



***Comprehensive Annual  
Financial Report For The  
Year Ended June 30, 2009***





***COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT***

***for the Fiscal Year Ended  
June 30, 2009***

***Prepared by the Finance Department  
Donna S. Mitchell, Controller/Treasurer***

# CITY OF DOVER, DELAWARE

## Comprehensive Annual Financial Report For the Year Fiscal Ended June 30, 2009

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# **INTRODUCTORY SECTION**



**THIS SECTION CONTAINS THE FOLLOWING:**

**LETTER OF TRANSMITTAL**

**CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING**

**LIST OF ELECTED OFFICIALS**

**LIST OF APPOINTED OFFICIALS**

**LIST OF COMMISSIONS**

**ORGANIZATIONAL CHART**





December 22, 2009

The Honorable Mayor,  
Honorable Council President,  
Members of the City Council  
and Citizens of the City of Dover  
Dover, Delaware 19901

Ladies and Gentlemen:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Dover for the fiscal year ended June 30, 2009. This report is published to comply with the provisions of Article IV, Section 46 of the City Charter. It is also intended to provide financial data to the tax and rate payers, bondholders, trustees, banks, federal and state agencies and the financial community at large.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by Faw Casson and Co., LLP, an independent firm of certified public accountants as required by Section 46 of the City Charter. Faw Casson and Co., LLP has provided an unqualified opinion on the City of Dover financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Our MD&A can be found immediately following the report of our independent auditors.

## THE REPORTING ENTITY AND ITS SERVICES

The City of Dover was incorporated in 1829 under a Charter granted by the General Assembly. Dover is the Capital of the State of Delaware and is located in the central part of the state. It is home to the State Governor's office, legislative offices, and is the County seat for Kent County. The City currently occupies a land area of 23 square miles and serves a population of approximately 36,359.

Dover's governing body is composed of a Mayor and nine Council Members, with one Council Member elected by Council to serve as Council President. Council members are elected from four districts and serve staggered, two-year terms. One member of Council and the Mayor are elected at-large and serve two-year terms. The Council is responsible for all matters of policy and is the authority for levying taxes, securing revenues, authorizing expenditures of City funds and incurring City debts. The City of Dover operates under a Council – Manager form of government.

The City provides a full range of services as mandated by the Charter or adopted by the City Council. They include police protection, streets and sanitation maintenance, recreation, library, community development, economic development, public improvements, planning and zoning, safety inspections, electric power generation and distribution, water and wastewater services, legislative services and general administration.

Within the City is a volunteer fire company that is autonomous. Under established criteria, the operations of the Robbins Hose Fire Company are not a part of this report. However, the City provides financing for dispatching personnel costs, most of the building and equipment maintenance, supplies and contractual services. The City also provides funding to Robbins Hose for payments on several pieces of firefighting apparatus. These payments are grouped under the Fire Department and are included in the General Fund.

The Fire Chief is elected by the volunteer members of the Fire Company. The City Council traditionally adopts the election and the City Council officially appoints the Fire Chief for a one-year term. Therefore, the position of Fire Chief is included in the City organization chart.

The Capital School District does not meet the established criteria for inclusion in the reporting entity and, accordingly, is excluded from this report.

The City Council shall, on or before the second Monday of June in each year, adopt a budget for the succeeding fiscal year. This annual budget serves as the foundation for the City of Dover's financial planning and control. The budget is prepared by fund and department. With approval of the City Manager and Finance Director, Department Heads may transfer resources within or between departments, with the exception of capital project budgets. Transfers between funds and transfers of capital project budgets, however, need special approval from the City Council.

## LOCAL ECONOMY

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in central Delaware. Development activity in the Capital City slowed during Fiscal Year 2009; the City saw a decline in growth and construction with the economic downturn seen across the nation.

Residential growth continues to occur but at a slower pace, and major institutions and government agencies continue to expand to meet the demands of a growing regional population and economy. Commercial corridor areas of U.S. Routes 13/113 and DE Route 8 have continued to attract medium-and large-scale commercial development with added interest in U.S. Route 113 during the period but at a slower pace.

Bayhealth Medical Center continues its expansion project and significant investments in improving its facilities as they implement their campus master plan. This multi-year project continues to provide employment to the construction industry. The Eden Hill Medical Center opened this past fall and is the largest non-hospital medical center in the region. The State of Delaware has also started a multi-year reconstruction project to expand Governor's Avenue from two lanes to three with a center lane for turning traffic. Governor's Avenue is a major corridor for the Bayhealth Medical Center as well as the downtown business district. This project includes upgrades or replacements of all utilities and placing all overhead utilities underground.

Efforts to revitalize the traditional urban core of downtown Dover have gained momentum with the creation of the Economic Development Office. Three of the major groups responsible for encouraging downtown redevelopment merged their organizations this past year. Underway are several recent redevelopment and construction projects that reflect renewed interest and confidence in downtown Dover as a viable central business district.

The City of Dover issued 3,415 business licenses in Fiscal Year 2009. Building permits issued during this period totaled more than 2,400. The City of Dover Planning Commission processed 43 major development applications during the reporting period.

The City of Dover estimates that as of July 1, 2008, the total population had increased to 36,359 people. The population of Dover continues to increase at a manageable rate of slightly more than one percent per year. Dover continues to attract residents seeking lower tax and housing costs as well as enjoy a high quality of life. The region continues to attract retail sales and services, medical, and professional services.

The non-seasonally adjusted unemployment rate for Dover as of June 30 was 9.9% as compared to 8.6% for the State of Delaware. This represents an increase of 4.7% over last year's rate of 5.2% which is consistent with national and regional trends.

## **FINANCIAL POLICIES AND FINANCIAL PLANNING**

Unreserved, undesignated fund balances in the General Fund (11.4%) fall within the policy guidelines of a minimum of 8% and maximum of 12% as approved by City Council in the City of Dover Financial policies. The water, wastewater, and electric utilities have the same policy requirement for their budget balances. If the balances fall below 8%, the City Manager is required to submit budgets to bring the balances up to minimum within three years. The current budget balances for the utilities are water (9.0%), wastewater (5.9%) (see Major Initiatives below), and electric (11.1%). The water and wastewater utilities are accounted for in the same fund.

The City policies also require non-recurring revenues to be set aside for capital improvements as designated by City Council (reserve accounts) and a 2% contingency reserve in the General Fund, Water/Wastewater Fund and 1% contingency in the Electric Revenue Fund to address unforeseeable natural disasters and insurance losses. All major funds meet the contingency reserve requirement.

The wastewater utility imposes impact fees, which are reserved by ordinance, on new developments to assist with financing future expansion projects. The electric utility maintains depreciation and future capacity reserves to assist with asset replacements and system expansions. Financial policies require the electric utility to maintain a minimum of \$10.0 million in each of these reserves, with replenishment over seven years when used to finance projects.

The City's Financial Policies also include an Electric Rate Stabilization Reserve account. The purpose of this reserve is to enable the City to absorb month-to-month power supply cost increases while adjusting budgets and implementing potential rate increases. The goal is to maintain a reserve balance equivalent to 10% of the power supply cost.

## **MAJOR INITIATIVES**

The City continues with its efforts towards the construction of a 52,000 square foot regional library. Several meetings and workshops have been held to educate the community, understand their needs, and allow input into the project. City and county residents, as well as State and County leaders, have participated in these forums. The design and architectural plans are expected to be completed in fiscal year 2010. Preliminary estimates for this project estimate the cost at \$23.0 million. Construction is expected to begin in fiscal year 2011. The capital construction is expected to be financed through the library reserve, a state grant (50% matching funds), donations, proceeds from the sale of the existing library, and general obligation bonds. The 21<sup>st</sup> Century Campaign (fund raising) was kicked off in October 2009 in an effort to raise \$4.1 million. Once completed additional annual operating expenses and debt service will be budgeted in the General Fund. These budgets will be determined once we have a better idea of our financing requirements.

The City Council continues its focus on replacing or upgrading old infrastructure in order to improve the quality and reliability of our utility systems. In fiscal year 2009, \$2.5 million of water and wastewater capital improvements were completed. Included in the \$2.5 million is \$.9 million for water distribution mains, \$.3 million for well improvements, \$.2 to install radio read meters, \$.5 million for wastewater pump stations, and \$.6 million for sewer mains. The fiscal year 2010 water and wastewater budget includes \$9.6 million of capital investments, of which \$2.6 million is to replace water mains, \$3.3 million for a major sewer lateral upgrade and extension on the U.S. 13 corridor, \$.1 million for pump station upgrades, and \$3.6 million for sewer main upgrades.

The City originally planned to issue \$12 million of revenue bonds in fiscal year 2009 to finance these projects in addition to water quality projects and several smaller water and wastewater projects but decided to defer the bond sale and major projects given the current events in the financial markets and slowdown in the economy. The State of Delaware recently lowered the interest rates on its Water and Wastewater Revolving Fund loans in its efforts to stimulate the economy. The City plans to finance these projects through the low interest State Revolving Fund Loans.

The City completed a \$22 million bond sale of Electric Revenue Bonds in July, 2008. The electric utility began work on the 69kv feeders #3 & #4 at the Cartanza 230kv substation in fiscal year 2009 and is expected to complete this project in fiscal year 2010 at a cost of \$8.3 million. The addition of the transmission lines will provide the City with a redundant line to prevent outages as well as carry the City's load and capacity requirements over the next twenty years. The electric utility began upgrading the College Road Substation (\$2.9 million) and St. Jones Substation (\$6.2 million). The City's plant operator, North American Energy Services, will be completing the fuel oil conversion of the generating plants in order to comply with the Delaware Regulation 1146 at the McKee Run generating plant, at a cost of \$3.3 million. The proceeds from the bond sale are financing all of the above major initiatives for the Electric Utility and the City expects to have all of these projects completed in fiscal year 2010.

As of fiscal year 2010 the City will have invested \$25.2 million since 2005 in improvements to its electric systems and plants. The City's capital investments will start to decline in future years as they relate to the transmission and distribution system. The plant assets will be evaluated for potential future capital investments.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dover, Delaware for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twenty-fourth (24) consecutive year that the City of Dover has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your continuing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I also express my appreciation to the City employees for their assistance and cooperation during the year and for providing information for this report. My appreciation is extended to Mr. Anthony DePrima, City Manager, Mrs. Ann Marie Townshend, City Planner and their staff for their continued support of the Finance Department. Special appreciation is extended to the employees of the Finance Department, whose dedicated service made this report and the year a success. Thank you Tracey Lisiecki, Peggy Teal, Sharon Daniel, Jeff Dill, Turhan Jordan, Karlett Walker, Ray Cola, and Linda Gomes.

Respectfully submitted,



Donna S. Mitchell, CPA  
Controller/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Dover Delaware

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. M.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enow", positioned above the title "Executive Director".

Executive Director

**CITY OF DOVER, DELAWARE**  
**List of Elected Officials**  
**June 30, 2009**

	<b><u>Length of Services</u></b>	<b><u>Term Expires</u></b>
<b><i>Mayor</i></b>		
Carleton E. Carey, Sr.*	2 Years	May 2010
<b><i>City Council</i></b>		
At-Large		
Thomas J. Leary**	1 Year	May 2011
<b><i>First District</i></b>		
Beverly C. Williams***	7 Years	May 2010
Kenneth L. Hogan	5 Years	May 2011
<b><i>Second District</i></b>		
William P. McGlumphy****	3 Years	May 2010
Eugene B. Ruane	8 Years	May 2011
<b><i>Third District</i></b>		
James G. McGiffin, Jr.	3 Years	May 2011
Timothy A. Slavin	5 Years	May 2010
<b><i>Fourth District</i></b>		
Sophia R. Russell	4 Years	May 2010
Reuben Salters	20 Years	May 2011

\* Previously served on City Council from May 1997 to October 2007

\*\* Previously served on City Council from May 1992 to May 2000

\*\*\* Council President

\*\*\*\* Previously served on City Council from May 2000 to May 2004



**CITY OF DOVER, DELAWARE**  
**List of Appointed Officials**  
**June 30, 2009**

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer – Traci A. McDowell*	3 Years	22 Years
City Manager/Civil Defense Director – Anthony J. DePrima**	8 Years	18 Years
City Solicitor – Nicholas H. Rodriquez	41 Years	41 Years
Deputy City Solicitor – William Pepper	20 Years	20 Years
Council President – Beverly Williams***	1 Month	6 Years
Fire Chief – Paul Stochine	6 Months	6 Months
Fire Marshal – David Truax	13 Years	18 Years
City Building Inspector - Scott D. Koenig	1 Month	19 Years
City Planner – Ann Marie Townshend	3 Years	3 Years
Police Chief – Jeffrey Horvath	8 Years	25 Years
Controller/Treasurer – Donna Mitchell	9 Years	9 Years

\* Previously served as Assistant City Clerk 2000-2006

\*\* Previously served as City Planner 1991-2001

\*\*\* Previously served as Council President

CITY OF DOVER, DELAWARE  
List of Commissions & Committees  
As of June 30, 2009

Board of Adjustment

Kishor C. Sheth, Chairman  
Arthur G. Ericson  
Dr. Edward Goate'  
William Hufnel  
Richard Senato

Code Board of Appeals

James G. McGiffin, Jr., Chairman  
Timothy A. Slavin, Councilman  
Anthony J. DePrima, City Manager

Election Board

William T. Garfinkel, Chairman  
Gerald P. Foss  
Lillie M. Johnson  
Goldie Legates  
Traci McDowell

Historic District

Richard Scrafford, Chairman  
C. Terry Jackson, President  
Joseph McDaniel  
James D. McNair, II  
Charles A. Salkin

Human Relations Commission

Dr. Samuel B. Hoff, Chairman  
Katrina Brumble  
Gregory J. Bunkley  
Dr. Phyllis Edamatsu  
Ivan F. Finney  
Paul Fleming  
Catherine M. Gregory  
Brian E. Lewis  
Mark S. Monroe  
Naureen A. Perry  
Dawn Allen-Pyne  
Roy Sudler, Jr.  
Saundra Sutton  
Anlee Baccio-Walker  
Ellen O. Wasfi

Legislative, Finance & Administration

William P. McGlumphy, Chairman  
Thomas J. Leary, Councilman  
Reuben Salters, Councilman  
Bobby C. Jones  
Daniel Shevock

Parks, Recreation & Community Enhancement

Sophia R. Russell, Chairwoman  
Kenneth L. Hogan, Councilman  
Eugene B. Ruane, Councilman  
Ann Baker Horsey  
David A. Lewis, Jr.

Pension – Civilian

Thomas J. Leary, Chairman  
William P. McGlumphy, Councilman  
Anthony J. DePrima, City Manager  
Donna S. Mitchell, Controller/Treasurer  
Pat Braun  
Chappy Lucas  
Judy Rigby

Pension – Police

Timothy P. Mullaney, Chairman  
Thomas J. Leary, Councilman  
William P. McGlumphy, Councilman  
Anthony J. DePrima, City Manager  
Jeffrey Horvath, Chief of Police  
William Knotts  
Martin Stallings

Planning Commission

John J. Friedman, Chairman  
John H. Baldwin, Sr.  
William J. DiMondi  
Thomas Holt  
Francis C. Nichols  
Michael von Reider  
Ron Shomo  
Fred Tolbert  
Col. Robert D. Welsh

Safety Advisory & Transportation

Timothy A. Slavin, Chairman  
Kenneth L. Hogan, Councilman  
Sophia R. Russell, Councilwoman  
John J. Davis  
Mark D. Harmon

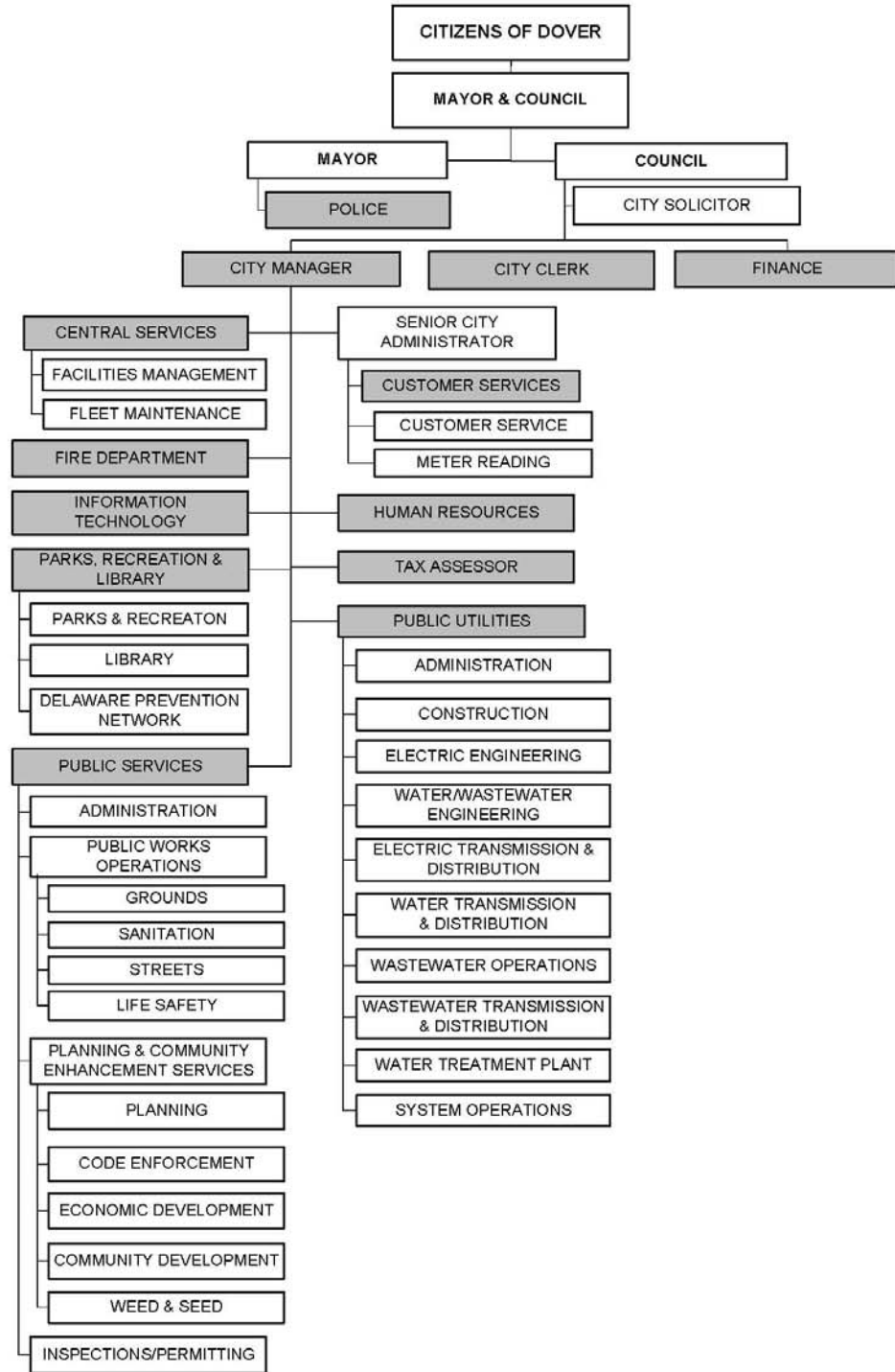
Utility

Eugene B. Ruane, Chairman  
Kenneth L. Hogan, Councilman  
James G. McGiffin, Councilman  
Richard Kosior  
Richard Snaman

Youth Advisory Committee

George Antoniou, Chairman  
Kenny Anderson  
Amber Draper  
Joiya Goldsboro  
Meghan Harris  
Sarah Harris  
Jack Knox  
Joshua Martin  
Melissa Micek  
Brianna Mitchell  
Amanda Mullnack  
Joseph Napolitano  
Vi Nguyen  
Michael Simpkins

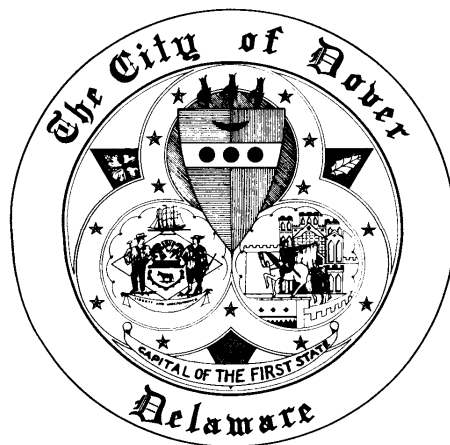
**City of Dover**  
 Organization Chart  
 Fiscal Year 2009



## THE CITY OF DOVER, DELAWARE

### VISION

The City of Dover is a place where people want to live! Through the team effort of its elected officials, employees, and citizens, Dover is a clean and safe community, with a future of balanced growth and opportunity where all citizens are heard, enjoy a high quality of life, and diversity is valued.



