,218	1,072,189	584,357	488,235
Cash in bank - money market	618,464	205,571	201,868	5,449
Cash in bank - savings	3,185	3,182	5,072	5,061
Cash in bank - certificates of deposit	-	407,432	403,274	823,451
<u>Total Cash And Cash Equivalents</u>	1,867,017	1,688,524	1,194,721	1,322,346
<u>Taxes Receivable:</u>				
Real estate taxes receivable, current year	12,539	14,987	7,867	4,254
Property transfer tax receivable	-	-	-	16,731
<u>Total Taxes Receivable</u>	12,539	14,987	7,867	20,985
<u>Rentals Receivable:</u>	-	555	555	10
<u>Due From Other Funds:</u>				
Due from Bank of New York	2,250,063	-	-	967,696
<u>Total Due From Other Funds</u>	2,250,063	-	-	967,696
<u>Accounts Receivable:</u>				
Due from magistrate courts	1,874	2,245	2,033	2,597
Recycling receivable	-	-	-	260
BPW receivables	116,814	40,224	-	-
CD interest receivable	-	838	673	4,487
<u>Total Accounts Receivable</u>	118,688	43,307	2,706	7,344
<u>Prepaid Expenses:</u>				
Prepaid insurance	21,700	14,316	15,495	17,456
<u>Grant Receivable:</u>				
Due from State of Delaware	64,825	-	-	-
<u>Inventory:</u>				
Trash carts	35,864	32,093	24,492	32,422
<u>TOTAL ASSETS</u>	\$ 4,370,696	\$ 1,793,782	\$ 1,245,836	\$ 2,368,259

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, 2012

(With Comparative Amounts As Of March 31, 2011, 2010, 2009)

LIABILITIES AND FUND EQUITY

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities:</u>				
<u>Accounts Payable</u>	\$ 86,464	\$ 76,429	\$ 44,386	\$ 56,403
<u>Accrued Liabilities:</u>				
Accrued salaries	58,624	51,763	40,881	36,010
Accrued pension payable	3,001	-	-	8,502
Accrued compensatory absences - current portion	6,746	6,045	11,062	1,360
Accrued payroll taxes and withholdings	2,846	10,775	3,128	2,755
<u>Total Accrued Liabilities</u>	<u>71,217</u>	<u>68,583</u>	<u>55,071</u>	<u>48,627</u>
<u>Deferred Revenue</u>	<u>212,544</u>	<u>212,408</u>	<u>211,149</u>	<u>209,886</u>
<u>TOTAL LIABILITIES</u>	<u>370,225</u>	<u>357,420</u>	<u>310,606</u>	<u>314,916</u>
<u>Fund Equity:</u>				
Non-spendable	57,564	46,409	39,987	49,878
Restricted by other governments	651,021	397,379	125,580	28,209
Committed by council	2,250,063	-	-	967,696
Assigned	366,663	143,488	104,008	106,834
Unassigned	675,160	849,086	665,655	900,726
<u>TOTAL FUND EQUITY</u>	<u>4,000,471</u>	<u>1,436,362</u>	<u>935,230</u>	<u>2,053,343</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 4,370,696</u>	<u>\$ 1,793,782</u>	<u>\$ 1,245,836</u>	<u>\$ 2,368,259</u>

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

Page intentionally left blank.