### MISSION

The City of Dover will, in the next year:

- Establish a Regional Library
- Promote Homeownership and Affordable Housing
- Maintain & Improve the City's Infrastructure & Implement Brown Water Solutions
- Strengthen Property Maintenance & Enforcement
- Develop a Plan to Secure Electric Generation for next 20 years
- Support the Building of an Inner City Cultural Center
- Create an Economic Development Strategy

# **FINANCIAL SECTION**



**THIS SECTION CONTAINS THE FOLLOWING:**

**PART - A  
INDEPENDENT AUDITOR'S REPORT**

**PART - B  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**PART - C  
BASIC FINANCIAL STATEMENTS  
Government-wide Financial Statements  
Fund Financial Statements  
Notes to Financial Statements**

**PART - D  
REQUIRED SUPPLEMENTARY INFORMATION**

**PART - E  
SUPPLEMENTARY INFORMATION  
Combining Fund Statements  
Budgetary Schedules**

***FINANCIAL SECTION***

***PART - A***

***INDEPENDENT AUDITOR'S REPORT***

OFFICES  
DOVER, DE  
OCEAN CITY, MD



MEMBERS  
AMERICAN INSTITUTE  
OF CERTIFIED  
PUBLIC ACCOUNTANTS  
AGN INTERNATIONAL

## INDEPENDENT AUDITORS REPORT

THE HONORABLE MAYOR AND MEMBERS OF THE  
CITY COUNCIL OF DOVER, DELAWARE  
Dover, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Delaware as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover, Delaware, as of June 30 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and other required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dover, Delaware's basic financial statements. The introductory section, combining financial statements, other budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and other budgetary schedules have 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. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Faw, Casson & Co., LLP*

Dover, Delaware  
December 22, 2009

***FINANCIAL SECTION***

***PART - B***

***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***



## The City of Dover Management's Discussion and Analysis For the Year Ended June 30, 2009

### Financial Highlights

Total assets of the City exceeded its liabilities by \$191.5 million (total net assets). Of this amount, only \$28.1 million was reported as "unrestricted net assets" which represents the amount available to meet the City's ongoing obligations to citizens and creditors. The general government reported \$9.5 million and the business type activities, Water/Wastewater and Electric funds, reported \$18.6 million of unrestricted net assets. The difference between the unrestricted amounts and the total net assets is \$163.4 million, \$36.2 million is restricted primarily for debt and capital construction purposes and \$127.2 million is invested in capital assets net of related debt.

- The governmental activities experienced a \$.4 million increase in investments in capital assets net of related debt, a slight increase in restricted net assets of \$.2 million, and a \$5.6 million decrease in unrestricted net assets resulting in a negative net change of \$5.0 million.
- The business-type activities saw a positive change in net assets of \$3.3 million.
- Pension Trust funds experienced a decrease in net assets of \$4.5 million. Our latest actuarial analysis resulted in a decrease in the City's contribution rate for the General Employees Pension Plan from 28.35% in the current fiscal year to 27.04% budgeted in fiscal year 2010.
- The Other Post Employment Benefit (OPEB) Trust fund experienced an increase in net assets of \$4.8 million of this amount \$4.6 million was City contributions.

### Overview of the Financial Statements

This comprehensive annual financial report (CAFR) consists primarily of three *required* parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The CAFR also includes *optional* supplementary information that provides summary information and detail, and a statistical section.

The basic financial statements are of two kinds that present different views of the City:

- The first two statements are *government-wide financial statements* (pages 33-34) that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements (pages 35-43) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental fund statements (pages 35-38) tell how general government services, like public safety and public works, were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements (pages 39-41) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric Revenue, Water/Wastewater Funds.
  - The *Fiduciary fund* statements (pages 42-43) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee Pension plans and OPEB plan and acts in an agency capacity for the Library Consortium, Dover Arts Council, Dover Downtown Partnership, Dover Library Foundation, and the Fourth of July Celebration Committee, none of which are considered to be component units of the City. All of the City's Fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City may not use these assets to finance its operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes (pages 47-87) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements on pages 95-98. Other supplementary information includes details on non-major funds and other information that can be found on pages 103 through 119.

The following page summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements:

**Major Features of City's Government-wide and Fund Financial Statements**

	<b><u>Government-wide Statements</u></b>	<b><u>Governmental Funds</u></b>	<b><u>Proprietary Funds</u></b>	<b><u>Fiduciary Funds</u></b>
<b>Scope</b>	<i>Entire City government (except fiduciary funds)</i>	<i>The activities of the City that are not proprietary or fiduciary, such as public safety and public works</i>	<i>Activities the City operates similar to private businesses, such as electric, water and wastewater funds</i>	<i>Instances in which the City is the trustee or agent for someone else's resources</i>
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	<i>Accrual accounting and economic resources focus</i>	<i>Modified accrual accounting and current financial resources focus</i>	<i>Accrual accounting and economic resources focus</i>	<i>Accrual accounting and economic resources focus</i>
<b>Type of asset/liability information</b>	<i>All assets and liabilities, both financial and capital, and short-term and long-term</i>	<i>Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included</i>	<i>All assets and liabilities, both financial and capital, and short-term and long-term</i>	<i>All assets and liabilities, both short-term and long-term</i>
<b>Type of inflow/outflow information</b>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>	<i>All revenues and expenses during the year, regardless of when cash is received or paid</i>

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are indicators of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads. The government-wide financial statements of the City are divided into two categories:

- *Governmental activities*—Most of the City's basic services are included here, such as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. Property taxes, non property taxes and state and federal grants finance most of these activities.
- *Business-type activities*—The City charges fees to customers to help it cover the costs of certain services it provides. The City's electric, water, and wastewater services are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by covenants. The City Council may also establish other funds to control and manage money for particular purposes.

The City has three kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate page, which explains the relationship (or differences) between them. The City's general fund is the only governmental fund considered to be a major fund under the requirements of Governmental Accounting Standards Board Statement No. 34.

- *Proprietary Funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
  - The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City's two enterprise funds are both considered major funds under the requirements of GASB Statement No. 34.
- *Fiduciary Funds* – The City is responsible for assets that because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation.

### Financial Analysis of the City as a Whole

The City produces government-wide financial statements using the full accrual basis of accounting and economic resource management focus. As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City of Dover, Delaware's Net Assets as of June 30, 2008 and 2009 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Assets</b>						
Non-capital assets	\$ 21.2	\$ 16.4	\$ 59.9	\$ 70.7	\$ 81.1	\$ 87.1
Capital assets	37.6	37.8	118.2	128.1	155.8	165.9
Total assets	\$ 58.8	\$ 54.2	\$ 178.1	\$ 198.8	\$ 236.9	\$ 253.0
<b>Liabilities</b>						
Current liabilities	\$ 2.7	\$ 3.3	\$ 15.1	\$ 12.8	\$ 17.8	\$ 16.1
Non-current liabilities	4.1	3.9	21.8	41.5	25.9	45.4
Total liabilities	\$ 6.8	\$ 7.2	\$ 36.9	\$ 54.3	\$ 43.7	\$ 61.5
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 35.3	\$ 35.7	\$ 101.2	\$ 91.5	\$ 136.5	\$ 127.2
Restricted net assets	1.6	1.8	23.7	34.4	25.3	36.2
Unrestricted net assets	15.1	9.5	16.3	18.6	31.4	28.1
Total net assets	\$ 52.0	\$ 47.0	\$ 141.2	\$ 144.5	\$ 193.2	\$ 191.5

The City of Dover, Delaware's Changes in Net Assets as of June 30, 2008 and 2009 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 8.3	\$ 7.9	\$ -	\$ -	\$ 8.3	\$ 7.9
Water/wastewater charges for services	-	-	12.1	11.3	12.1	11.3
Electric charges for services	-	-	96.9	101.4	96.9	101.4
Operating grants and contributions	2.5	2.7	-	-	2.5	2.7
Capital grants and contributions	0.6	1.1	2.1	-	2.7	1.1
<b>General revenues</b>						
Property taxes	9.6	10.1	-	-	9.6	10.1
Transfer taxes	3.5	1.2	-	-	3.5	1.2
Earnings on investments-other	0.7	0.6	2.6	1.8	3.3	2.4
Total revenues	\$ 25.2	\$ 23.6	\$ 113.7	\$ 114.5	\$ 138.9	\$ 138.1
<b>Expenses</b>						
General government	\$ 2.2	\$ 2.7	\$ -	\$ -	\$ 2.2	\$ 2.7
Public safety	15.1	15.9	-	-	15.1	15.9
Public works	4.9	8.2	-	-	4.9	8.2
Library and recreation	2.1	2.4	-	-	2.1	2.4
Community and economic development	0.5	0.7	-	-	0.5	0.7
Central services	1.5	1.5	-	-	1.5	1.5
Financial administration	3.5	7.0	-	-	3.5	7.0
Interest charges	0.1	0.1	-	-	0.1	0.1
Plus (less) indirect expense allocation	(4.4)	(4.4)	4.4	4.4	-	-
Water/wastewater	-	-	9.4	10.2	9.4	10.2
Electric	-	-	85.0	91.1	85.0	91.1
Total expenses	\$ 25.5	\$ 34.1	\$ 98.8	\$ 105.7	\$ 124.3	\$ 139.8
Increase in net assets before transfers	(0.3)	(10.5)	14.9	8.8	14.6	(1.7)
Transfers	7.2	5.5	(7.2)	(5.5)	-	-
Change in net assets	\$ 6.9	\$ (5.0)	\$ 7.7	\$ 3.3	\$ 14.6	\$ (1.7)
Net assets, beginning of year	45.1	52.0	133.5	141.2	178.6	193.2
Net assets	\$ 52.0	\$ 47.0	\$ 141.2	\$ 144.5	\$ 193.2	\$ 191.5

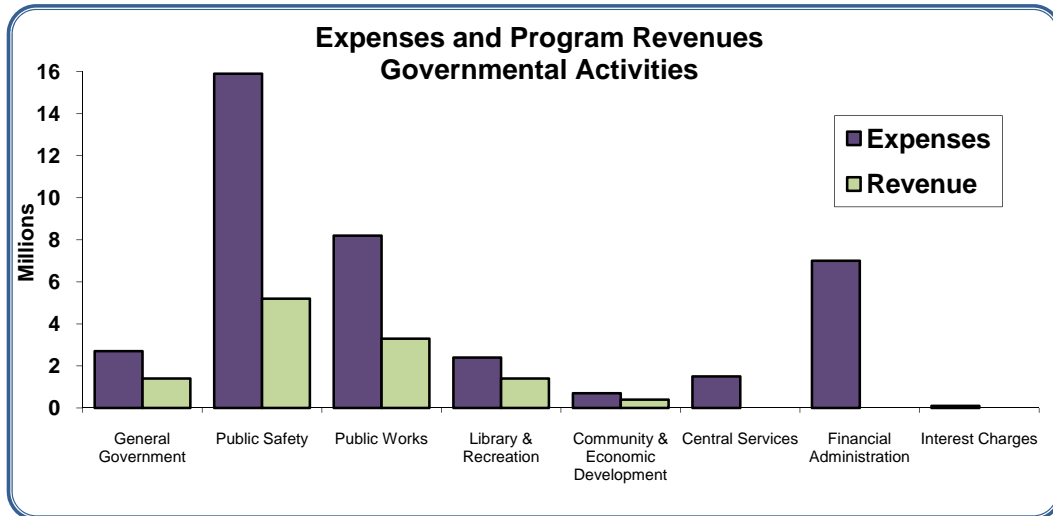
### **Governmental Activities**

Governmental net assets decreased by \$5.0 million. Net revenues were less than the prior year by \$1.6 million.

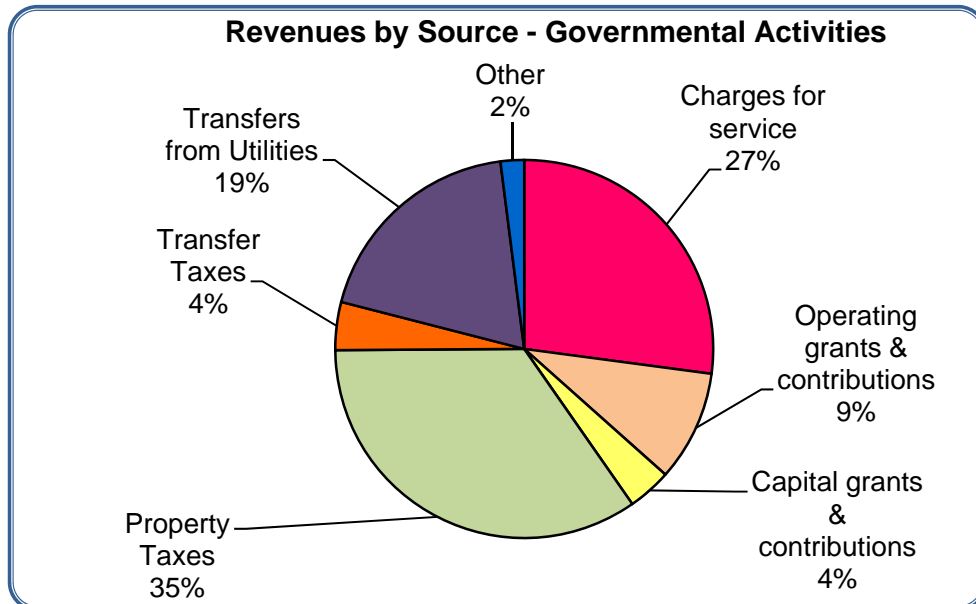
The following sources of revenues increased over the previous fiscal year: property taxes, public safety fines, sanitation fees, operating grants, capital grants and recreation fees. The revenue increases totaled \$1.3 million. Revenue sources that decreased were public safety services, business licenses, permits, transfer taxes, library revenues, public safety fines and public safety grants, for a total of \$2.9 million.

Expenses of \$34.1 million reflect an overall increase of \$8.6 million from the prior year. The increases were in general government, public safety, public works, library services, community and economic development and retiree healthcare. The decreases were in recreational services, streets and sanitation. Transfers to the Governmental Funds from the Proprietary Funds decreased \$1.7 million.

The chart that follows allocates revenues to program costs as applicable. It shows that some City functions are in part self-supporting.



The chart below shows the sources of funding for program costs for the last fiscal year. As can be seen, a substantial portion of funding for governmental operations is provided by property taxes, charges for service and transfers from the utilities.

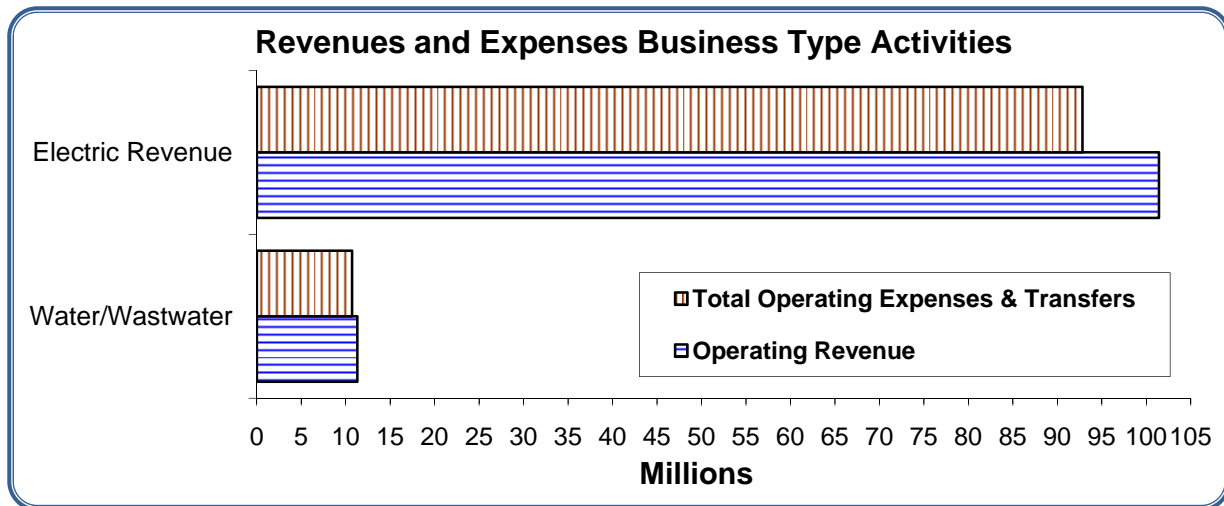


**Business-Type Activities**

As noted earlier, the business-type activities saw a positive change in net assets of \$3.3 million. The increase was a result of increased power supply charges in the electric utility and increased charges in the water waste/water utility as explained below.