THE CITY OF LEWES, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Revenues:</u>				
<u>Taxes And Assessments:</u>				
Tax levy (net of discounts)	\$ 2,285,864	\$ 1,949,900	\$ 1,920,326	\$ 1,518,964
Property transfer tax	570,193	602,491	420,317	476,168
<u>Total Taxes And Assessments</u>	<u>2,856,057</u>	<u>2,552,391</u>	<u>2,340,643</u>	<u>1,995,132</u>
<u>Rentals:</u>				
BPW rent	130,025	250,000	-	-
Gross receipt rental tax	360,102	375,998	251,217	251,348
Rent levy	23,072	23,178	24,381	23,785
Library conference room	2,265	1,890	3,255	2,380
Rental property	4,060	3,540	3,390	5,250
City dock	71,140	75,966	60,642	56,677
Great Marsh	5,500	5,000	5,000	5,000
<u>Total Rentals</u>	<u>596,164</u>	<u>735,572</u>	<u>347,885</u>	<u>344,440</u>
<u>Licenses And Permits:</u>				
Mercantile licenses	185,765	192,267	173,605	142,085
Board of adjustment fees	-	5,000	5,625	5,000
Building permits	184,028	111,779	154,117	101,573
Subdivision income	5,083	6,030	4,884	86,960
Annexation fees	-	2,300	6,210	-
<u>Total Licenses And Permits</u>	<u>374,876</u>	<u>317,376</u>	<u>344,441</u>	<u>335,618</u>
<u>Fines and Forfeits</u>				
Police fines	26,525	29,055	40,487	21,058
Parking violations	72,386	60,186	67,815	54,799
Penalties on delinquent taxes	11,342	9,183	3,141	2,899
<u>Total Fines And Forfeits</u>	<u>110,253</u>	<u>98,424</u>	<u>111,443</u>	<u>78,756</u>
<u>Parking Meter Collection</u>	<u>260,191</u>	<u>254,052</u>	<u>251,923</u>	<u>227,176</u>
<u>Interest Income</u>	<u>5,145</u>	<u>7,280</u>	<u>16,313</u>	<u>72,266</u>
<u>Intergovernmental Grants:</u>				
State and County	457,737	739,812	639,978	946,006
<u>Total Intergovernmental Grants</u>	<u>\$ 457,737</u>	<u>\$ 739,812</u>	<u>\$ 639,978</u>	<u>\$ 946,006</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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Revenue: (Continued)</u>				
<u>Other Revenue:</u>				
BPW franchise fee	\$ 700,236	\$ 560,855	\$ -	\$ -
Cable and gas franchise fees	81,510	54,107	52,184	48,793
Police reports	333	830	691	634
Sale of Assets	4,100	6,280	-	-
Differential disposal fee	-	19,261	19,166	21,586
Curbside recycling	385	28,902	27,449	-
Sale of trash carts	2,078	4,464	3,072	2,208
Miscellaneous	66,941	50,299	13,673	25,901
<u>Total Other Revenue</u>	855,583	724,998	116,235	99,122
<u>Total Revenue</u>	5,516,006	5,429,905	4,168,861	4,098,516
 <u>Expenditures:</u>				
<u>Street Department:</u>				
Salaries	382,072	421,586	422,942	394,561
Street maintenance and repair	400	3,045	24,504	15,281
Truck expense	32,584	47,583	39,910	23,858
Health and life insurance	93,796	82,609	84,707	80,285
Repairs and maintenance	7,979	8,849	-	-
Telephone	-	-	-	1,026
Uniform rental	2,360	4,668	6,370	4,847
Computer expense	-	-	-	1,608
Payroll taxes	28,720	32,314	32,446	31,956
Training, seminars, travel	60	-	-	2,064
Shop maintenance & office supplies	5,768	3,784	14,896	18,359
Equipment	6,979	7,723	9,407	46,196
Other expenses	5,223	3,252	4,069	7,585
Unemployment payments	-	2,294	10,708	8,015
Pension expense	23,256	31,739	34,053	33,896
<u>Total Street Department</u>	\$ 589,197	\$ 649,446	\$ 684,012	\$ 669,537

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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Expenditures: (Continued)</u>				
<u>Police Department:</u>				
<u>Police</u>				
Salaries - police officers	\$ 779,281	\$ 743,689	\$ 698,722	\$ 678,833
Salaries - clerical employee	26,599	26,181	26,558	28,795
Unemployment	-	-	1,129	1,317
Uniforms and equipment	23,247	24,079	20,360	32,010
Automobile expense	15,817	13,686	3,533	15,738
Health and life insurance	109,194	104,275	110,909	103,970
Telephone	4,884	4,703	5,211	2,277
Supplies	5,116	4,753	6,541	6,217
Radio supplies and repair	-	-	-	3,536
K-9 expense	-	20	-	276
Payroll taxes	61,649	58,984	55,560	54,156
Training, seminars, travel	3,962	4,902	11,527	10,567
Postage	-	-	-	2,652
Pension expense	84,723	72,114	80,261	113,906
Pension - retired officer	2,400	2,400	2,400	2,400
Repairs and maintenance	7,540	1,738	3,073	2,396
Vehicle purchases	23,059	21,008	20,578	-
Computer expense	9,112	18,646	22,181	24,095
Other expenses	3,512	11,080	11,221	7,777
<u>Total Police</u>	<u>1,160,095</u>	<u>1,112,258</u>	<u>1,079,764</u>	<u>1,090,918</u>
<u>Meters:</u>				
Salaries	37,174	40,693	36,700	41,869
Payroll taxes	2,844	3,113	2,808	3,203
Unemployment	12,075	15,620	15,163	16,426
Supplies, uniforms and equipment	11,926	5,084	4,341	3,862
Other expenses	141	123	73	619
<u>Total Meters</u>	<u>64,160</u>	<u>64,633</u>	<u>59,085</u>	<u>65,979</u>
<u>Beach Patrol:</u>				
Salaries	45,512	50,204	45,123	52,198
Payroll taxes	3,482	3,841	3,452	3,993
Unemployment	5,823	6,465	5,613	476
Supplies, uniforms and equipment	1,734	1,618	1,625	2,592
Other expenses	141	123	146	48
<u>Total Beach Patrol</u>	<u>56,692</u>	<u>62,251</u>	<u>55,959</u>	<u>59,307</u>
<u>Total Police Department</u>	<u>\$ 1,280,947</u>	<u>\$ 1,239,142</u>	<u>\$ 1,194,808</u>	<u>\$ 1,216,204</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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Expenditures: (Continued)</u>				
<u>Administrative Department:</u>				
<u>City Manager</u>				
Salaries	\$ 147,504	\$ 141,351	\$ 140,683	\$ 141,179
Payroll taxes	11,264	10,884	10,831	10,971
Health and life insurance	6,161	7,304	7,917	8,079
Pension expense	67,748	71,611	71,337	69,627
Supplies	13,805	8,514	11,836	10,839
Telephone	6,233	4,991	2,737	2,554
Other expenses	1,017	1,358	980	3,868
<u>Total City Manager</u>	253,732	246,013	246,321	247,117
<u>Finance</u>				
Salaries	153,209	146,203	144,013	105,182
Payroll taxes	11,469	11,193	11,024	8,051
Health and life insurance	27,749	27,031	21,092	16,300
Pension expense	10,559	13,834	11,584	10,464
Professional fees	17,659	17,352	17,686	14,345
Other expenses	539	836	974	3,340
<u>Total Finance</u>	221,184	216,449	206,373	157,682
<u>Grant Administration</u>				
Salaries	30,224	23,588	18,192	46,044
Payroll taxes	2,319	1,804	1,366	3,817
Health and life insurance	4,875	-	-	-
Pension expense	1,464	-	-	-
Other expenses	433	341	1,788	14,141
<u>Total Grant Administration</u>	39,315	25,733	21,346	64,002
<u>Building Official</u>				
Salaries	94,162	90,586	89,381	86,883
Payroll taxes	7,189	6,995	6,903	6,716
Health and life insurance	5,868	6,143	6,175	5,466
Pension expense	4,574	6,323	6,232	6,092
Repairs and maintenance	4,905	1,168	481	857
Other expenses	1,172	1,044	407	2,819
<u>Total Building Official</u>	117,870	112,259	109,579	108,833
<u>Total Administrative Department</u>	\$ 632,101	\$ 600,454	\$ 583,619	\$ 577,634

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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Expenditures: (Continued)</u>				
<u>General Government:</u>				
<u>Parks and Recreation</u>				
R & M - Grounds	\$ 80,726	\$ 78,787	\$ 68,225	\$ 157,700
R & M - Equipment	2,890	2,783	4,144	9,714
Event expenses	15,222	20,684	8,787	17,780
Supplies	9,380	8,493	10,910	15,890
Other expenses	28,636	21,654	6,559	15,716
<u>Total Parks and Recreation</u>	<u>136,854</u>	<u>132,401</u>	<u>98,625</u>	<u>216,800</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	3,497	5,108	6,347	17,756
Dues and subscriptions	2,749	2,704	2,804	2,769
Donation - fire department	30,000	30,000	30,000	30,000
Donations - other	3,613	2,905	5,200	9,800
Other expenses	1,865	2,859	5,393	12,898
<u>Total Mayor and Council</u>	<u>58,948</u>	<u>60,800</u>	<u>66,968</u>	<u>90,447</u>
<u>Marina and City Dock</u>				
Salaries	30,555	30,938	30,369	27,484
Payroll taxes	2,337	2,367	2,323	2,055
Unemployment	5,262	5,610	5,280	3,630
Repairs and maintenance	12,172	595	2,137	2,345
Supplies and equipment	1,494	2,238	2,608	2,524
Utilities	2,332	2,365	2,737	429
Other expenses	1,447	3,038	811	1,326
<u>Total Marina and City Dock</u>	<u>55,599</u>	<u>47,151</u>	<u>46,265</u>	<u>39,793</u>
<u>Other General Government</u>				
Lewes planning commission	649	1,342	798	3,035
Pedestrian safety	6,059	4,201	2,126	2,692
Historic preservation	-	4,792	10,405	3,041
Mitigation	1,665	40	1,115	2,017
Assessment	24,053	25,898	32,276	18,338
Election	735	1,245	1,603	924
Professional fees - BOA	12,680	28,592	11,853	992
Other expenses - BOA	277	2,012	1,886	-
Gasoline purchases	\$ 64,551	\$ 42,583	\$ 37,356	\$ 38,439