The water/wastewater utility had a positive change in net assets of \$.3 million. The utility experienced a decrease in operating income of \$1.6 million over the previous year. The decrease in operating income was due to a decrease in charges for services revenues coupled with higher personnel and operating expenses. The water/wastewater utility's non-operating income and expenses had a negative change due to a decrease in interest earned, as well as an increase in arbitrage expense.

The electric utility realized a positive change in net assets of \$3.0 million. The utility experienced a decrease in operating income of \$3.1 million over the previous year. Operating expenses increased by \$7.7 million due to an increase in retiree healthcare expense (contribution to the OPEB trust fund) as well as, increases in personnel and power supply expenses. Non-operating income and expenses reflect a positive change because the prior year includes a \$1.5 million write off of fixed assets. Transfers to the General Fund from the electric utility increased by \$.2 million.



**Financial Analysis of the City's Funds**

**Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds focus on expendable resources and near term inflows and outflows of those resources. As such, fund balance is generally a good indicator of net resources available for spending at the end of the fiscal year, subject to any stated restrictions on its use.



The combined fund balances of the City's governmental funds at June 30, 2009, were \$9.9 million. This represented a decrease of \$5.2 million during the year. Of this amount, \$4.1 million represents accumulated reserves for Other Post Employment Benefits that were contributed to the OPEB Trust this year. Approximately 46% of the combined fund balances, \$4.6 million, constitutes unreserved, undesignated fund balance, which is available to meet the City's current and future needs. The remainder of fund balance is reserved or designated to indicate that it is not available for operational spending because it is committed to such matters as contingencies, capital projects and parklands.

The General Fund is the primary operating fund of the City, accounting for such activities as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. The General Fund balance at June 30, 2009, was \$9.0 million, which represents a decrease of \$.9 million from the previous fiscal year. Primary reasons for this decrease are decreased revenues from licenses and permits, court of chancery fees, investment income and transfer taxes.

### **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide Financial Statements, but in more detail.

As of June 30, 2009, the Water/Wastewater Fund has net assets of \$41.8 million, of which \$3.8 million is unrestricted. The fund's net assets increased \$.3 million during the year as explained on page 28. At June 30, 2009, the Electric Fund has net assets of \$102.6 million, of which \$14.9 million is unrestricted. This fund experienced an increase in net assets of \$2.9 million during the year as explained on page 28.

### **General Fund Budgetary Highlights**

During this fiscal year, the City Council amended the budget three times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

1. To amend the carried forward budget balances for the actual results of the prior fiscal year and to re-appropriate budget balances for ongoing capital projects.
2. To amend all program revenue and expenses based on the analyses provided by a mid-year review.
3. To amend all program revenues and expenses for the fiscal year as a result of budget reviews conducted while compiling the next fiscal year's budget.

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget & Actual is included in Part D-Required Supplementary Information (page 92-93).

The General Fund financials in the Governmental Funds Balance Sheet (page 35) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 37) include both the General Fund operating activities and the Governmental

Capital Project Fund activities. Prior to fiscal year 2008, capital outlays were included in the General Fund activities.

The Governmental Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget to Actual is included in Part D-Required Supplementary Information (Page 94).

The Final General Fund Budget incorporated the following significant changes to the Original Budget. Receipts had a net reduction attributed to a decrease in Property Transfer Taxes of \$1.3 million and an increase to the Beginning Budget Balance of \$.3 million. Expenditures were revised to reflect an aggregate decrease of \$.7 million in several operating budgets and a decrease in the transfer to the General Government Capital Projects Fund of \$.8 million as a result of reduced revenues. The net result of these changes was a \$.1 million increase over the Original Budget Balance (on a non-GAAP basis).

Actual revenues and other financing sources slightly exceeded the final budgeted amounts by approximately \$.1 million in the General Fund for the current fiscal year. Receipts in excess of budgeted amounts for licenses and permits, miscellaneous service charges, property taxes, Court of Chancery Fees, franchise fees, and transfers were offset by receipts that were less than budgeted amounts for transfer taxes and interfund service fees. Expenditures were less than budgeted by \$.7 million. The General Fund budget balance carry forward was \$.8 million higher than budgeted as a result of the above variances.

### **Capital Asset and Debt Administration**

At the end of the current fiscal year, the City's governmental and proprietary funds had invested \$37.8 million and \$128.1 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$.2 million for governmental activities and a net increase of \$9.9 million for the proprietary funds since the end of last fiscal year (presented in millions of dollars). Additional detailed data for all capital assets of the City is presented in the Notes to the Basic Financial Statements in Note 5.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
<b>Depreciable Assets, Net</b>						
Buildings	\$ 8.0	\$ 7.8	\$ -	\$ -	\$ 8.0	\$ 7.8
Equipment	2.6	2.6	-	-	2.6	2.6
Vehicles	1.6	1.7	-	-	1.6	1.7
General infrastructure	20.7	20.5	-	-	20.7	20.5
Utility, plant, buildings, and infrastructure	-	-	106.5	108.5	106.5	108.5
Other	0.5	0.5	-	-	0.5	0.5
<b>Non-depreciable Assets</b>						
Land	4.0	3.9	1.6	1.6	5.6	5.5
Construction in progress	0.2	0.8	10.1	18.0	10.3	18.8
	<b>\$ 37.6</b>	<b>\$ 37.8</b>	<b>\$ 118.2</b>	<b>\$ 128.1</b>	<b>\$ 155.8</b>	<b>\$ 165.9</b>

A summary of debt outstanding at June 30, 2008 and 2009 is as follows which represents a slight change for the governmental funds and an increase of \$19.7 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
<b>Non-current liabilities</b>						
Bonds (net of discount/issuance cost)	\$ 2.4	\$ 2.0	\$ 21.2	\$ 40.8	\$ 23.6	\$ 42.8
Liability for compensated absences	1.8	1.9	0.6	0.7	2.4	2.6
	<b>\$ 4.2</b>	<b>\$ 3.9</b>	<b>\$ 21.8</b>	<b>\$ 41.5</b>	<b>\$ 26.0</b>	<b>\$ 45.4</b>

Additional detailed data for all debt of the City is presented in the Notes to the Basic Financial Statements in Note 6.

The City Charter limits the amount of general obligation debt the City can issue to 25% of the assessed value of real property within the City. The City has used .8% of its debt limit.

### Economic Factors and Next Year's Budgets and Rates

The City is expecting the recent trends in housing growth to continue its downward trend and has reduced the Fiscal Year 2010 budget estimates for transfer taxes by approximately \$1.2 million. The City was also impacted by the State of Delaware budget reductions with a reduction in State aid of \$.8 million. The upcoming budget includes a significant reduction in the General Governmental capital investments.

In light of the current state of the local economy the Fiscal Year 2010 budget also includes twelve furlough days for all City full-time employees and no budget for some vacant positions. These steps have enabled the City to maintain its eight percent budget balance policy, maintain the number of active employee's, and maintain most of our existing rates and fees to assist the local economy.

Water and Wastewater growth is also expected to decline due to less residential and commercial growth, wet weather, and conservation measures being implemented by customers. Water rates are expected to increase ten percent to cover additional debt service issuance for water utility projects. Operational expenses are projected to decrease by \$.3 million over the prior year as a result of planned furloughs and operational expenses.

In October 2009 the City decided to defer the sale of water and wastewater revenue bonds in light of recent events in the financial markets. For the upcoming year the City has elected to utilize low interest loans provided by the State of Delaware for public utility projects. Capital projects have been prioritized in order of criticality. The City continues to maintain competitive water and wastewater rates within the State of Delaware.

The City was able to forgo an electric rate increase in the upcoming budget due to the use of its rate stabilization reserve. The City anticipates no growth in the electric utility for the same reasons as discussed for the water and wastewater utilities. The City is currently re-evaluating its forecasted growth and is anticipating a lower forecast for the future. Operational expenses are projected to decrease by \$1.2 million as a result of reduced personnel cost and the use of the rate stabilization reserve. Capital improvements are planned to be financed with existing capital reserves and a \$2.5 million transfer from operating income.

The City continues to closely monitor the local economy and its impact on growth and revenues. Revenue enhancements, rate increases, and potential cost reductions will continue to be reviewed in order to maintain the City's financial policies.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Donna Mitchell, Controller/Treasurer at 302-736-7018 (TTY/TDD Operator 1-800-855-1155).

# ***FINANCIAL SECTION***

## ***PART - C***

### ***BASIC FINANCIAL STATEMENTS***

- GOVERNMENT-WIDE FINANCIAL STATEMENTS**
- FUND FINANCIAL STATEMENTS**
- NOTES TO FINANCIAL STATEMENTS**

The City of Dover  
 Statement of Net Assets  
 June 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,473,962	\$ 23,695,922	\$ 26,169,884
Investments	9,089,892	32,645,137	41,735,029
Receivables, net	937,436	6,690,192	7,627,628
Internal balances	506,376	(506,376)	-
Due from other governments	1,559,332	-	1,559,332
Inventory, at cost	195,221	4,418,510	4,613,731
Prepaid items	132,275	3,138,449	3,270,724
Other	1,564,000	578,081	2,142,081
Land and construction in progress	4,714,638	19,636,081	24,350,719
Capital assets, net of depreciation	33,046,786	108,496,387	141,543,173
<b>Total assets</b>	<b>54,219,918</b>	<b>198,792,383</b>	<b>253,012,301</b>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	2,497,963	10,084,189	12,582,152
Unearned revenue	652,627	217,787	870,414
Customer deposits	-	1,567,546	1,567,546
Other	82,035	973,150	1,055,185
Non-current liabilities			
Due within one year	1,123,977	3,225,677	4,349,654
Due in more than one year	2,815,608	38,265,301	41,080,909
<b>Total liabilities</b>	<b>7,172,210</b>	<b>54,333,650</b>	<b>61,505,860</b>
<b>Net Assets:</b>			
Invested in capital assets net of related debt	35,752,624	91,471,776	127,224,400
Restricted for:			
Capital construction	1,479,879	34,372,050	35,851,929
Public Safety	193,279	-	193,279
Other purposes	85,312	-	85,312
Unrestricted	9,536,614	18,614,907	28,151,521
<b>Total Net Assets</b>	<b>\$ 47,047,708</b>	<b>\$ 144,458,733</b>	<b>\$ 191,506,441</b>

See accompanying notes to financial statements

**The City of Dover**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

	Expenses	Indirect Expenses Allocation	Program Revenue			Net (Expenses) Revenue and Changes in Net Assets		Total
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
<b>Functions/Programs</b>								
Governmental activities								
General government	\$ 2,693,059	\$ (837,076)	\$ 1,426,972	\$ -	\$ -	\$ (429,011)	\$ -	\$ (429,011)
Public safety	15,929,187	-	4,358,641	825,323	-	(10,745,223)	-	(10,745,223)
Public works	8,185,856	(646,393)	1,396,801	800,265	1,090,838	(4,251,559)	-	(4,251,559)
Library and recreation	2,417,236	-	715,404	689,494	-	(1,012,338)	-	(1,012,338)
Community and economic development	724,555	-	-	443,112	-	(281,443)	-	(281,443)
Central services	1,505,505	(954,619)	-	-	-	(550,886)	-	(550,886)
Financial administration	6,944,517	(1,945,511)	-	-	-	(4,999,006)	-	(4,999,006)
Interest charges	87,491	-	-	-	-	(87,491)	-	(87,491)
Total governmental activities	<u>\$ 38,487,406</u>	<u>\$ (4,383,599)</u>	<u>\$ 7,897,818</u>	<u>\$ 2,758,194</u>	<u>\$ 1,090,838</u>	<u>\$ (22,356,957)</u>	<u>\$ -</u>	<u>\$ (22,356,957)</u>
Business type activities								
Water/wastewater	10,230,995	965,918	11,319,027	-	-	-	122,114	122,114
Electric	91,058,259	3,417,681	101,420,982	-	-	-	6,945,042	6,945,042
Total business type activities	<u>\$ 101,289,254</u>	<u>\$ 4,383,599</u>	<u>\$ 112,740,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,067,156</u>	<u>\$ (15,289,801)</u>
<b>Total City</b>						<u>\$ (22,356,957)</u>	<u>\$ 7,067,156</u>	<u>\$ (15,289,801)</u>
<b>General revenues</b>								
Taxes								
Property taxes						10,075,401	-	10,075,401
Transfer taxes						1,197,425	-	1,197,425
Earnings on investments						585,264	1,748,376	2,333,640
Total general revenues						<u>11,858,090</u>	<u>1,748,376</u>	<u>13,606,466</u>
Transfers						5,533,055	(5,533,055)	-
Total general revenues and transfers						<u>17,391,145</u>	<u>(3,784,679)</u>	<u>13,606,466</u>
Changes in net assets						(4,965,812)	3,282,477	(1,683,335)
Net assets beginning						52,013,520	141,176,256	193,189,776
Net assets ending						<u>\$ 47,047,708</u>	<u>\$ 144,458,733</u>	<u>\$ 191,506,441</u>

See accompanying notes to financial statements

**The City of Dover**  
**Governmental Funds Balance Sheet**  
**June 30, 2009**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,944,666	\$ 523,248	\$ 2,467,914
Investments	7,241,869	317,958	7,559,827
Receivables, net			
Accounts	734,594	-	734,594
Taxes	198,842	-	198,842
Due from Other Funds			
Charges	547,523	6,697	554,220
Temporary Advances	469,400	-	469,400
Due from Other Governments	-	1,559,332	1,559,332
Prepaid Items	45,317	1,756	47,073
Inventory, at cost	195,221	-	195,221
Total Assets	<u>\$ 11,377,432</u>	<u>\$ 2,408,991</u>	<u>\$ 13,786,423</u>
<b>Liabilities</b>			
Vouchers Payable	\$ 1,618,935	\$ 148,064	\$ 1,766,999
Deferred Revenue	652,627	870,973	1,523,600
Due to Other Funds			
Charges	8,622	39,222	47,844
Temporary advances	-	469,400	469,400
Other	82,035	-	82,035
Total liabilities	<u>2,362,219</u>	<u>1,527,659</u>	<u>3,889,878</u>
<b>Fund Balances</b>			
Reserved for			
Parkland and Recreation	218,245	-	218,245
Encumbrances	445,690	-	445,690
Cable Franchise	39,717	-	39,717
Library Endowment	6,165	-	6,165
Unreserved, designated for			
Capital Assets	327,369	-	327,369
Contingency	744,871	-	744,871
Library Construction	3,554,078	-	3,554,078
Unreserved, undesignated			
Reported in general fund	3,679,078	-	3,679,078
Reported in special revenue funds	-	881,332	881,332
Total fund balances	<u>9,015,213</u>	<u>881,332</u>	<u>9,896,545</u>
Total liabilities and fund balances	<u>\$ 11,377,432</u>	<u>\$ 2,408,991</u>	<u>\$ 13,786,423</u>

See accompanying notes to financial statements



**The City of Dover  
Reconciliation of Governmental Fund Balances  
To Government-Wide Net Assets  
June 30, 2009**

Total fund balances for governmental funds (Page 37) \$ 9,896,545

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. 37,761,424

Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 870,973

The net pension asset resulting from contributions in excess of the annual required contribution in 2009 (police and employee) is not a current financial resource, and, therefore, is not reported in the governmental funds.

Police Pension Plan	\$ 1,362,077	
General Pension Plan	<u>201,923</u>	1,564,000

The net OPEB obligation resulting from contributions less than the annual required contribution in 2009 (general) is not a use of current financial resources, and therefore, is not reported in the governmental funds. (384,260)

An internal service fund (page 40) is used by the City to charge the cost of the workers' compensation fund. The net assets of the internal service fund are included in governmental activities in the statement of net assets. 1,278,611

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets. (3,939,585)

Total net assets of governmental activities (Page 33) \$ 47,047,708

See accompanying notes to financial statements

The City of Dover  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Funds  
 For the Year Ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Fines	\$ 628,928	\$ 694,113	\$ 1,323,041
Library revenue- general	59,535	-	59,535
Library revenue county reimbursement	454,923	-	454,923
Licenses and permits	2,599,948	-	2,599,948
Sanitation fees and rebates	1,396,801	-	1,396,801
Recreation	-	47,079	47,079
Miscellaneous services	1,268,751	9,500	1,278,251
Property taxes	10,075,401	-	10,075,401
Transfer taxes	-	1,197,425	1,197,425
Grants received	1,080,591	2,432,774	3,513,365
Court of Chancery fees	738,240	-	738,240
Investment income (loss)	484,803	29,070	513,873
<b>Total revenues</b>	<b>18,787,921</b>	<b>4,409,961</b>	<b>23,197,882</b>
<b>Expenditures</b>			
Current:			
General government	1,661,742	-	1,661,742
Library services	1,896,418	254,167	2,150,585
Public safety and law enforcement	15,558,208	121,836	15,680,044
Public works	2,140,547	1,079,112	3,219,659
Recreational services	869,134	-	869,134
Streets and sanitation services	3,279,188	-	3,279,188
Financial administration	1,009,240	-	1,009,240
Garage and stores	491,450	-	491,450
Insurance	199,643	-	199,643
Retiree health care	3,265,857	-	3,265,857
Community and economic development	208,420	516,135	724,555
Street lights	937,013	-	937,013
Debt Service:			
Principal retirement	365,000	-	365,000
Interest and fiscal charges	77,319	-	77,319
<b>Total expenditures</b>	<b>31,959,179</b>	<b>1,971,250</b>	<b>33,930,429</b>
Excess (deficiency) of revenues over (under) expenditures	(13,171,258)	2,438,711	(10,732,547)
<b>Other financing sources and uses</b>			
Transfers in	12,477,228	206,697	12,683,925
Transfers out	(206,697)	(6,944,173)	(7,150,870)
Total other financing sources and uses	12,270,531	(6,737,476)	5,533,055
Net change in fund balances	(900,727)	(4,298,765)	(5,199,492)
Fund balances at beginning of year	9,915,940	5,180,097	15,096,037
Fund balances at end of year	<b>\$ 9,015,213</b>	<b>\$ 881,332</b>	<b>\$ 9,896,545</b>

See accompanying notes to financial statements

**The City of Dover**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2009**

Net change in fund balances--total governmental funds (Page 37) \$ (5,199,492)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capitalization of net capital asset expenditures including CIP	\$ 2,819,246	
Loss on removal of assets under \$5,000 & transfers out	(195,435)	
Current Year depreciation and amortization	(2,481,478)	142,333

Governmental funds report the repayment of principal of general long-term debt as an expenditure but the repayment reduces the liability in the statement of net assets. 365,000

Changes in other assets are not available to pay for current period expenditures and therefore are deferred in the funds. 335,667

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Amortization of 2003 bond issuance cost. (10,172)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for the transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, assets are not recognized in governmental funds unless they represent current financial resources but are recognized in the statement of activities as they accrue. The following differences, therefore, occur between the statement of activities and the governmental funds.