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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	2012	2011	2010	2009
<u>Expenditures: (Continued)</u>				
<u>General Government: (Continued)</u>				
<u>Other General Government (Continued)</u>				
Professional fees	\$ 130,508	\$ 160,654	\$ 74,275	\$ 116,958
Engineering fees	11,990	42,529	36,107	33,759
Insurance	180,767	170,319	171,683	170,878
Supplies	7,898	2,551	4,532	3,813
Transfer tax and bank fees	18,644	11,712	8,812	5,868
Public building maintenance	49,472	44,328	25,797	30,100
Equipment maintenance	-	-	-	3,716
Codification update	11,219	3,359	5,595	13,150
City Hall maintenance	-	-	-	13,797
Debt Service - Interest	440,975	314,532	196,451	182,188
Other expenses and contingencies	9,179	4,955	3,363	3,447
Utilities	225,052	220,510	9,840	6,377
Construction projects	472,084	585,417	153,574	178,588
Capital expenditure/Equipment	7,873	8,838	19,565	222,504
Trash/Recycling/Yard Waste	266,251	157,904	129,566	133,078
Bond administration fees	-	226	375	132
<u>Total Other General Government</u>	1,942,581	1,838,539	938,953	1,187,831
<u>Total General Government</u>	2,193,982	2,078,891	1,150,811	1,534,871
<u>Total Expenditures</u>	4,696,227	4,567,933	3,613,250	3,998,246
<u>Excess Of Revenues Over</u>				
<u>(Under) Expenditures</u>	819,779	861,972	555,611	100,270
<u>Other Financing Sources (Uses):</u>				
Transfer (to) from Long-Term Debt	(505,000)	(360,000)	(275,000)	(265,000)
Transfer (to) from other funds	(670)	(840)	(1,398,724)	(2,024,830)
Proceeds from bond issuance	2,250,000	1,580,000	-	2,173,235
<u>Total Other Financing Sources (Uses)</u>	1,744,330	1,219,160	(1,673,724)	(116,595)
<u>Excess Of Revenues And Other Financing</u>				
<u>Sources (Uses) Over (Under)</u>				
<u>Expenditures</u>	2,564,109	2,081,132	(1,118,113)	(16,325)
<u>Prior period adjustment</u>	-	(1,580,000)	-	-
<u>Fund Balance - April 1st</u>	1,436,362	935,230	2,053,343	2,069,668
<u>Fund Balance - March 31st</u>	\$ 4,000,471	\$ 1,436,362	\$ 935,230	\$ 2,053,343

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

Page intentionally left blank.

THE CITY OF LEWES, DELAWARE
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
AS OF MARCH 31, 2012

(With Comparative Amounts As Of March 31, 2011, 2010, 2009)

<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	\$ 204,597	\$ 7,317	\$ 14,940
<u>TOTAL ASSETS</u>	<u>204,597</u>	<u>7,317</u>	<u>14,940</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
<u>Deferred revenue</u>	<u>-</u>	<u>7,317</u>	<u>14,940</u>
<u>Total Liabilities</u>	<u>-</u>	<u>7,317</u>	<u>14,940</u>
<u>Fund Equity:</u>			
Non-spendable	-	-	-
Restricted by other governments	204,597	-	-
Committed by council	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<u>Total Fund Equity</u>	<u>204,597</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 204,597</u>	<u>\$ 7,317</u>	<u>\$ 14,940</u>