Compensated absences	\$ (174,575)	
Prepaid pension asset - Police Plan	173,173	
Net pension obligation - General Pension Plan	(111,770)	
Net OPEB obligation - General Fund	(384,260)	(497,432)

An internal service fund is used by the City to charge the costs of workers' compensation insurance to individual funds. The change in net assets of the internal service fund is transferred to the governmental funds and amounts attributable to internal charges are then allocated to functional expenditures. Net revenue is allocated back to respective functions and business type activities, as appropriate. (101,716)

Change in net assets of governmental activities (Page 33) \$ (4,965,812)

See accompanying notes to financial statements

The City of Dover  
 Statement of Net Assets - Proprietary Funds  
 June 30, 2009

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water/ Wastewater Fund	Electric Revenue Fund	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,235,696	\$ 7,693,958	\$ 8,929,654	\$ 6,048
Investments	2,964,877	5,918,522	8,883,399	1,530,065
Receivables, net	673,278	6,016,914	6,690,192	4,000
Due from other funds-charges	60	21,987	22,047	-
Other	161,010	417,071	578,081	-
Inventory	138,382	4,280,128	4,418,510	-
Prepaid items	1,307	3,137,142	3,138,449	85,202
Total current assets	5,174,610	27,485,722	32,660,332	1,625,315
Non-current assets:				
Restricted assets				
Cash	1,540,492	13,225,776	14,766,268	-
Investments	3,241,990	20,519,748	23,761,738	-
Land and construction in progress	905,495	18,730,586	19,636,081	-
Capital assets, net of depreciation	36,516,781	71,979,606	108,496,387	-
Total non-current assets	42,204,758	124,455,716	166,660,474	-
Total assets	47,379,368	151,941,438	199,320,806	1,625,315
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	1,030,878	9,053,311	10,084,189	346,704
Due to other funds - charges	135,800	392,623	528,423	-
Deferred revenue	-	217,787	217,787	-
Accrued interest payable	75,649	897,501	973,150	-
Customer deposits	-	1,567,546	1,567,546	-
Revenue bonds payable	691,070	2,260,000	2,951,070	-
Liability for compensated absences	100,520	174,087	274,607	-
Total current liabilities	2,033,917	14,562,855	16,596,772	346,704
Non-current liabilities:				
Revenue bonds payable	3,435,054	34,430,524	37,865,578	-
Liability for compensated absences	82,621	317,102	399,723	-
Total non-current liabilities	3,517,675	34,747,626	38,265,301	-
Total liabilities	5,551,592	49,310,481	54,862,073	346,704
<b>Net Assets</b>				
Invested in capital assets, net of related debt	34,836,644	56,635,132	91,471,776	-
Restricted for capital construction	3,241,990	31,130,060	34,372,050	-
Unrestricted	3,749,142	14,865,765	18,614,907	1,278,611
Total net assets	\$ 41,827,776	\$ 102,630,957	\$ 144,458,733	\$ 1,278,611

See accompanying notes to financial statements

**The City of Dover**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Assets- Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water/ Wastewater Fund</b>	<b>Electric Revenue Fund</b>	<b>Total</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 10,156,053	\$ 99,642,490	\$ 109,798,543	\$ -
Miscellaneous services/income	1,162,974	1,778,492	2,941,466	547,535
Total operating revenues	<u>11,319,027</u>	<u>101,420,982</u>	<u>112,740,009</u>	<u>547,535</u>
<b>Operating Expenses</b>				
Water/wastewater services	7,934,166	-	7,934,166	-
General administrative	996,154	4,084,382	5,080,536	569,529
Power supply	-	74,928,897	74,928,897	-
Transmission/distribution	-	4,032,931	4,032,931	-
Engineering	-	2,393,416	2,393,416	-
Metering	-	285,118	285,118	-
Systems operations	-	559,743	559,743	-
Utility tax	-	1,738,059	1,738,059	-
Depreciation	1,439,639	3,898,475	5,338,114	-
Contractual services	-	-	-	33,290
Taxes	-	-	-	35,333
Retirees healthcare	580,494	1,830,903	2,411,397	-
Self insurance-workers' compensation	-	-	-	82,490
Total operating expenses	<u>10,950,453</u>	<u>93,751,924</u>	<u>104,702,377</u>	<u>720,642</u>
Operating income (loss)	<u>368,574</u>	<u>7,669,058</u>	<u>8,037,632</u>	<u>(173,107)</u>
<b>Non-operating Revenues (Expenses)</b>				
Interest earned:				
Operating funds	164,815	141,310	306,125	-
Reserve funds	111,231	1,041,655	1,152,886	58,235
Net increase in fair value of investments	49,741	239,624	289,365	13,156
Interest and fiscal charges	(160,518)	(726,448)	(886,966)	-
Bond discount amortized	(31,596)	(113,206)	(144,802)	-
Arbitrage	(71,436)	-	(71,436)	-
Gain on sale of assets	17,090	115,638	132,728	-
Total non-operating revenue (expenses)	<u>79,327</u>	<u>698,573</u>	<u>777,900</u>	<u>71,391</u>
Income before transfers	<u>447,901</u>	<u>8,367,631</u>	<u>8,815,532</u>	<u>(101,716)</u>
Transfers In	457,505	1,332,350	1,789,855	-
Transfers out	(564,810)	(6,758,100)	(7,322,910)	-
Total transfers	<u>(107,305)</u>	<u>(5,425,750)</u>	<u>(5,533,055)</u>	<u>-</u>
Change in net assets	340,596	2,941,881	3,282,477	(101,716)
Total net assets--beginning	41,487,180	99,689,076	141,176,256	1,380,327
Total net assets--ending	<u>\$ 41,827,776</u>	<u>\$ 102,630,957</u>	<u>\$ 144,458,733</u>	<u>\$ 1,278,611</u>

See accompanying notes to financial statements

The City of Dover  
 Statement of Cash Flows - Proprietary Funds  
 For the Year Ended June 30, 2009

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Wastewater Fund	Electric Revenue Fund	Total	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 11,410,140	\$ 102,166,050	\$ 113,576,190	\$ -
Payments to suppliers (including purchased power)	(6,705,009)	(84,896,150)	(91,601,159)	(236,315)
Payments to employees	(1,920,214)	(4,718,138)	(6,638,352)	-
Payments of personnel related costs	(1,013,922)	(2,294,874)	(3,308,796)	547,535
Internal activity--payments from (to) other funds	-	-	-	(300,000)
Other receipts (payments) including claims paid	(41,485)	(3,221,912)	(3,263,397)	(430,286)
Net cash provided by operating activities	1,729,510	7,034,976	8,764,486	(419,066)
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers out	(564,810)	(6,758,100)	(7,322,910)	-
Transfers in	457,505	1,332,350	1,789,855	-
Net cash used by noncapital financing activities	(107,305)	(5,425,750)	(5,533,055)	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Arbitrage Payment	(71,436)	-	(71,436)	-
Acquisition and construction of capital assets	(2,298,897)	(10,729,533)	(13,028,430)	-
Proceeds from capital debt	-	20,356,046	20,356,046	-
Principal paid on revenue bond maturities	(674,804)	(1,840,000)	(2,514,804)	-
Interest paid on capital debt	(168,351)	(761,776)	(930,127)	-
Net cash used by capital and related financing activities	(3,213,488)	7,024,737	3,811,249	-
<b>Cash Flows from Investing Activities</b>				
Interest on investments	164,815	141,310	306,125	-
Redemption of investment securities	1,697,200	4,100,000	5,797,200	99,000
Purchase of investment securities	(268,193)	(5,150,293)	(5,418,486)	(70,055)
Interest on restricted cash	111,231	1,041,655	1,152,886	71,952
Net cash provided (used) by investing activities	1,705,053	132,672	1,837,725	100,897
Net increase (decrease) in cash and cash equivalents	113,770	8,766,635	8,880,405	(318,169)
Balances--beginning of the year	2,662,418	12,153,099	14,815,517	324,217
Balances--end of the year	\$ 2,776,188	\$ 20,919,734	\$ 23,695,922	\$ 6,048
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 368,574	\$ 7,669,058	\$ 8,037,632	\$ (173,107)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,439,639	3,898,475	5,338,114	-
Changes in assets and liabilities				
(Increase)/decrease in receivables	104,494	595,040	699,534	-
(Increase)/decrease in due from other funds	28,284	56,725	85,009	-
(Increase)/decrease in inventory	72,719	889,715	962,434	-
(Increase)/decrease in prepaid items	(162,317)	(3,482,300)	(3,644,617)	(85,202)
Increase/(decrease) in accounts payable and accrued expenses	(74,549)	(2,655,987)	(2,730,536)	139,243
Increase/(decrease) in deferred revenue	(41,665)	50,337	8,672	-
Increase/(decrease) in due to other funds	(41,485)	(52,849)	(94,334)	(300,000)
Increase/(decrease) in customer deposits	-	42,966	42,966	-
Increase/(decrease) in liability for compensated absences	35,816	23,796	59,612	-
Net cash provided (used) by operating activities	\$ 1,729,510	\$ 7,034,976	\$ 8,764,486	\$ (419,066)
Non-cash investing, capital and financing activities:				
Change in fair value of investments	\$ 49,741	\$ 239,624	\$ 289,365	\$ -
Capital contributions - infrastructure	\$ -	\$ 7,511	\$ 7,511	\$ -

See accompanying notes to financial statements

**The City of Dover**  
**Statement of Fiduciary Net Assets**  
**June 30, 2009**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,336,031	\$ -	\$ 97,675
Investments at fair value - Mutual Funds	24,903,329	-	227,625
U.S. government and agencies securities	-	2,118,345	-
Corporate bonds and notes	-	2,680,147	-
Receivables	149,823	18,737	93,026
Prepaid items	-	-	11,478
Total assets	<u>26,389,183</u>	<u>4,817,229</u>	<u>429,804</u>
<b>Liabilities</b>			
Accounts payable	25,597	1,762	19,390
Unearned revenue	-	-	129,904
Due to agencies	-	-	280,510
Total liabilities	<u>25,597</u>	<u>1,762</u>	<u>\$ 429,804</u>
Net Assets held in trust for retirement benefits	<u>\$ 26,363,586</u>	<u>\$ 4,815,467</u>	

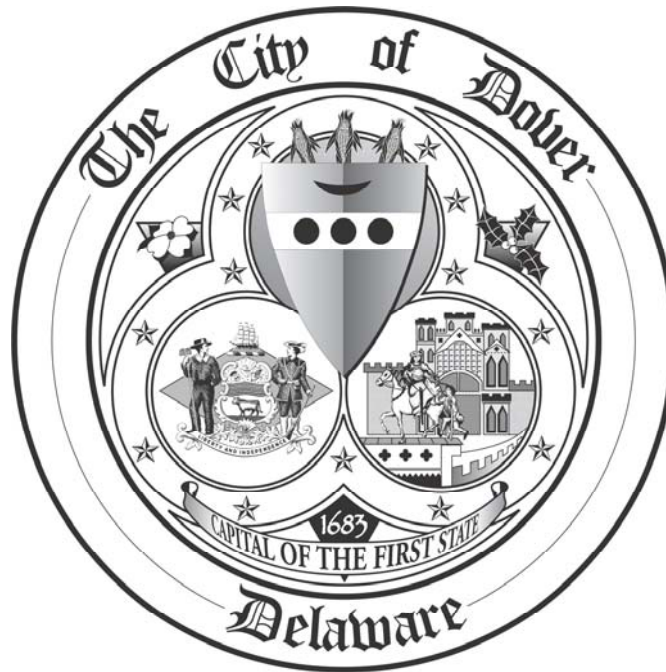
See accompanying notes to financial statements

**The City of Dover**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2009**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>
<b>Additions:</b>		
Net investment income (loss)	\$ (3,777,161)	\$ 195,032
City's contribution- payroll based	2,491,393	499,891
City's contribution- lump sum	95,000	4,135,000
Employee contribution	309,195	-
State insurance premium tax proceeds	409,122	-
State contribution toward COLA increases	221,250	-
Other	120	-
Total additions to net assets	(251,081)	4,829,923
<b>Deductions:</b>		
Benefit payments	4,133,997	-
General administration	38,000	14,456
Refund of pension contribution	39,517	-
Total deductions from net assets	4,211,514	14,456
Changes in net assets	(4,462,595)	4,815,467
Net assets - beginning	30,826,181	-
Net assets - ending	\$ 26,363,586	\$ 4,815,467

See accompanying notes to financial statements





**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2009**  
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**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009**

**1. FINANCIAL REPORTING ENTITY**

**A. The City**

The City of Dover was incorporated in 1829 and is a municipal corporation governed by an elected mayor and a nine-member council. The accompanying financial statements present the financial position and operating results for fiscal year ended June 30, 2009.

**B. Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in Generally Accepted Accounting Principles (GAAP). The criterion used is that set forth by Statement of Governmental Accounting Standard 14, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon this criterion, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

*Included within the reporting entity:*

The City has complete financial and operational oversight of the following functions, and, therefore, they are included in this report - police protection, street maintenance, sanitation, recreation, library, community development, public improvements, planning, safety inspections, electric generation and distribution, water and wastewater services, legislative services and general administration, including employee benefits.

*Not included within the reporting entity:*

The City has joined the State of Delaware Police Pension Plan for uniformed police officers employed by the City after September 1, 1982. The plan is completely managed by the State of Delaware and, therefore, is not included in the financial statements.

The Robbins Hose Volunteer Fire Company and the Capital School District are not included within the financial reporting entity because they do not meet the criteria for inclusion set forth by Governmental Accounting Standards.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. A summary of the more significant policies follows:

### **A. Basis of Presentation**

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally funded by taxes and other City revenue, from business-type activities (BTAs), generally funded in whole or in part with fees charged to external users. Eliminations have been made for the doubling-up effect of certain internal activities.

The government-wide statement of activities presents a comparison between direct program expenses and program revenues for each function of the City's governmental activities and for each of the City's identifiable business-type activities. Direct expenses are those that are specifically associated with a program, function or activity. Program revenues include (a) charges paid by the recipients or beneficiaries of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The City allocates the costs of certain governmental services to the costs of business-type activities (indirect expense allocation). These costs include allocated amounts of city management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, etc. The allocations are charged to the BTAs based on the use of these services. As a matter of policy, the costs of certain governmental functions are not allocated to the business-type activities such as public safety, library and recreation and community and economic development.

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the City's funds, including fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The City reports the following major governmental fund:

General Fund

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

The City reports the following major proprietary funds:

Electric Revenue Fund

This fund incorporates all transactions related to the generation, transmission and distribution of electricity. The City has contracted with both Pace Global and North American Energy Services to manage the City's power supply and generation assets.

Water/Wastewater Fund

This fund accounts for transactions related to water and wastewater services, including the payment of fees to Kent County for the treatment of sewage. The City also holds lease agreements with cell phone companies for equipment placed on City water towers.

The City reports the following non-major funds:

Internal Service Fund

The City has created one internal service fund to account for the activities related to self-insured Workers' Compensation. Receipts are provided from contributions by the City's three major funds. Expenses are related to payment of claims, premiums, and administration costs. Actuarial analyses are completed triennially to insure sufficient reserves for claims for the Workers' Compensation Fund.

Special Revenue Funds

The City has twelve Special Revenue Funds to account for proceeds from specific revenue sources which are legally or administratively restricted to specified expenditure purposes.

Fiduciary Funds

Fiduciary funds consist of trust and agency funds and are used to report assets held by the City in a trustee or agency capacity for other purposes. These funds are, therefore, not available to support City programs.

The City is the trustee for the City's two pension plans, the Police Pension Fund and the Employee Pension Fund, and the Other Post Employment Benefit Trust. The activity of these plans is accounted for in the Basic Financial Statements.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations or other governments. The City has seven agency funds.

The City acts as the receiving and paying agent for the Dover Parking Authority, Library Consortium, Dover Library Foundation, Dover Arts Council, Downtown Dover Partnership, Main Street Dover, Inc., and Fourth of July Celebration Committee and the transactions are shown under the Agency Funds category. During the year the Dover Parking Authority, Downtown Dover Development Corporation and Main Street Dover, Inc. were dissolved and replaced by the Downtown Dover Partnership.

## **B. Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Their revenues are recognized when they become measurable and available as net current assets.

Revenues that are susceptible to accrual include property taxes, grants and billable service charges. All other revenues are accounted for when they are received.

Property taxes are recognized in the fiscal period for which they are levied provided they are "available"- i.e., they are collected in the current period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty-days after year-end, except for trash collection, which has a thirty-day collection period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due. Also, claims and judgments and compensated absences are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The government-wide financial statements as well as all proprietary and fiduciary trust funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. Agency funds have no measurement focus.

A reconciliation of the governmental fund financial statements prepared on the modified accrual basis of accounting to the government-wide financial statements prepared on the accrual basis of accounting is also provided. The types of transactions included in program revenues in the government-wide statement of activities include charges for services, operating grants and capital grants.

Operating income reported in the proprietary fund financial statements includes revenue and expenses related to the continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales and services. Principal operating expenses are the costs of providing goods and services, which include purchased power, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As permitted by GASB Statement No. 20, with regards to its Enterprise funds the City has elected to apply all applicable GASB pronouncements and all FASB Statements and interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

### C. Capital Assets and Long-Term Liabilities

Capital assets used in Governmental Fund type operations (general capital assets) are accounted for in the government-wide financial statements rather than in the funds. Public domain ("infrastructure") general capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized in the government-wide financial statements along with other general capital assets. The capitalization threshold for the City's assets is \$5,000. Personal computers and related hardware valued under \$5,000 are manually controlled by the Information Technology Department. All capital assets are valued at historical cost and donated assets are shown at a fair market value as of the date of donation. Depreciation has been provided on general capital assets and is shown in Note 5. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	20 - 50 years
Vehicles	5 - 7 years
Equipment, Furniture, Fixtures	7 - 15 years

Long-term liabilities expected to be financed from governmental funds and the long-term estimated liabilities for compensated absences are accounted for in the government-wide financial statements, but not in the Governmental Funds.

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is shown in Note 5 of this section. Depreciation in the proprietary funds has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are presented below:

Buildings, Mains, Plant	25 - 50 years
Improvements	10 - 20 years
Equipment	5 - 15 years
Vehicles	5 - 7 years



#### **D. Budget Procedures**

Legally adopted budgets are prepared for the General Fund, Water/Wastewater Fund, Electric Revenue Fund, the Internal Service Fund and the following non-major special revenue funds: Municipal Street Aid Fund, Community Development Block Grant Fund (Federal), State Department of Transportation Grants Fund (Community Transportation), and Other Postretirement Benefit Fund.