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

K - 9 Unit	Totals (Memorandum Only)			
	2012	2011	2010	2009
<u>\$ 7,432</u>	<u>\$ 234,286</u>	<u>\$ 177,221</u>	<u>\$ 134,107</u>	<u>\$ 151,988</u>
<u>7,432</u>	<u>234,286</u>	<u>177,221</u>	<u>134,107</u>	<u>151,988</u>
<u>-</u>	<u>22,257</u>	<u>21,856</u>	<u>4,225</u>	<u>622</u>
<u>-</u>	<u>22,257</u>	<u>21,856</u>	<u>4,225</u>	<u>622</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>204,597</u>	<u>146,181</u>	<u>119,331</u>	<u>138,610</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,432</u>	<u>7,432</u>	<u>9,184</u>	<u>10,551</u>	<u>12,756</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,432</u>	<u>212,029</u>	<u>155,365</u>	<u>129,882</u>	<u>151,366</u>
<u>\$ 7,432</u>	<u>\$ 234,286</u>	<u>\$ 177,221</u>	<u>\$ 134,107</u>	<u>\$ 151,988</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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>Municipal Street Aid</u>	<u>State Aid To Local Law Enforcement</u>	<u>Emergency Illegal Drug Enforcement</u>	<u>K - 9 Unit</u>
<u>Revenues:</u>				
Interest	\$ 88	\$ -	\$ -	\$ 6
Intergovernmental grants	96,029	8,776	520	-
Donations	-	-	-	-
Reimbursements	-	-	-	-
<u>Total Revenues</u>	<u>96,117</u>	<u>8,776</u>	<u>520</u>	<u>6</u>
<u>Expenditures:</u>				
<u>Street Department:</u>				
Equipment	37,701	-	-	-
Street improvements	-	-	-	-
<u>Total Street Department</u>	<u>37,701</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Police Department:</u>				
Salaries	-	-	520	-
Education & Travel	-	-	-	-
Equipment, supplies, uniforms	-	8,776	-	1,758
<u>Total Police Department</u>	<u>-</u>	<u>8,776</u>	<u>520</u>	<u>1,758</u>
<u>Total Expenditures</u>	<u>37,701</u>	<u>8,776</u>	<u>520</u>	<u>1,758</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>58,416</u>	<u>-</u>	<u>-</u>	<u>(1,752)</u>
<u>Fund Balance - April 1st</u>	<u>146,181</u>	<u>-</u>	<u>-</u>	<u>9,184</u>
<u>Fund Balance - March 31st</u>	<u>\$ 204,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,432</u>

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

Totals
(Memorandum Only)

2012	2011	2010	2009
\$ 94	\$ 192	\$ 258	\$ 213
105,325	83,461	6,811	145,894
-	-	-	7,100
-	-	-	16,375
105,419	83,653	7,069	169,582
37,701	56,786	-	-
-	-	19,513	1,606
37,701	56,786	19,513	1,606
520	-	-	2,160
-	-	-	10,617
10,534	1,384	9,040	13,242
11,054	1,384	9,040	26,019
48,755	58,170	28,553	27,625
56,664	25,483	(21,484)	141,957
155,365	129,882	151,366	9,409
\$ 212,029	\$ 155,365	\$ 129,882	\$ 151,366

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, 2012

(With Comparative Amounts As Of March 31, 2011, 2010, 2009)

<u>ASSETS</u>	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only)</u>	
			<u>2012</u>	<u>2011</u>
<u>Cash:</u>				
Cash in bank - checking	\$ 10,303	\$ 1,528,268	\$ 1,538,571	\$ 1,407,487
Cash in bank - money market	1,397,448	-	1,397,448	957,271
Cash in bank - savings	272	-	272	272
Cash in bank - certificate of deposit	-	-	-	256,603
	<u>1,408,023</u>	<u>1,528,268</u>	<u>2,936,291</u>	<u>2,621,633</u>
<u>Total Cash</u>				
<u>Receivables:</u>				
Transfer tax receivable	-	-	-	-
Interest receivable	-	-	-	324
Accounts receivable - Sidewalks	19,082	-	19,082	25,574
	<u>19,082</u>	<u>-</u>	<u>19,082</u>	<u>25,898</u>
<u>Total Receivables</u>				
	<u>1,427,105</u>	<u>1,528,268</u>	<u>2,955,373</u>	<u>2,647,531</u>
<u>TOTAL ASSETS</u>				
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities:</u>				
Accounts payable	-	-	-	16,021
<u>Fund Equity:</u>				
Non-spendable	-	-	-	-
Restricted by other governments	-	1,528,268	1,528,268	1,394,182
Committed by council	-	-	-	-
Assigned	1,427,105	-	1,427,105	1,237,328
Unassigned	-	-	-	-
	<u>1,427,105</u>	<u>1,528,268</u>	<u>2,955,373</u>	<u>2,631,510</u>
<u>Total Fund Equity</u>				
	<u>1,427,105</u>	<u>1,528,268</u>	<u>2,955,373</u>	<u>2,647,531</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>				
	<u>\$ 1,427,105</u>	<u>\$ 1,528,268</u>	<u>\$ 2,955,373</u>	<u>\$ 2,647,531</u>

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

Totals	
(Memorandum Only)	
<u>2010</u>	<u>2009</u>
\$ 1,215,500	\$ 1,344,107
573,174	105,587
126,089	125,995
<u>538,446</u>	<u>771,789</u>
<u>2,453,209</u>	<u>2,347,478</u>
-	8,366
1,440	1,718
<u>28,776</u>	<u>192</u>
<u>30,216</u>	<u>10,276</u>
<u>2,483,425</u>	<u>2,357,754</u>
<u>-</u>	<u>-</u>
-	-
1,210,500	1,190,086
-	-
1,272,925	1,167,668
<u>-</u>	<u>-</u>
<u>2,483,425</u>	<u>2,357,754</u>
<u>\$ 2,483,425</u>	<u>\$ 2,357,754</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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>Capital Projects</u>	<u>1/2% Transfer Tax</u>	<u>Totals (Memorandum Only) 2012</u>
<u>Revenues:</u>			
<u>Taxes And Assessments:</u>			
Property transfer tax	\$ -	\$ 310,264	\$ 310,264
<u>Other Revenue:</u>			
Interest	8,175	937	9,112
Interest earned on BPW bond transfers	233,969		233,969
Sidewalk installation	-	-	-
Greater Lewes Foundation, Inc.	-	-	-
General Fund reimbursement	34,613	-	34,613
<u>Total Other Revenue</u>	<u>276,757</u>	<u>937</u>	<u>277,694</u>
<u>Total Revenues</u>	<u>276,757</u>	<u>311,201</u>	<u>587,958</u>
<u>Expenditures:</u>			
<u>Capital Projects:</u>			
<u>General Government:</u>			
Debt service interest	-	-	-
Bank fees	-	2,754	2,754
<u>Total General Government</u>	<u>-</u>	<u>2,754</u>	<u>2,754</u>
<u>Capital Expenditures:</u>			
Street improvements	16,395	-	16,395
Building improvements	-	-	-
Engineering fees	-	174,361	174,361
Land improvements	-	-	-
Machinery and equipment	70,585	-	70,585
<u>Total Capital Expenditures</u>	<u>86,980</u>	<u>174,361</u>	<u>261,341</u>
<u>Total Expenditures</u>	<u>86,980</u>	<u>177,115</u>	<u>264,095</u>
<u>Excess Of Revenues Over (Under) Expenditures</u>	<u>189,777</u>	<u>134,086</u>	<u>323,863</u>
<u>Other Financing Sources (Uses):</u>			
Transfer from General Fund	-	-	-
<u>Fund Balance - April 1st</u>	<u>1,237,328</u>	<u>1,394,182</u>	<u>2,631,510</u>
<u>Fund Balance - March 31st</u>	<u>\$ 1,427,105</u>	<u>\$ 1,528,268</u>	<u>\$ 2,955,373</u>