The General Governmental Capital Project Fund provides for separate budgets to cover the planning and control of capital items for the governmental programs. The financial transactions of this fund are included in the financial statements of the General Fund. The Electric Improvement and Extension Fund and the Water/Wastewater Improvement and Extension Fund are sections of each utility enterprise. These sections are required by bond resolutions. Separate budgets for these funds cover the planning and control of only the capital items of the utilities. The financial transactions of these funds are included in the financial statements of the Electric Revenue Fund and the Water/Wastewater Fund.

The City prepares the budget for the General Fund revenues on the cash basis, except for property taxes and billable services, which are on a modified accrual basis. The expenditures are accounted for when the purchase orders are issued.

Budgets for the Electric Revenue Fund, Water/Wastewater Fund and Internal Service Fund are prepared on an accrual basis. Budgets are prepared under the assumption that the principal redemption of long-term debt must be assumed by Enterprise Fund activity in conformity with the bond ordinance.

The budget and actual schedules (in the legal budget format (non GAAP), adopted by the City) of the City's major governmental funds, the General Fund and Governmental Capital Project Fund, are presented in the Required Supplementary Information Section of this report. The budget and actual schedules of the other funds are presented in the supplementary information section of this report because they are "not required."

According to the City's procedures, the preceding year's ending net budgetary balances are considered as resources for the following year. The beginning balances become operating items of revenues in the budgets. Estimated ending budgetary balances provide the balancing amount for each budget. In accordance with the City's financial policies, adopted by City Council, the major operating funds of the City are required to maintain an 8% minimum ending budget balance expressed as a percentage of operating revenues excluding the beginning budget balance.

#### **E. Major Transfers**

The Electric Revenue Fund annually transfers a budgeted portion of its revenues to the General Fund. Transfers are also usually made from the Realty Transfer Tax Fund, Municipal Street Aid Fund, Electronic Red Light Safety Program (ERLSP) Fund, Police Grant Fund and Water/Wastewater Fund to the General Fund. The purpose of these

transfers is to provide routine subsidies to the General Fund for operating functions, capital project expenditures and debt service requirements.

All transfers between the General Fund and the non-major governmental funds are netted in the government-wide financial statements.

#### **F. Inventories and Prepaid Items**

Both inventories and prepaid items are accounted for using the consumption method. Inventories are treated as operational expenditures at the time of use rather than at the time of purchase for both the governmental and proprietary funds.

The warehouse inventories, consisting mostly of parts and supplies, are maintained on a perpetual inventory basis. Inventories of all funds are valued at cost, utilizing a weighted moving average method of valuation.

The Electric Revenue Fund maintains fuel inventory for the generating assets on a perpetual basis and utilizes the weighted moving average method of valuation. The balance as of June 30, 2009 is \$865,240.

#### **G. Cash and Investments**

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of United States Government and its agencies notes and bonds, corporate bonds and common stocks and open-end mutual funds. The fair value of investments is determined by current market value.

#### **H. Accounts Receivable**

Allowances for uncollectible accounts are maintained and uncollectible accounts are charged off against these allowances. The authority to write off accounts is vested with the City Council. Current balances are as follows:

General Fund	\$34,750
Water/Wastewater Fund	\$27,234
Electric Revenue Fund	\$366,020

#### **I. Restricted Assets**

Certain assets are restricted because their use is limited by bond covenants, endowments, or other similar third party restrictions.

Restricted assets at June 30, 2009 total \$39,074,013 including cash and cash equivalents of \$15,289,516 and \$23,784,497 in investments. Of this amount, \$546,007 is attributed to governmental activities and \$38,528,006 is attributable to business-type activities.

## **J. Unbilled Service Receivables**

The City follows a policy of billing for services in accordance with billing cycle procedures. All known services rendered are billed and incorporated in the books at the end of the fiscal year. Billing information which is unreported by June 30, 2009, by the operating departments is billed and accounted for in the month the information is received.

## **K. Bond Accounts/Issuance Costs**

In governmental funds, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Funds and in the government-wide financial statements are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts and issuance costs are presented as a reduction of the face amount of bonds payable.

## **L. Fund Equity/Net Assets**

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or that are legally restricted by third parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved, undesignated fund balance represents the amount available for appropriation. Proprietary funds report net assets in three categories; 1) invested in capital assets net of related debt; 2) restricted net assets; and 3) unrestricted net assets. Fund equity/net assets are further explained in Note 8.

## **M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **3. DEFICIT FUND EQUITY**

The Community Air Service Grant special revenue fund had a deficit fund balance of \$89,234 as of June 30, 2009. The fund incurred expenses that were not available for reimbursement within sixty-days of year end. The grant project is expected to be completed by December 31, 2009 and the City will be reimbursed from the U. S. Department of Transportation for all expenses shortly thereafter.

#### **4. DEPOSITS AND INVESTMENTS**

##### **A. Cash in Bank and Cash Equivalents**

*Custodial credit risk – deposits.* The bank collateralizes the City of Dover's deposits over and above those covered by the \$250,000 FDIC Insurance limit with specific securities, which are 'marked to market' daily against the aggregate balances. The market value of the collateral is always kept at a minimum of or equal to 102% of the amount of applicable deposits. Collateral consists solely of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instruments of the United States Government. Citizens Bank utilizes 'A' rated securities. The Bank of New York, as Custodian, holds the Collateral in a separately designated pledge account. These securities are held in safekeeping by the Bank of New York so not to commingle the funds with the bank investments. Collateral procedures and agreements are reviewed regularly by the Bank's outside counsel.

The City's minimum requirements for its depository are as follows:

- Federally or State of Delaware chartered Financial Institution
- Qualified depository as defined by the State of Delaware
- A member of the Federal Reserve System
- Maintain FDIC insurance
- Be assigned or maintain a rating of "B" or better by Standard & Poor's, Moody's, Fitch Ratings or other such bank rating service.
- Collateralize all account balances in accordance with the Collateralization Agreement and provide the City with a certified board resolution of collateralization
- Local presence

On June 30, 2009, the carrying amount of unrestricted bank deposits was \$10,880,368 and the carrying amount of restricted bank deposits totaled \$15,289,516. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary funds deposits of \$1,433,706 are excluded.

##### **B. Investments**

The City Council has adopted an investment policy which is reviewed every two years and updated as needed for best practices. The Pension Boards have their own distinct investment policy over the Pension Trust funds since the objectives differ from those of the City. The City investments are segregated from the Pension Trust investments for clarity. As of June 30, 2009, the City had the following investments:

Investment Type	Fair Value	(Years)
<b>Government-Wide:</b>		
Fixed income securities:		
U. S. Government Treasuries	\$ 3,360,168	5.69
U. S. Government Agencies	16,060,322	1.87
Corporate Bonds	<u>20,319,652</u>	1.54
Fair Value of fixed income securities	39,740,142	
Portfolio weighted average maturity		3.03
Other investments:		
Money Market Mutual Funds	1,971,730	
Equity Stock	23,157	
Total Other Investments	<u>1,994,887</u>	
Total Government-Wide Investments	<u><u>\$ 41,735,029</u></u>	
OPEB and Pension Funds (Trustee held):		
U. S. Government Agencies - OPEB	\$ 2,118,345	1.87
Corporate Bonds - OPEB	2,680,147	1.54
Short-term corporate bond open-end mutual funds	5,721,097	2.80
Intermediate-term corporate bond open-end mutual funds	<u>3,103,345</u>	7.60
Fair value of fixed income investments	13,622,934	
Portfolio weighted average maturity		5.20
Other investments:		
Domestic equity open-end mutual funds	12,543,950	
International equity open-end mutual funds	<u>3,534,937</u>	
Fair value of other investments	<u>16,078,887</u>	
Total fair value OPEB and pension funds	<u><u>\$ 29,701,821</u></u>	

*Interest rate risk:* The City's investment policy requires the Treasurer to periodically review and analyze its investments for exposure to fluctuating interest rates. Debt securities are held to maturity to further reduce exposure to interest rate fluctuations. Maximum maturity permitted by the policy is forty-eight months. Short-term cash flow balances are invested up to one year.

The investments are held in the City's name. Wilmington Trust Company issues monthly statements which the Finance Department reviews for contractual and investment policy compliance.

*Credit risk:* The City's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. As of June 30, 2009, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard's & Poor's:

<u>Authorized Investments</u>	<u>Policy</u>	<u>Portfolio Characteristics</u>	
Certificates of Deposit, Time Deposits & Bankers Acceptances	B		0%
Corporate Debt			
Commercial Paper	A1/P1		
Corporate Bonds	AA	Aaa/AAA	7%
		Aa/AA	33%
		A/AA	0%
		A/A	5%
US Agency		Aaaa/AAA	43%
Money Market		Aaaa/AAA	2%
Pension Trusts			
Short-term Corporate bond open-end mutual funds	Avg. AA	AAA	75%
	Min. BB	AA	6%
		A	12%
Mid-term Corporate bond open-end mutual funds	Avg. AA	AAA	57%
	Min. BBB	AA	10%
Mid-term Corporate bond open-end mutual Funds		AAA	58%
		AA	6%
		A	16%
		BBB	20%
Equity open-end mutual funds		AAA	68%
Equity investments		AA	6%
		A	15%
		BBB	10%

*Concentration of credit risk:* The City has limitations on its investment portfolio as follows:

Us Government	No Restrictions
Certificates of Deposits and Time Deposits	50% of total, max 10% for any one issuer
U. S. Government Agency Securities	75% of total, max 40% in any one agency
Corporate Debt	50% of total, max 25% in any industry, 10% in any one issuer, and, additionally, 10% of any issuer's total outstanding securities
Repurchase Agreements	50% of total
Reverse Repurchase Agreements	25% of total
Money market funds	25% of total, 10% in any one fund except for the cash account
Municipal Obligations	10% in any one issuer

As of June 30, 2009 the City's Corporate Debt securities exceeded the policy limit by 3% due to fluctuations in the market values. The investments were brought back in line with the policy by July 10, 2009.

The Pension Trust fund has its investments exclusively in open-end mutual funds, with limits on its investments as follows:

General Restriction	Domestic: Investment no more than 5% in any one security. May maintain no more than 8% in any one security. International Equities: Maintain limit of 15% of international equity portfolio.
Domestic Equity funds	Minimum 46% of total Maximum 56% of total Target 51% Benchmark Russell 3000
International Equity	Minimum 9% of total Maximum 18% of total Target 14% of total Benchmark MSCI EAFE
Fixed Income	Minimum 30% of total Maximum 40% of total Target 35% of total Benchmark Barclays Intermediate Government/Credit

*Custodial credit risk-investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is to have its investments held in the City's name by the City's agents to avoid custodial credit risk.

**5. CAPITAL ASSETS**

A summary of the Capital asset activity for the year ended June 30, 2009 is presented below:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 3,958,887	\$ -	\$ -	\$ 3,958,887
Construction in progress	163,538	1,816,496	1,224,283	755,751
Total capital assets, not being depreciated	4,122,425	1,816,496	1,224,283	4,714,638
Capital assets, being depreciated:				
Buildings	10,985,634	7,023	79,909	10,912,748
Furniture and fixtures	202,624	-	22,274	180,350
Equipment	7,499,750	579,516	1,054,828	7,024,438
Vehicles	3,762,037	564,885	268,844	4,058,078
Lights	542,435	72,096	-	614,531
Improvements other than buildings	34,681,518	1,003,513	36,384	35,648,647
Books and audio visuals	12,375	-	4,260	8,115
D.R.M.O. police equipment	46,701	-	-	46,701
Fully depreciated assets	287,753	-	-	287,753
Total capital assets, being depreciated	58,020,827	2,227,033	1,466,499	58,781,361
Less accumulated depreciation for:				
Buildings	(2,960,118)	(259,671)	76,686	(3,143,103)
Furniture and fixtures	(166,564)	(6,785)	22,274	(151,075)
Equipment	(4,882,915)	(527,858)	981,863	(4,428,910)
Vehicles	(2,115,606)	(423,828)	151,252	(2,388,182)
Lights	(401,296)	(14,169)	-	(415,465)
Improvements other than buildings	(13,940,304)	(1,248,008)	34,729	(15,153,583)
Books and audio visuals	(10,657)	(1,159)	4,260	(7,556)
D.R.M.O. police equipment	(46,701)	-	-	(46,701)
Total accumulated depreciation	(24,524,161)	(2,481,478)	1,271,064	(25,734,575)
Total capital assets, being depreciated, net	33,496,666	(254,445)	195,435	33,046,786
Governmental activities capital assets, net	\$ 37,619,091	\$ 1,562,051	\$ 1,419,718	\$ 37,761,424

(continued)



(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	9,343,879	13,000,724	5,072,083	17,272,520
Total capital assets, not being depreciated	10,801,945	13,000,724	5,072,083	18,730,586
Capital assets, being depreciated				
Buildings	16,634,255	41,838	-	16,676,093
Production	59,654,605	835,241	461,424	60,028,422
Transmission	20,050,829	1,398,005	627,673	20,821,161
Distribution	47,584,756	4,095,127	2,247,894	49,431,989
Administration	1,514,174	94,140	88,665	1,519,649
Vehicles	682,872	52,382	60,644	674,610
Total capital assets, being depreciated	146,121,491	6,516,733	3,486,300	149,151,924
Less accumulated depreciation for:				
Buildings	(9,789,406)	(390,836)	-	(10,180,242)
Production	(36,209,988)	(1,348,285)	241,574	(37,316,699)
Transmission	(7,030,596)	(627,081)	288,039	(7,369,638)
Distribution	(20,997,708)	(1,365,764)	1,400,707	(20,962,765)
Administration	(917,024)	(91,230)	70,698	(937,556)
Vehicles	(370,896)	(75,279)	40,757	(405,418)
Total accumulated depreciation	(75,315,618)	(3,898,475)	2,041,775	(77,172,318)
Total capital assets, being depreciated, net	70,805,873	2,618,258	1,444,525	71,979,606
Total electric revenue fund capital assets, net	\$ 81,607,818	\$ 15,618,982	\$ 6,516,608	\$ 90,710,192
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	\$ 163,240	\$ -	\$ -	\$ 163,240
Construction in progress	755,426	1,073,700	1,086,871	742,255
Total capital assets, not being depreciated	918,666	1,073,700	1,086,871	905,495
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	14,820,467	300,253	-	15,120,720
Distribution mains, hydrants, and accessories	14,080,750	1,164,077	-	15,244,827
Sewage plant mains, and pumping stations	24,073,822	299,027	-	24,372,849
Vehicles and equipment	3,860,355	591,797	125,059	4,327,093
Total capital assets, being depreciated	56,835,394	2,355,154	125,059	59,065,489
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(5,410,648)	(345,756)	-	(5,756,404)
Distribution mains, hydrant, and accessories	(4,534,868)	(288,638)	-	(4,823,506)
Sewage plant mains, and pumping stations	(8,841,052)	(539,021)	-	(9,380,073)
Vehicles and equipment	(2,421,563)	(266,224)	99,062	(2,588,725)
Total accumulated depreciation	(21,208,131)	(1,439,639)	99,062	(22,548,708)
Total capital assets, being depreciated, net	35,627,263	915,515	25,997	36,516,781
Total water/wastewater fund capital assets, net	\$ 36,545,929	\$ 1,989,215	\$ 1,112,868	\$ 37,422,276
Business-type activities capital assets, net	\$ 118,153,747	\$ 17,608,197	\$ 7,629,476	\$ 128,132,468

Depreciation expense was charged to functions/ programs of the primary government as follows:

Governmental activities:

General government	\$ 23,472
Central services	105,476
Public safety	433,164
Public works	1,609,468
Library and recreation	194,530
Financial administration	115,368
Total depreciation expense - governmental activities	<u>\$ 2,481,478</u>

Business-type activities:

Electric	\$ 3,898,475
Water/wastewater	1,439,639
Total depreciation expense-business-type activities	<u>\$ 5,338,114</u>

The increase in accumulated depreciation for governmental activities is \$1,210,414 comprised of \$2,481,478 current depreciation and \$1,271,064 accumulated depreciation on fully depreciated assets valued under \$5,000 that were written off or disposed of during the fiscal year.

The increase in accumulated depreciation for the Electric Fund is \$1,856,700 comprised of \$3,898,475 current depreciation and \$2,041,775 accumulated depreciation on fully depreciated assets that were either disposed of or transferred out of the fund during the fiscal year. The \$2,041,775 decrease in accumulated depreciation includes \$1,424,638 of impaired assets due to changes in technology of transmission and distribution equipment that was taken out of service. The impairment losses have been included in the functional expenses for the Electric Fund.

The increase in accumulated depreciation for the Water/Wastewater Fund is \$1,340,577 comprised of \$1,439,639 current depreciation and \$99,062 accumulated depreciation on fully depreciated assets that were either disposed of or transferred out of the fund during the fiscal year.

In accordance with generally accepted accounting principles, \$831,040 of interest paid during the construction of projects for enterprise funds is capitalized. This amount is netted against the interest earned on the project funds \$195,959.

## 6. LONG -TERM OBLIGATIONS

### A. Summary of Bonded Indebtedness by Issue

Debt Issue	Original Amount	Remaining Amount	Interest Rate	Maturity Range	Federal Arbitrage Applicable	Purpose
<b>Governmental Activities</b>						
2003 General Obligation Bonds	\$ 3,430,000	\$ 2,365,000	3.870%	7/1/04 - 7/1/16	No	Refunding of '92 &'95 issues
<b>Business Type Activities</b>						
<b>Water/Wastewater Bonds</b>						
State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 512,072	3.600%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2003 Revenue Bonds	\$ 7,980,000	\$ 4,495,000	3.790%	7/1/04 - 7/1/23	Yes	Complete refund 1986B Series; partial refunding 1993 and 1993A Series; expansion and upgrades of water and sanitary sewer system

(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)

#### Electric Revenue Bonds

2004 Taxable Revenue Bonds	\$ 22,535,000	\$ 17,170,000	4.820%	7/1/05 - 7/1/15	No	Complete refund 1990 and 1993 Series
2008 Revenue Bonds	\$ 22,200,000	\$ 22,200,000	4.810%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system

(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)

### B. Status as of June 30, 2009 – General Obligation Bonds

Long-term indebtedness of the City of Dover consists of the following general purpose General Obligation Bonds:

General Obligation Bonds	General Purpose
2003 Series	\$ 2,080,000

The total General Obligation Bonds outstanding amount includes \$260,000 payable within one year.