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

Totals (Memorandum Only)		
<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ <u>301,907</u>	\$ <u>210,488</u>	\$ <u>238,101</u>
14,311	18,062	33,804
25,428	111,766	-
100,000	1,002,969	-
<u>34,613</u>	<u>34,638</u>	<u>519,514</u>
<u>174,352</u>	<u>1,167,435</u>	<u>553,318</u>
<u>476,259</u>	<u>1,377,923</u>	<u>791,419</u>
-	100,000	80,000
<u>2,598</u>	<u>1,938</u>	<u>2,460</u>
<u>2,598</u>	<u>101,938</u>	<u>82,460</u>
122,804	498,024	520,645
-	404,419	978,785
121,606	333,364	403,333
-	1,273,192	1,365,167
<u>82,006</u>	<u>40,040</u>	<u>-</u>
<u>326,416</u>	<u>2,549,039</u>	<u>3,267,930</u>
<u>329,014</u>	<u>2,650,977</u>	<u>3,350,390</u>
147,245	(1,273,054)	(2,558,971)
840	1,398,725	2,024,830
<u>2,483,425</u>	<u>2,357,754</u>	<u>2,891,895</u>
\$ <u><u>2,631,510</u></u>	\$ <u><u>2,483,425</u></u>	\$ <u><u>2,357,754</u></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, 2012

(With Comparative Amounts As Of March 31, 2011, 2010, 2009)

	<u>Expendable Trust Fund</u>		<u>Agency Fund</u>
	<u>Fisher Martin Trust</u>	<u>Youth Activity Fund</u>	<u>Deferred Compensation Fund</u>
<u>ASSETS</u>			
<u>Cash:</u>			
Cash in bank	\$ 2,797	\$ 336	\$ -
<u>Investments:</u>			
Mutual funds (deferred compensation)	-	-	1,840
Stocks - 360 shares - E.I. DuPont deNemours & Co.	19,044	-	-
<u>Total Investments</u>	<u>19,044</u>	<u>-</u>	<u>1,840</u>
<u>TOTAL ASSETS</u>	<u>21,841</u>	<u>336</u>	<u>1,840</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
<u>Accrued Liabilities:</u>			
Deferred compensation payable	-	-	1,840
<u>Fund Equity:</u>			
Unreserved			
Designated for subsequent years' expenditures	21,841	336	-
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 21,841</u>	<u>\$ 336</u>	<u>\$ 1,840</u>

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

<u>Agency Fund</u>	Totals			
Nature Trail	(Memorandum Only)			
	2012	2011	2010	2009
\$ 22	\$ 3,155	\$ 1,893	\$ 3,348	\$ 2,755
-	1,840	53,945	52,448	50,865
-	19,044	19,789	12,240	12,240
-	20,884	73,734	64,688	63,105
<u>22</u>	<u>24,039</u>	<u>75,627</u>	<u>68,036</u>	<u>65,860</u>
-	1,840	53,945	52,448	50,865
<u>22</u>	<u>22,199</u>	<u>21,682</u>	<u>15,588</u>	<u>14,995</u>
<u>\$ 22</u>	<u>\$ 24,039</u>	<u>\$ 75,627</u>	<u>\$ 68,036</u>	<u>\$ 65,860</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, 2012

(With Comparative Amounts For The Years Ended March 31, 2011, 2010, 2009)

	<u>Expendable Trust Funds</u>	
	<u>Fisher Martin Trust</u>	<u>Youth Activity Fund</u>
<u>Revenue:</u>		
Interest	\$ 2	\$ -
Dividends	590	-
	<hr/>	<hr/>
<u>Total Revenue</u>	592	-
	<hr/>	<hr/>
<u>Expenditures:</u>		
<u>General Government:</u>		
Building maintenance	-	-
Youth Activity Expense	-	-
	<hr/>	<hr/>
<u>Total General Government</u>	-	-
	<hr/>	<hr/>
<u>Excess Of Revenues Over (Under) Expenditures</u>	592	-
<u>Unrealized Gain/(Loss)</u>	(745)	-
<u>Transfer (to) from other funds</u>	670	-
<u>Fund Balance - April 1st</u>	21,324	336
	<hr/>	<hr/>
<u>Fund Balance - March 31st</u>	\$ 21,841	\$ 336
	<hr/>	<hr/>

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

<u>Agency Fund</u>	<u>Totals (Memorandum Only)</u>			
<u>Nature Trail</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ -	\$ 2	\$ 3	\$ 3	\$ 7
-	590	590	590	591
-	592	593	593	598
-	-	2,048	-	-
-	-	-	-	-
-	-	2,048	-	-
-	592	(1,455)	593	598
-	(745)	7,549	-	-
-	670	-	-	-
22	21,682	15,588	14,995	14,397
\$ 22	\$ 22,199	\$ 21,682	\$ 15,588	\$ 14,995

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

Page intentionally left blank.