### C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2009:

#### i. General Long-Term Debt

Item	Balance 7/01/08	Additions	Reductions	Balance 6/30/09	Payable within one Year
Compensated Absences	\$ 1,756,211	\$ 1,474,137	\$ 1,299,563	\$ 1,930,785	\$ 863,977
General Obligation Bonds	2,445,000	-	365,000	2,080,000	260,000
Sub-total of General Long-Term Debt	\$ 4,201,211	\$ 1,474,137	\$ 1,664,563	\$ 4,010,785	\$ 1,123,977

**ii. Enterprise Funds Debt  
 Water/Wastewater Fund**

Item	Balance 7/01/08	Additions	Reductions	Balance 6/30/09	Payable within one Year
Compensated Absences	\$ 147,325	\$ 128,516	\$ 92,700	\$ 183,141	\$ 100,520
Revenue Bonds-Water and Wastewater	4,495,000	-	640,000	3,855,000	655,000
State of Delaware Municipal Revenue Bond	512,072	-	34,804	477,268	36,070
Sub-total of Water/ Wastewater Fund	\$ 5,154,397	\$ 128,516	\$ 767,504	\$ 4,515,409	\$ 791,590

**iii. Enterprise Funds Debt  
 Electric Revenue Fund**

Item	Balance 7/01/08	Additions	Reductions	Balance 6/30/09	Payable within one Year
Compensated Absences	\$ 467,393	\$ 301,351	\$ 277,555	\$ 491,189	\$ 174,087
Revenue Bonds	17,170,000	22,200,000	1,840,000	37,530,000	2,260,000
Sub-total of Electric Revenue Fund	\$ 17,637,393	\$ 22,501,351	\$ 2,117,555	\$ 38,021,189	\$ 2,434,087
Sub-total of Enterprise Fund Debt	\$ 22,791,790	\$ 22,629,867	\$ 2,885,059	\$ 42,536,598	\$ 3,225,677
Grand Totals of Long-Term Debt	\$ 26,993,001	\$ 24,104,004	\$ 4,549,622	\$ 46,547,383	\$ 4,349,654

The revenue and general obligation bonds payable as shown in the statement of net assets are net of unamortized bond discount and issuance costs as follows:

Fund	As Shown Above	Discount/ Issuance Costs	Balance Sheet
General	\$ 2,080,000	\$ 71,200	\$ 2,008,800
Water/Wastewater	4,332,268	206,144	4,126,124
Electric	37,530,000	839,476	36,690,524
Total	\$ 43,942,268	\$ 1,116,820	\$ 42,825,448

The City does not receive reimbursement for debt service from any other governmental units. The City does not have any special assessment debt or defeased bonds as of June 30, 2009.

**D. Debt Service Requirements**

The following are the debt service requirements to maturity on the City's general obligation bonds and revenue bonds.

**i. Governmental Activities:**

Fiscal Year	2003 General Obligation Bonds		
	Principal	Interest	Total
2010	\$ 260,000	\$ 68,410	\$ 328,410
2011	270,000	60,850	330,850
2012	275,000	52,262	327,262
2013	285,000	42,738	327,738
2014	295,000	32,440	327,440
2015	220,000	22,950	242,950
2016	230,000	14,285	244,285
2017	245,000	4,900	249,900
Total	\$ 2,080,000	\$ 298,835	\$ 2,378,835

**ii. Business-type Activities**

Fiscal Year	Water/Wastewater Fund				Electric Revenue Fund				Total
	2003 Revenue Bonds		Municipal Revenue Bonds		2004 Taxable Revenue Bonds		2008 Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$ 655,000	\$ 125,022	\$ 36,070	\$ 16,859	\$ 1,905,000	\$ 647,580	\$ 355,000	\$ 1,068,554	\$ 4,809,085
2011	290,000	116,322	37,379	15,550	1,995,000	560,300	375,000	1,049,029	4,438,580
2012	300,000	106,422	38,737	14,192	2,080,000	464,620	390,000	1,028,404	4,422,375
2013	310,000	95,572	40,144	12,785	2,180,000	361,070	410,000	1,006,954	4,416,525
2014	320,000	84,052	41,601	11,326	2,270,000	248,706	430,000	986,454	4,392,139
2015	330,000	71,512	43,113	9,815	2,390,000	128,010	450,000	964,954	4,387,404
2016	155,000	65,468	44,679	8,250	2,510,000	-	475,000	942,454	4,200,851
2017	160,000	59,068	46,301	6,626	-	-	695,000	918,704	1,885,699
2018	165,000	52,302	47,984	4,946	-	-	730,000	883,954	1,884,186
2019	175,000	44,866	49,727	3,202	-	-	765,000	847,454	1,885,249
2020	180,000	37,126	51,533	1,397	-	-	800,000	815,706	1,885,762
2021	190,000	28,766	-	-	-	-	840,000	781,706	1,840,472
2022	200,000	19,764	-	-	-	-	880,000	746,006	1,845,770
2023	210,000	10,106	-	-	-	-	925,000	707,506	1,852,612
2024	215,000	-	-	-	-	-	970,000	665,881	1,850,881
2025	-	-	-	-	-	-	1,015,000	622,231	1,637,231
2026	-	-	-	-	-	-	1,065,000	576,555	1,641,555
2027	-	-	-	-	-	-	1,120,000	527,300	1,647,300
2028	-	-	-	-	-	-	1,175,000	475,500	1,650,500
2029	-	-	-	-	-	-	1,230,000	416,750	1,646,750
2030	-	-	-	-	-	-	1,290,000	355,250	1,645,250
2031	-	-	-	-	-	-	1,355,000	290,750	1,645,750
2032	-	-	-	-	-	-	1,420,000	223,000	1,643,000
2033	-	-	-	-	-	-	1,485,000	152,000	1,637,000
2034	-	-	-	-	-	-	1,555,000	77,750	1,632,750
Total	\$ 3,855,000	\$ 916,368	\$ 477,268	\$ 104,948	\$ 15,330,000	\$ 2,410,286	\$ 22,200,000	\$ 17,130,806	\$ 62,424,676

The preceding tables do not include compensated absences.

**E. Bond Discounts/Issuance Cost Unamortized**

The following adjustments were made to the bond discounts/issuance cost for the fiscal year ending June 30, 2009:

	<u>Balance</u> <u>7/1/2008</u>	<u>Additions</u> <u>FY 2009</u>	<u>Amortized</u> <u>FY 2009</u>	<u>Balance</u> <u>6/30/2009</u>
General Fund GO Bonds	\$ 81,372	-	10,172	\$ 71,200
Discounts/Issuance Cost				
Water/Wastewater Bonds	\$ 237,740	-	31,596	\$ 206,144
Discounts/Issuance Cost				
Electric Revenue Bonds	\$ 730,128	213,652	104,304	\$ 839,476
Discounts/Issuance Cost				

**F. Bonds Payable within One Year – Detail by Issue**

Principal payments on bonds are due as follows:

**i. Payable by General Fund – General Obligation Bonds**

Issue	Principal Amount Due	Date Due
2003 Series General Obligation	\$ 260,000	July 1, 2009
Total General Fund	<u>\$ 260,000</u>	

**ii. Payable by Water/Wastewater Fund – Revenue Bonds**

Issue	Principal Amount Due	Date Due
2003 Water/Wastewater Revenue	\$ 655,000	July 1, 2009
Subtotal - Revenue	\$ 655,000	

**iii. State of Delaware Municipal Revenue Bonds – State Revolving Fund**

Issue	Principal Amount Due	Date Due
Subordinated Series 2000-SRF	\$ 17,874	October 1, 2009
Subordinated Series 2000-SRF	18,196	April 1, 2010
Subtotal – Revenue SRF	\$ 36,070	
Total Water/Wastewater	<u>\$ 691,070</u>	

**iv. Payable by Electric Fund – Revenue Bonds**

Issue	Principal Amount Due	Date Due
2004 Electric Revenue	\$ 1,905,000	July 1, 2009
2008 Electric Revenue	355,000	July 1, 2009
Total Electric Fund	<u>\$ 2,260,000</u>	

Total bond indebtedness principal to be paid in fiscal year 2010 is \$3,211,070.

## 7. RESTRICTED ASSETS

In the government-wide financial statements the restricted net assets of the governmental activities and business type activities are as follows:

### Governmental Activities

Grants-capital construction	These represent the State DOT and Garrison Oak grants reported in the non-major special revenue funds.	\$ 1,479,879
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	193,279
Other Purposes	These represent all other funds reported in the special revenue type, except the grants reserved for capital construction and public safety. Also included is an endowment from Mary Elizabeth Paton of which only interest income can be used for library purposes.	85,312
Total Restricted Net Assets		<u>\$ 1,758,470</u>

### Business Type Activities

Net restricted assets for construction purposes - expendable

Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 3,241,990
Electric	Restrictions on investments imposed by bond covenants	31,130,060
		<u>\$ 34,372,050</u>

**8. FUND EQUITY/NET ASSETS**

In the governmental fund financial statements, the stocks, and Mary Paton restricted assets in preceding note are reported as reserved fund balances. Additionally, the following unrestricted net assets are reported as reservations or designations of fund balances as follows:

Reserved for Parkland and Recreation	A separate account established by ordinance for the construction and/or development of parklands and recreation facilities.	<u>\$ 218,245</u>
Reserved for Encumbrances	Commitments to third parties to be paid in the following fiscal year.	<u>\$ 445,690</u>
Reserved for Cable Franchise	The Verizon Franchise Agreement requires a separate account for grant receipts for the creation of a City of Dover Network Television Station.	<u>\$ 39,717</u>
Designated for capital assets	A separate account established in 2003 for the acquisition of future capital assets.	<u>\$ 327,369</u>
Designated for contingency	A separate account established by ordinance for emergencies or uninsured capital losses with approval of City Council	<u>\$ 744,871</u>
Library Construction Reserve	A separate account established for the construction of a new library.	<u>\$ 3,554,078</u>

**9. PROPERTY TAXES**

Property taxes are levied under the authority of the City Charter on all real property located within the City limits. The City assessor is in charge of the property assessments and the City Council levies the property tax rate. The following table provides important dates with reference to property taxes.

Beginning of fiscal year for taxes	July 1
Tax rate levied	June
Taxes billed	July 1
Taxes due and payable at par	July 31
Penalty of one and one half percent starts	August 1
Lien established on property for property taxes	July 1
Tax sales of property with unpaid taxes	2 years from date of billing

There are no material delinquent property taxes as of June 30, 2009.



**10. GRANTS RECEIVED**

The total grants received in various non-major Special Revenue Funds are as follows:

Police grants	\$ 190,059
Library related	254,167
Municipal Street Aid	790,265
Housing grants	317,084
Girls Circle of Dover	47,315
DeIDOT grant	755,171
Substance Abuse Prevention grant	78,713
	<u>\$ 2,432,774</u>

Total grants received directly in the General Fund are as follows:

Public Safety	\$ 635,264
Public Works	10,000
Recreation	435,327
Total	<u>\$ 1,080,591</u>

**11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2009 is as follows:

**A. Due to/from other funds – Charges and Allocations**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental funds	\$ 39,222
	Water/ Wastewater Fund	115,678
	Electric Revenue Fund	392,623
Water/ Wastewater Fund	General Fund	60
Electric Fund	General Fund	1,865
	Water/Wastewater Fund	20,122
Non-Major Governmental Funds	General Fund	6,697
Total		<u>\$ 576,267</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**B. Due to/from Other Funds-Temporary Advances**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental funds	\$ 469,400

**C. Interfund Transfers**

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water/Waste- water Fund</u>	<u>Electric Fund</u>	
<u>Transfers Out</u>					
General Fund	\$ -	\$ 206,697			\$ 206,697
Non-major governmental funds	5,154,318	-	457,505	1,332,350	6,944,173
Water/ Wastewater Fund	564,810	-			564,810
Electric Revenue Fund	6,758,100	-			6,758,100
Total	<u>\$ 12,477,228</u>	<u>\$ 206,697</u>	<u>\$ 457,505</u>	<u>\$ 1,332,350</u>	<u>\$ 14,473,780</u>

Transfers are generally made for the purpose of providing operating capital or debt service subsidies to the receiving fund in accordance with City policy. However, the transfers to the Non-major governmental funds represent the City's share of street related improvements and appropriations to post-retirement medical benefits.

**12. RENTAL INCOME**

The City has a lease agreement with an individual for agricultural use of the Garrison Farm. The lease payment of \$41,532 has been recorded as miscellaneous revenue in the General Fund.

The City's Electric Revenue Fund owns an office building which houses the City's Customer Service, Finance and Information Technology Departments. At June 30, 2009, the City had leases with three tenants for the remaining space available. Lease revenue is \$251,661 in the Electric Revenue Fund consisting of building rental of \$139,873, substation rental of \$30,000, pole rentals of \$72,708, dark fiber leasing of \$7,156 and transformer rental of \$1,924.

The City maintains several water tower leases for a group of telecommunications companies. These are recorded as revenue of the Water/Wastewater Fund and total \$325,720 in the current fiscal year.

**13. MATERIAL COMMITMENTS**

**A.** The City budgets monies to assist the volunteer fire company with payments on several pieces of firefighting equipment. The payments are budgeted as expenditures in the General Capital Projects Fund and the General Fund - Fire Department budget.

The payments are as follows:

Ladder #2	\$ 92,901
Engine #2	\$ 4,893
Engine #5 replacement	\$ 200,247

In addition to the above payments, the City has paid vendors directly for radios in the amount of \$16,998.

**B.** On May 4, 2006 the City entered into a contract to provide a market-based approach for power supply managed by Pace Global Asset Management, LLC. The five-year management contract with Pace covers asset, energy and risk management programs. Pace will manage energy purchases and utilize the City's generating assets to provide a level of rate stability as necessary to mitigate the effects of rising and volatile energy prices. The contract provides for management fees to be paid monthly with a performance incentive to be paid at the end of the each fiscal year. The average annual cost is approximately \$3 million.

**C.** On May 4, 2006, the City also entered into a four-year management contract with North American Energy Services to operate and maintain the generating assets of the electric utility. The City has incorporated the budgets and financial activity of the plant into its procedures used for all other divisions of the electric utility. These procedures include a line item budget and adherence to City policies. All personnel are employed by North American and personnel costs are billed to the City bi-weekly. Any capital improvements are included in the City's capital improvement plan. The contract also provides for a monthly management fee and a performance incentive based on budget and plant performance. The average annual cost for management and the incentive is approximately \$.65 million and is included in the plant operating budget.

#### **14. FORWARD CONTRACTS**

Pursuant to the May 4, 2006 Energy Management Agreement between the City and Pace Global Asset Management, LLC, the City has formed an Executive Risk Management Committee ("ERMC"). The ERMC has adopted a Governing Policy for Energy Commodity Risk Management (Policy) aimed at addressing the energy commodity risks and the Procedures and Controls Manual for Energy Commodity Risk Management ("Procedures Manual"). The Procedures Manual further describes the risk management philosophy under which Pace Global, the City's designated provider of energy risk management services conducts its activities.

The Procedures authorize Pace to enter into physical forward transactions which shall be governed by Edison Electric Institute (EEI), North American Energy Standards Board (NAESB), or similar agreements with counterparties approved by the City.

These agreements will enable the City to hedge the forward price of purchased power, natural gas or fuel oil for delivery as needed to meet its load requirements. No

speculative transactions for volumes in excess of forecasted power and fuel needs are permitted. Pace is not authorized to enter into financial hedges.

Under the Procedures the City will not extend credit to any potential counterparty that has a credit rating below investment grade (defined as BBB as rated by Standard & Poor's or Baa2 as rated by Moody's). Any counterparty that is unrated by either S & P or Moody's must be approved by the ERMC prior to the execution of any trading activities.

Credit risk is mitigated through the use of collateral thresholds, credit limits, maximum nominal exposure and term limitations. A collateral threshold is the amount of unsecured credit granted to the counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the market-to-market differences in value of any collateral held. Any net exposure above the collateral threshold will require the posting of collateral by the counterparty. Collateral thresholds, term limitations and credit exposure limits are subject to maximums as established by the ERMC.

**Counterparty Credit Risk (\$000's)**

Counterparty	Credit Rating	Credit Limit	Line Availability	Maximum Amount of Loss due to Credit Risk w/o Respect to Collateral (\$)	Collateral Description	Diversification Requirement
Deutsche Bank	Aa3	\$20,000	\$19,564	\$436	No Collateral if exposure under specified threshold	N/A
Sempra Energy Trading	Baa1	\$15,000	\$2,543	\$12,457	No Collateral if exposure under specified threshold	NA
Constellation	Baa2	\$10,000	\$2,494	\$7,506	Up to \$10,000 is guaranteed by Constellation Energy/Group, Inc.	NA
Barclays Bank	Aa2	\$20,000	\$19,396	\$604	No Collateral if exposure under specified threshold	N/A
BP Energy	Aa1	\$30,000	\$30,000	\$0	No collateral if exposure under specified threshold	NA
Conectiv	Baa3	\$10,000	\$10,000	\$0	Up to \$3,000 is guaranteed by Pepco Holdings, Inc.	NA
Integrus Energy Services	A3	\$15,000	(\$296)	\$15,296	No Collateral if exposure under specified threshold in the event of potential default, performance from counter party is required	NA
Macquarie Cook	A1	\$15,000	\$4,363	\$10,637	Up to \$15,000 is guaranteed by Macquarie Bank Limited	N/A
FPL Energy Power Marketing Inc.	A	\$20,000	\$17,219	\$2,781	No Collateral if exposure under specified threshold	NA

**15. INSURANCE****A. Health Insurance – State of Delaware**

The City participates in the State of Delaware Health Insurance Program. The State offers five health plan options. The administration of benefits is coordinated with Aetna and Blue Cross Blue Shield of Delaware. Pre-determined premiums consisting of the City and employee contributions are subsequently paid out to the State of Delaware.

**B. Workers' Compensation Fund – Self-Insurance**

On July 1, 1990, the City began self-insuring its Workers' Compensation insurance. For this purpose, the City has established a separate fund.

Claims are processed and administered by a third party administrator. The City manages the revenue and expenditures in this fund and maintains all the records.

An actuarial analysis was completed in fiscal year 2009. As of June 30, 2009, there is \$346,143 in outstanding claims in this fund. An appropriate umbrella policy for the excess coverage has been purchased and is in effect as of June 30, 2009.

The City maintains a fund balance to cover any significant claims or settlements. There have been no significant reductions or settlements exceeding coverage in the past four fiscal years.

Workers' Compensation activity is as follows:

	2009	2008
Claims payable beginning of year	\$ 206,900	\$ 228,122
Claims incurred	569,529	219,509
Payment of claims	(430,286)	(240,731)
Claims payable end of year	<u>\$ 346,143</u>	<u>\$ 206,900</u>

**C. Other than Health or Workers' Compensation Insurance**

The City purchases commercial insurance policies to cover risks not insured through self-insurance funds. The City has designated a contingency account to provide for uninsured capital losses (See Note 8). There have been no significant reductions or settlements exceeding coverage in the past five fiscal years.

**16. COMPENSATED ABSENCES**

The City grants a specific number of vacation days with pay to its employees. Upon termination or retirement, an employee is paid for accumulated vacation days. The City also grants one paid sick day per month to all employees with the exception of employees

covered by the International Brotherhood of Electric Workers (IBEW) contract. The IBEW employees are granted eleven sick days per year. Employees hired on or before July 1, 2004 accumulate sick days, payable upon retirement, at a maximum of 130 days for less than 25 years of service or 150 days for more than 25 years of service. Employees hired after July 1, 2004 will be permitted to be paid in full for a maximum of 100 days of accrued sick leave upon retirement. No accrued sick leave is paid when an employee is terminated.

In the government-wide and proprietary fund financial statements, unpaid compensated absences are recorded as a liability as the vested employees' benefits accrue, to the extent it is probable that the employee will be paid for sick benefits at retirement.

In governmental funds, compensated absences are recorded as expenditures as payments become due; accordingly, no liability is recorded in the Governmental Funds statement. Typically the General Fund has been used in prior years to liquidate the liability for compensated absences recorded in governmental activities.

## **17. SUBSEQUENT EVENTS**

The Water/Wastewater Fund capital investment plan for fiscal year 2010 includes several major infrastructure projects which will be financed through the State of Delaware Revolving Fund Loan programs. The water projects are estimated to cost \$2.4 million for replacement of water mains in three areas of the City. The wastewater projects are estimated to cost \$5.8 million which includes a central bypass along the U.S. 13 corridor, a force main replacement and two pump station upgrades. The City has obtained approval of the State agencies for \$8.2 million to finance these projects.

## **18. OTHER POST EMPLOYMENT BENEFITS**

### Plan Description

On May 11, 2009 the City of Dover Other Post Employment Benefits Trust (OPEB Trust) was established pursuant to Section 115 of the Internal Revenue Code. Policy for and management of the OPEB benefits provided to retirees are the responsibility of the City of Dover. No stand-alone financial report is issued for the OPEB Trust.

The OPEB Trust is a single-employer defined benefit plan. The OPEB Trust provides retirement medical coverage to pensioners and their eligible dependents in the City of Dover defined benefit and defined contribution pension plans.

The City is a participating member of the State Employees' Post-Retirement Health Insurance Premium Fund administered by the State of Delaware. The State Office of Benefits provides the City with the medical insurance premiums by type of coverage and carrier during the budget cycle each year. The City also pays a five percent risk premium and contract administration fee for each contract in addition to the premium. Any

premiums paid over or under the benefits paid out for City employees' revert to the State's Post-Retirement Health Insurance Premium Fund.

Membership of the plan consisted of the following at June 30, 2009:

Retirees and beneficiaries receiving benefits	212
Terminated plan members entitled to but not yet receiving the benefits	13
Active eligible plan members	<u>375</u>
Total	<u>600</u>

Substantially all City employees become eligible for post retirement benefits if they reach retirement age while working for the City. The costs of providing these benefits are shared between the City and the retired employee. The IUE-CWA/DOE union employees hired after July 1, 1994 are not eligible for post retirement medical benefits if they elect early retirement. The eligibility provisions are as follows:

- Age 55 with 10 years of continuing service, or
- If hired May 1, 1994 or later, Age 55, and whose attained age plus years of continuous service is equal to or greater than 80, or
- If hired before May 1, 1994, 25 years of continuous service, or has attained the age of 50 years and completed 20 years of continuous service

Spouse and Survivor Coverage:

Spouse and survivor coverage are both available under any of the plan options with similar retiree contributions with one exception. The International Brotherhood of Electrical Workers (IBEW) collective bargaining agreement does not include spouse and survivor coverage.

Employer and Employee Contributions:

Currently, the City of Dover contributes 100% of individual coverage for the type of coverage they choose. The City also contributes 75% of the amount over the individual premium for dependent care coverage. The employee contributes 25% of the amount over the individual premium for dependent care coverage.

The City of Dover funds the OPEB for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. Additional funding has also been provided on an ad hoc basis. The employer contributions towards retiree health care premiums this fiscal year are as follows:

General Government	\$ 920,713
Water/Wastewater Fund	122,989
Electric Revenue Fund	<u>498,553</u>
Total Benefit Provided	<u>\$1,542,255</u>

Funds are recorded in the OPEB Trust for the payment of administrative and investment expenses. Administrative costs are financed through investment earnings. City appropriations and other employer contributions for health care are recorded in the OPEB Trust. The funds available are invested under the management of the City of Dover. The OPEB Trust Board of Trustees had not all been appointed as of June 30, 2009. Once appointed the Board of Trustees will be responsible for the financial management of the trust.

Contributions

The contribution rates for the employer and retiree are established annually by the budgeting process of the City. Those rates include an employer contribution based on projected pay-as-you-go financing requirements as a percent of covered payroll, with an additional amount to prefund benefits, which is not actuarially determined. The City departments were required to contribute 2.5% of the annual covered salary of \$20.0 million in fiscal year 2009. The City contribution toward the annual required contribution (ARC) totaled \$499,891, and an ad hoc payment of \$4,135,000 from a pre-existing Special Revenue Fund. The Special Revenue fund held City contributions before the creation of the OPEB Trust for post retirement employment benefits.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. Amounts “required” but not actually set aside to pay for these benefits are accumulated as part of the net OPEB obligations. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the City’s net OPEB obligation:

	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net OPEB obligation at June 30, 2008	\$ - 0 -	\$ - 0 -	\$ - 0 -
Annual Required contribution	6,227,825	4,029,485	2,198,340
Adjustment to annual required contribution	- 0 -	- 0 -	- 0 -
Annual OPEB Cost	<u>\$ 6,227,825</u>	<u>\$ 4,029,485</u>	<u>\$ 2,198,340</u>
Employer Contributions	<u>(6,177,146)</u>	<u>(3,645,225)</u>	<u>(2,531,921)</u>
Net OPEB obligation at June 30, 2009	<u>\$ 50,679</u>	<u>\$ 384,260</u>	<u>\$ (333,581)</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2009 are as follows:

Fiscal Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$6,227,825	99.2%	\$50,679



The City was able to meet most of its funding obligation for Fiscal Year 2009 due to the contribution of accumulated funds set aside in prior years. The City is not expected to continue this same funding level due to budget constraints and has elected a ten-year phase-in plan to achieve the appropriate funding level. During this time the City will be researching alternative benefit plan options to reduce the AAL and ARC.

#### Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 7.1% funded. The actuarial accrued liability for benefits was \$68.0 million, and the actuarial value of assets was \$4.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$63.2 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$20.0 million, and the ratio of the UAAL to the covered payroll was 316%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This schedule will be expanded in future years to provide multi-year trend data.

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the OPEB plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. Investments are valued at market rates. The actuarial assumptions included a 4.8% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the City's own investments calculated based on the funded level of the plan at the valuation date, and an initial medical inflation rate of 9.0% with an ultimate rate of 5.2%. The UAAL is being amortized as a level dollar amount over 30 years based on an open group using a 3.5% rate of salary increase.

## **19. DEFERRED COMPENSATION PLAN**

Effective November 14, 1983, the City added a self-directed 457 Deferred Compensation Plan to its employee benefit options. The plan is administered by the International City Management Retirement Corporation (RC). The assets are held in the name of each participant with the ICMA (International/ City/County Management Associations) Retirement Trust. Employees are eligible to make contributions to the plan not to exceed the ceiling set by federal regulations.

The City later added an alternative investment firm for the Deferred Compensation Plan with Nationwide Retirement Solutions. In May 1994, the City offered to employees the 457 Deferred Compensation Plan as their pension plan in lieu of participation in the General Employee Pension Plan. At that time 41 employees opted out of the Defined Benefit Pension Plan and enrolled in the Deferred Compensation Plan.

Effective July 2000, the City implemented an IRC 401a Money Purchase Plan to replace the 457 Plan as an alternative choice for pension benefits. (See Note 20)

Currently, the ICMA Plan has assets of \$4,356,774 (market value) as of June 30, 2009, with 136 employees participating. The Nationwide plan has assets of \$2,091,113 (market value) as of June 30, 2009 with 43 employees participating. Quarterly statements are mailed to each participant by the plan administrators. All administration fees are borne by the participants. All contributions are 100% vested upon election of the plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

Employees who select the defined benefit plan or the defined contribution plan are also eligible for the 457 Deferred Compensation Plan. No matching employer contribution is made to the 457 Deferred Compensation Plan. As of June 30, 2009, there are 384 employees eligible to enroll in the 457 Deferred Compensation Plan.

## **20. RETIREMENT PLANS**

### **A. Defined Contribution Plan**

Effective July 1, 2000, the City implemented a self-directed defined contribution money purchase plan. The contribution and funding requirements of the plan are established by the City and may be amended by the City. The plan is administered by the International City Management Retirement Corporation (RC). The assets are held in the name of each participant with the ICMA (International City/County Management Associations) Retirement Trust.

Quarterly statements are mailed to each participant by RC. All administration fees are borne by the participants.

The City provides a 100% match of the employees required contribution up to 6% on base wages plus on-call pay, pay adjustments, and scheduled overtime. All full-time regular employees are eligible, excluding law enforcement personnel. Personnel that elect the defined contribution plan are not eligible for the defined benefit plan. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments, the participant must meet the same eligibility requirements as the participants in the defined benefit plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

As of June 30, 2009, there were 289 eligible full-time employees of whom 84 are participants in this plan. The City contributed a total of \$215,503 on wages of approximately \$3,840,870 and employees contributed \$115,242. The market value of plan assets totaled \$1,866,647 as of June 30, 2009.

## **B. Defined Benefit Plans**

The City participates in three defined benefit pension plans: City of Dover Police Pension Plan, State of Delaware Police Pension Plan, and The City of Dover General Employee Pension Plan. The City of Dover Police Pension Plan, a single employee defined benefit plan, covers all uniformed police officers hired prior to September 1, 1982. The State of Delaware Police Pension Plan, a multi-employer cost-sharing defined benefit plan, covers all uniformed police officers hired on or after September 1, 1982. The City of Dover General Employee Pension Plan, a single employer defined benefit plan, covers all full-time permanent employees, other than police officers. The City makes employer contributions to all three plans.

The City holds and administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements using the accrual basis of accounting. Separate pension fund financial statements for each plan have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

**The City of Dover, Delaware**  
**Statement of Pension Trust Fund Net Assets**  
**June 30, 2009**

	<b>Police Pension</b>	<b>General Pension</b>	<b>Totals</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 826,555	\$ 509,476	\$ 1,336,031
Investments at fair value - Mutual Funds	9,222,242	15,681,087	24,903,329
Receivables	149,823	-	149,823
<b>LIABILITIES:</b>			
Accounts Payable	(9,721)	(\$15,876)	(25,597)
Net assets held in trust for pension benefits	<u>\$ 10,188,899</u>	<u>\$ 16,174,687</u>	<u>\$ 26,363,586</u>

**The City of Dover, Delaware**  
**Statement of Changes in Pension Trust Fund Net Assets**  
**For the Year Ended June 30, 2009**

	<b>Police Pension</b>	<b>General Pension</b>	<b>Totals</b>
<b>Additions</b>			
Net investment income/loss	\$ (1,604,708)	\$ (2,172,453)	\$ (3,777,161)
City's contribution - payroll based	-	2,491,393	2,491,393
City's contribution - lump sum	95,000	-	95,000
Employee contribution	-	309,195	309,195
State contributions	409,122	-	409,122
State contributions toward COLA increases	221,250	-	221,250
Other	120	-	120
Total Additions to Net Assets	<u>(879,216)</u>	<u>628,135</u>	<u>(251,081)</u>
<b>Deductions</b>			
Benefit payments	1,417,245	2,716,752	4,133,997
General administration	15,057	22,943	38,000
Refund of pension contribution	-	39,517	39,517
Total Deductions From Net Assets	<u>1,432,302</u>	<u>2,779,212</u>	<u>4,211,514</u>
Changes in net assets	(2,311,518)	(2,151,077)	(4,462,595)
Net assets - beginning	12,500,417	18,325,764	30,826,181
Net assets - ending	<u>\$ 10,188,899</u>	<u>\$ 16,174,687</u>	<u>\$ 26,363,586</u>

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due, pursuant to formal commitments, to provide contributions. Benefits or refunds are recognized when due and payable in accordance with the terms of each plan. Investment management and consultant fees are paid from the Pension Trusts Funds. All actuarial costs are paid from other City funds.

The City's total payroll for all eligible full-time regular employees for the year ended June 30, 2009, was \$20,853,358. Of this amount \$14,779,003 in total payroll earnings was reported to and covered by the two defined benefit pension plans.

Following is further information on each plan.

**i. City of Dover Police Pension Plan**

This contributory pension plan began on January 1, 1970 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71 through 62-84. The contribution and funding requirements of the plan are established by the City and may be amended by the City. It is a closed plan. The last active employee retired June 29, 2006. An officer's pension right is vested upon the completion of 15 years of continuous service. As of June 30, 2009, there are 47 retirees and beneficiaries receiving benefits.

The percentage of covered payroll, which employees contribute, is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost.

Fully vested employees who have completed 20 to 25 years of continuous service are entitled to annual benefits equal to 2 ½% of their average earnings for each year of continuous service. The maximum benefit is 62 ½% of average earnings. An employee may not work longer than 25 years of continuous service or past the first of the month following his or her attainment of age 55. With the written consent of the participant and the Chief of Police, a participant's retirement may be deferred on an annual basis beyond his normal retirement to 60 years of age. If a participant terminates after completing 15 years of service, the participant will be eligible for a deferred benefit commencing at age 60 with a benefit accrued at the date of termination. In place of this vesting, participants may elect to receive their accumulated contributions.

Disability benefits are paid to a participant who is totally or partially disabled in the performance of his or her duties. The total duty-connected disability benefit is payable monthly and equal to 75% of the monthly rate of earning at the time of disability. The partial duty-connected disability benefit is the accrued benefit at the date of disability if not less than 50% of average earnings. Disability benefits cease if the participant recovers or dies. If the disabled participant reaches his normal retirement date, the benefit is reduced by one-third.

Survivor's benefits are payable monthly in an amount equal to 75% of the participant's rate of earnings, for a duty related death. Survivor's benefits are payable monthly in an amount not to exceed 25% of the participant's rate of earnings, for a non-duty related death, if the participant has completed 10 years of service. If a retired participant dies, his or her spouse receives 50% of the benefit. All benefits under the plan, including survivor's benefits, are increased 2% per annum.

If an employee terminates before becoming vested in the plan, his/her total contribution is refunded with interest compounded annually. Interest is based on prime.

The plan is managed by the City of Dover Police Pension Board established in the City Code. The committee recommends changes and amendments to City Council, which approves changes to the code. The rate of the City's contribution is determined by the actuarial study.

The State contributes to the City of Dover Police Pension Plan on behalf of the City. The State assesses a .25% surcharge on insurance policies issued in the state. Each year this amount is allocated to the municipalities in Delaware in direct ratio to the number of officers employed. For the year ended June 30, 2009, the State contribution was \$409,122. The State also provides 75% for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For 2009, the State's contribution was \$221,250. The total on-behalf contributions by the State to the plan were \$630,372. This amount is included as Grants received revenue and Public Safety and Law Enforcement expenditures in the General Fund.

The legally defined liability for the City of Dover Police Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for the current fiscal year. An actuarial study as of July 1, 2008 in accordance with GASB Statement 25 and 27 has been completed. The City's actuary is Pike Associates of Potomac, Maryland.

The annual required contribution (ARC) conforms to the entry age normal cost method as defined in Statement 25.

During the past year, the City contributions combined with the State insurance tax proceeds have exceeded the calculated annual pension cost and have resulted in a net pension asset (NPA), defined as the accumulated value of contributions, deficiencies, or excesses over required contributions, of \$1,362,077 as follows:

Annual required contribution	\$ 520,505
Interest on net pension asset	(89,168)
Adjustment to annual required contribution	<u>120,982</u>
Annual pension cost	552,319
Contributions	<u>(725,492)</u>
(Increase)/decrease in net pension asset	(173,173)
Net pension obligation (asset) at beginning of year	<u>(1,188,904)</u>
Net pension obligation (asset) at end of year	<u><u>\$ (1,362,077)</u></u>

There have been no significant changes affecting benefits during the valuation periods shown in the preceding table.

The following summarizes activity for this plan for the past three years:

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2007	\$ 497,576	150%	\$ (848,153)
2008	\$ 378,828	190%	\$ (1,188,905)
2009	\$ 552,319	131%	\$ (1,362,077)

**Required Supplementary Information  
Schedule of Funding Progress**

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/08	\$ 12,500,417	\$ 17,615,785	\$ 6,115,368	70.96%	\$ -	-

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The funding requirement for fiscal year 2008-2009 for this plan is presented below:

1. Employer's Contribution Additional Lump Sum	\$95,000	Lump sum contribution as actuarially determined to fund the unfunded liability
2. State of Delaware Contributions	\$630,372	Surcharge on insurance premiums and COLA
3. Annual Pension Cost	\$552,319	Actuarially computed using entry age cost method
4. Net Pension Asset	\$1,362,077	As of June 30, 2009

The net pension asset is a result of matching funds that the State of Delaware provides (75%) for the annual cost of living increase granted to police retirees on January 1 of each year. The increase on January 1, 2009 is not included in the liability calculation that was performed on July 1, 2008. The July 1, 2009 valuation takes into account the January 1, 2009 COLA and the State contribution.

Actuarial methods and significant assumptions:

Valuation date	July 1, 2008
Actuarial cost method	Entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	16 years
Amortization Period	Closed
Asset valuation method	Current market value

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases	none, no remaining active participants
Includes inflation at	none, no remaining active participants
Automatic Cost of Living (retirees)	2.0%

## ii. State of Delaware Police Pension Plan

The City participates in the State of Delaware "County and Municipal Police Pension Plan" for uniformed police officers whose employment with the City started on or after September 1, 1982 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71. This is a cost-sharing multiple-employer defined benefit pension plan. The State of Delaware enacted legislation to provide for the plan and is responsible for setting benefits, contributions and amending plan provisions. This is a contributory plan with the employee contributing 7% of gross salary, exclusive of overtime. For the year ended June 30, 2009, \$5,987,880 in payroll earnings were reported to and covered by this plan.

The City's actuarially determined contributions as the employer were 13.97%, 13.61% and 13.82% for the fiscal years ended June 30, 2007, 2008 and 2009, respectively. The City's contributions to the plan for years ending June 30, 2007, 2008 and 2009 were \$727,573, \$759,774 and \$822,782 and were equal to the required contributions for each year. These contributions cover the City's total liability for funding, as determined by the State of Delaware. The City does not have any unfunded liability in this plan.

The pension plan is managed by the State of Delaware Board of Pension Trustees. The Comprehensive Annual Financial Report of the Delaware Public Employee's Retirement System can be obtained from the Office of Pensions, 680 Silver Lake Boulevard, Dover, Delaware, 19904-2402 or at [www.delawarepensions.com](http://www.delawarepensions.com).



As of June 30, 2009 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	14
Active employees: Fully Vested 10 years	50
Non-Vested	43

The State of Delaware County and Municipal Police Pension Plan provides benefits equal to 2½% of final average monthly compensation multiplied by years of service up to 20 years inclusive, plus 3.5 % of final average monthly compensation multiplied by years of service above 20 years. Vesting occurs after 10 years of credited service. Retirement is at age 62 with 10 years of service, when age plus credited service (but not less than 10 years) equals 75, or 20 years of service.

Disability benefits paid to a participant who is totally disabled in the performance of duty are 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents. Partial disability benefits for duty-related or ordinary disability are calculated the same as a service pension (subject to maximum and minimum limitations).

If a retired participant dies, the eligible survivor receives 50% of the monthly benefit. If an active employee dies, the survivor receives 50% of the monthly benefit that the employee would have received at age 62.

Assets of the plan are managed by many investment firms approved by the State Pension Board. Details are available from the State Pension Office, Dover, Delaware at: [www.delawarepensions.com](http://www.delawarepensions.com).

### iii. City of Dover General Employee Pension Plan

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Code, Chapter 2, Article IV, Division 7, General Employee Pension Plan, Sections 2-321 through 2-370, and was made contributory on July 1, 1983. The contribution and funding requirements of the plan are established by the City and may be amended by the City. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. Participation in the plan became mandatory for employees hired after July 1, 1991. At the present time, 200 employees and 178 retirees participate in the plan, while 84 employees have chosen to participate in the defined contribution plan, which began July 1, 2000. Current membership in the General Employee Pension Plan as of June 30, 2009, is comprised of the following:

Retired and beneficiaries currently receiving benefits	178
Active employees: Fully Vested	89
Non-Vested	111
Deferred Vested:	13

The percentage of covered payroll which employees contribute is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost. For the year ended June 30, 2009, payroll earnings of \$8,791,123 were reported to and covered by this plan.

An employee hired before May 1, 1994 is eligible for normal retirement benefits under this plan: when he/she attains the age of 65 with 10 years of continuous service. This same employee is eligible for early retirement when he/she attains the age of 50 with 20 years of continuous service or has completed 25 years of service.

Employees hired on or after May 1, 1994 who attained age 55 and whose attained age plus years of continuous service is equal to or greater than 80 are eligible for early-unreduced retirement benefits under this plan. The monthly benefits are 1/50 of the average monthly earnings multiplied by years and months of credited service upon retirement (highest 36 consecutive months in his/her final 10 years of continuous service). The monthly benefit shall not be less than \$200 per month. Benefits are paid for the lifetime of the participant. Upon the death of the participant, 50% of the benefit continues to the eligible survivor.

An employee may also take an early-reduced retirement on any date following the attainment of age 55 and the completion of 10 years of continuous service. However, the early retirement benefit is calculated in the same manner as the normal retirement benefit, reduced by one-half of one percent for each month the benefit commences prior to the age 65.

Survivor's benefits are payable to eligible survivors of a participant who dies after completing 10 years of continuous service. The amount of the death benefit is equal to 50% of the retirement benefit the participant would have received had he retired the day before he died. A participant is vested in the pension plan after completing 10 years of continuous service, with survivor benefits commencing when the employee would have attained the age of 65.

The benefit is calculated using the normal retirement benefit formula and service at date of termination. If an employee terminated before becoming vested in the plan, they are eligible to withdraw this total contribution with interest compounded annually. Interest is based on prime.

The plan is managed by the City of Dover Employees' Pension Board established in the Code, which may make recommendations for changes and amendments to the plan to the City Council. The City Council must authorize changes to the City Code. The rate of the City contribution is determined by the actuarial study. The Pension Board of Trustees does not issue a separate comprehensive annual financial report, and the City of Dover General Employee Pension Plan is included in the City's Comprehensive Annual Financial Report as a Pension Trust.

The legally defined liability for the City of Dover General Employee Pension Plan is the full amount required to pay the current year's total benefits. The City has met

this liability for the current fiscal year. An actuarial study as of July 1, 2008 has been completed in accordance with GASB Statements No. 25 and 27. The City's actuary is Pike Associates of Potomac, Maryland.

The annual required contribution (ARC) conforms to the aggregate entry age cost method as defined in Statement 25. During the past year, the City contributions have exceeded the calculated annual pension cost and have resulted in a net pension asset (NPA), defined as the accumulated value of contributions, deficiencies, or excesses over required contributions, of \$446,423 as follows:

Annual required contribution	\$ 2,356,529
Interest on net pension obligation	(23,527)
Adjustment to annual required contribution	25,661
Annual pension cost	<u>2,358,663</u>
Contributions made	<u>2,491,393</u>
Increase (decrease) in net pension obligation	(132,730)
Net pension obligation (asset) at beginning of year	<u>(313,693)</u>
Net pension obligation (asset) at end of year	<u><u>\$ (446,423)</u></u>

There have been no significant changes affecting benefits provided by the Plan during the valuation periods shown in the preceding table.

The following summarizes activity for this plan for the past three years:

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2007	\$ 2,231,402	124%	\$ 329,944
2008	\$ 2,268,709	128%	\$ (313,693)
2009	\$ 2,358,663	106%	\$ (446,423)

On May 1, 1994, a deferred compensation option was offered to employees in lieu of participation in the General Employee Pension Plan, and at that time 41 employees elected to switch to the deferred compensation plan. (See Note 19 – Deferred Compensation Plan)

On October 12, 2009 the City Council voted to close the General Employee's Pension plan to new hires.

**Required Supplementary Information  
Schedule of Funding Progress**

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/08	\$ 19,381,391	\$ 43,800,212	\$ 24,418,821	44.25%	\$ 8,716,361	280.15%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The funding requirement for fiscal year 2008-2009 for this plan is as follows:

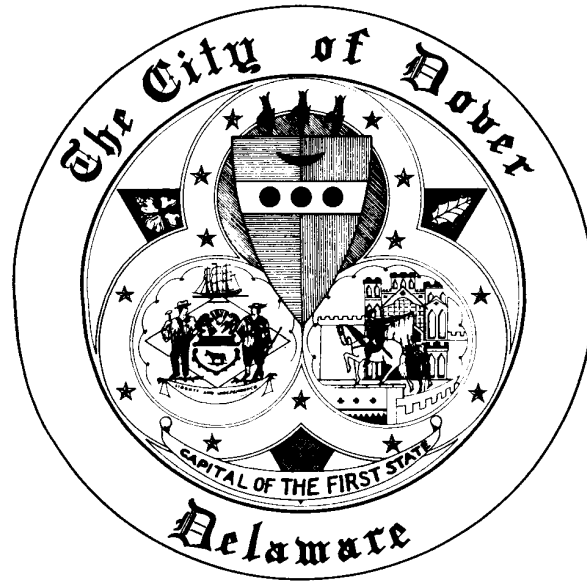
1.	Employee Contribution	3.5% of payroll	As required by the City Code and the plan provisions (\$309,195)
2.	Employer's Contribution July 2008– June 2009	28.35%	Actuarially determined percent of payroll for current normal cost (\$2,491,393)
3.	Annual Pension Cost	\$2,358,663	Actuarially computed using entry age cost method
4.	Net Pension Asset	\$446,423	As of June 30, 2009

Actuarial Methods and significant assumptions:

Valuation date	July 1, 2008
Actuarial cost method	Aggregate entry age cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	16 years
Amortization Period	Closed
Asset valuation method	Current market value

Actuarial Assumptions:

Investment rate of return	7.5%
Projected salary increases	4.5%
Includes inflation at	3.5%



***FINANCIAL SECTION***

***PART - D***

***REQUIRED SUPPLEMENTARY  
INFORMATION***

**Services to Our Residents and Customers**

*Police Protection*  
*Community Policing*  
*Fire Protection*  
*Animal Control Enforcement*  
*Building Inspections*  
*Planning & Zoning*  
*City Elections*  
*Community Development/Housing*  
*Library*  
*Parks*  
*Recreation*  
*Beautification*  
*Tree Maintenance & Management*  
*Emergency Preparedness*  
*Street Maintenance/Cleaning*  
*Snow Removal*  
*Leaf Collection*  
*Trash Collection*  
*Bulk Trash Collection*  
*Water/Sewage Service*  
*Electricity*

**The City also Offers**

*Parking*  
*Economic Development*  
*Historic Preservation*

**CITY OF DOVER**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget & Actual (Non-GAAP Basis)**  
**For the Year Ended June 30, 2009**

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	
<b>REVENUES:</b>				
Beginning Balance	\$ 3,910,144	\$ 4,227,059	\$ 4,227,059	\$ -
Fines and Other Police Revenue	671,000	565,410	561,918	(3,492)
911 Fees	64,000	64,000	67,010	3,010
Investment Income	234,000	234,000	239,185	5,185
Library Revenue	518,873	518,873	514,458	(4,415)
Licenses and Permits	2,570,000	2,489,500	2,599,948	110,448
Miscellaneous Service Charges	54,250	54,250	113,092	58,842
Police Extra Duty Fees	393,169	393,169	386,770	(6,399)
Property Taxes	10,042,473	10,000,464	10,022,288	21,824
Bid Revenue	53,264	52,692	53,113	421
Recreation Revenues	187,000	150,000	153,867	3,867
Sanitation Fees & Rebate	1,416,411	1,418,796	1,396,801	(21,995)
Rent Revenue	41,535	41,535	41,536	1
Court of Chancery Fees	815,860	650,000	738,240	88,240
Electric Fund Appropriation	6,758,100	6,758,100	6,758,100	-
Water/Wastewater Fund Appropriation	564,810	564,810	564,810	-
Franchise Fee	426,220	426,220	507,135	80,915
Transfer Tax	2,650,222	1,400,000	1,198,064	(201,936)
Interfund Service Receipts Water/Wastewater	1,057,212	1,038,884	965,917	(72,967)
Interfund Service Receipts Electric	3,704,510	3,644,549	3,417,682	(226,867)
Grants:				
Police Related	77,440	77,440	118,973	41,533
Homeland Security	-	-	4,891	4,891
Recreation	25,000	25,000	-	(25,000)
Misc Grant Revenue	-	-	10,000	10,000
Transfer from Civil Traffic Penalties	500,000	500,000	694,220	194,220
Transfer from Workers Comp Fund	100,000	-	-	-
Transfer from Municipal Street Aid	710,346	790,264	791,306	1,042
<b>TOTAL REVENUES</b>	<b>\$ 37,545,839</b>	<b>\$ 36,085,015</b>	<b>\$ 36,146,383</b>	<b>\$ 61,368</b>
<b>EXPENDITURES:</b>				
Tax Assessor	\$ 680,736	\$ 611,925	\$ 594,518	\$ 17,407
Fire	722,865	710,814	700,497	10,317
Library	1,170,556	1,156,031	1,159,352	(3,321)
Recreation	868,159	837,927	730,353	107,574
Planning Commission	484,408	434,245	415,933	18,312
Public Inspections	551,635	528,707	500,109	28,598
Life Safety	324,571	311,149	286,012	25,137
Code Enforcement	382,605	342,875	327,365	15,510
Economic Development	312,977	292,704	208,420	84,284
Police	12,934,263	12,765,597	12,710,295	55,302
Streets	855,519	846,989	837,726	9,263
Sanitation	2,210,834	2,105,695	2,020,732	84,963

(continued)



(continued)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE POSITIVE (NEGATIVE)
Allocated Expenditures:				
Human Resources	\$ 434,120	\$ 456,031	\$ 440,196	\$ 15,835
Customer Services	994,719	964,422	929,245	35,177
City Manager	582,427	567,032	550,883	16,149
Information Technology	888,491	871,742	840,936	30,806
Finance	795,165	793,676	791,349	2,327
Public Services-Administration	359,262	348,682	347,605	1,077
Facilities Management	1,127,854	1,100,830	1,038,610	62,220
Central Services	763,684	751,005	731,981	19,024
Vehicle Maintenance	699,564	689,863	688,979	884
City Clerk	312,576	306,548	274,582	31,966
Mayor	98,012	95,522	91,782	3,740
Council	136,822	131,312	107,598	23,714
Grounds Maintenance	1,146,864	1,133,239	1,111,605	21,634
Insurance	500,000	515,000	519,904	(4,904)
Retiree Benefits	953,987	906,187	920,713	(14,526)
Subtotal	\$ 31,292,675	\$ 30,575,749	\$ 29,877,280	\$ 698,469
Debt Service:				
Principal and Interest	442,319	442,319	442,319	-
Transfer to CDBG Fund	11,000	11,000	6,697	4,303
Transfer to Capital Asset Reserve	200,000	200,000	200,000	-
Transfer to Capital Projects Fund	1,884,497	1,044,184	1,044,184	-
Provision for Uncollectible	10,000	10,000	10,000	-
Street Lights	985,000	985,000	937,013	47,987
TOTAL EXPENDITURES	\$ 34,825,491	\$ 33,268,252	\$ 32,517,493	\$ 750,759
Budget Balance-Carry Forward	\$ 2,720,348	\$ 2,816,763	\$ 3,628,890	\$ 812,127
Perspective and GAAP (Non-GAAP) Differences:				
Escrows not included in fund balance			\$ 66,423	
Fair value of investment adjustment			17,980	
Reserve for Encumbrances			(34,215)	
Unreserved Fund Balance			\$ 3,679,078	

**CITY OF DOVER**  
**Governmental Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget & Actual (Non-GAAP Basis)**  
**For the Year Ended June 30, 2009**

	<b>GENERAL CAPITAL ASSET REPLACEMENT FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL AMOUNTS</b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Beginning Balance	\$ 185,000	\$ 811,017	\$ 811,017	\$ -
Investment Income	65,000	65,000	7,105	(57,895)
Income from Sale of Assets	-	35,000	70,197	35,197
Gifts/Donations	-	-	1,770	1,770
Recreation	440,000	468,500	67,262	(401,238)
State Grant for Library Expense	-	600,000	368,065	(231,935)
Transfer from Library Construction Reserve	1,200,000	600,000	369,002	(230,998)
Transfer from General Fund for Projects	1,884,497	1,044,184	1,044,184	-
Transfer from Parkland Reserve	-	40,000	17,074	(22,926)
<b>TOTAL REVENUES</b>	<b>\$ 3,774,497</b>	<b>\$ 3,663,701</b>	<b>\$ 2,755,676</b>	<b>\$ (908,025)</b>
<b>EXPENDITURES:</b>				
Fire	\$ 296,210	\$ 312,533	\$ 310,092	\$ 2,441
Library	1,200,000	1,200,000	737,066	462,934
Recreation	500,000	595,704	142,085	453,619
Life Safety	4,200	4,200	4,041	159
Police	346,126	127,628	89,425	38,203
Streets	704,170	295,922	295,751	171
Sanitation	315,000	315,000	324,978	(9,978)
Allocated Expenditures:				
Information Technology	110,915	87,704	73,545	14,159
Public Services-Administration	38,380	38,193	36,390	1,803
Facilities Management	140,000	75,000	52,525	22,475
Central Services	9,996	25,996	25,110	886
Grounds Maintenance	109,500	210,413	200,205	10,208
Subtotal	\$ 3,774,497	\$ 3,288,293	\$ 2,291,213	\$ 997,080
Transfer to Library Construction Reserve	-	-	1,690	(1,690)
Transfer to Parkland Reserve	-	-	80	(80)
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,774,497</b>	<b>\$ 3,288,293</b>	<b>\$ 2,292,983</b>	<b>\$ 995,310</b>
<b>Budget Balance-Carry Forward</b>	<b>\$ -</b>	<b>\$ 375,408</b>	<b>\$ 462,693</b>	<b>\$ 87,285</b>
<b>Perspective and GAAP (Non-GAAP) Differences:</b>				
Fair value of investment adjustment			\$ 34,186	
Reserve for Encumbrances			(411,474)	
Unreserved, designated for Capital Assets			<u>\$ 85,405</u>	

## Notes to Required Supplementary Information

### A. Budgetary Basis of Accounting

The City prepares the Governmental Capital Projects Fund on the cash basis. Currently, the City transfers from the General Fund and the Capital Projects Fund an equal amount of budgeted project cost, less any amounts funded by Capital reserve accounts. Any project savings will accumulate in the fund balance to help finance future projects.

The City prepares its budget for the General Fund revenue on the cash basis, except for property taxes and billable service charges, which are on modified accrual basis. The expenditures are accounted for when the purchase orders are issued. Encumbrances are established when purchase orders are issued and accounted for as a reservation of fund balance at year-end. The budget is amended in the subsequent year for the outstanding encumbrances of the prior year. The modified accrual basis of accounting is used for the fund financial statements. The City considers the beginning fund balance an item of revenue for budgetary purposes.

### B. Explanation of Excess Expenditures over Appropriations

1. General Fund: Actual revenues exceeded the final appropriation by \$61,368 mainly as a result of an increase in revenue received for licenses and permits and Electronic Red Light Special Revenue offset by decreased revenue for Transfer Tax and Franchise fees. Expenditures were lower than budget by \$750,759 across several functions. The net result is an increase of \$812,127 to the General Fund ending fund balance.
2. Governmental Capital Projects Fund: Actual revenues were lower than the final budget by \$908,025 primarily because delayed construction of the new library building. Therefore, the reimbursement for those expenses were under budget by \$462,933. Also, there were grants budgeted for recreation that were not received in the amount of \$401,238. Expenditures were lower than budget due to projects and assets not purchased or completed. Some of these assets/projects have been encumbered and will be carried forward into Fiscal year 2010. The net result is an increase of \$87,285 to the Governmental Capital Projects Fund ending fund balance.

### C. Budget Amendments

During this fiscal year, the City Council amended the budget three times. These budget amendments or supplemental appropriation ordinances were primarily for the following purposes:

1. To amend the carried forward budget balances for the actual results of the prior fiscal year and to re-appropriate budget balances for ongoing capital projects.
2. To amend all program revenue and expenses based on the analyses provided by a mid-year review.
3. To amend all program revenues and expenses for the fiscal year as a result of budget reviews conducted while compiling the next fiscal year's budget.

**Police Pension Fund  
Required Supplementary Information  
Schedule of Funding Progress**

Valuation Date	Plan Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded as a Percent of Payroll
7/1/03	\$ 11,660,850	\$ 17,492,167	\$ 5,831,317	66.7%	\$ 138,353	4214.8%
7/1/04	\$ 11,829,963	\$ 17,587,922	\$ 5,757,959	67.3%	\$ 63,830	9020.8%
7/1/05	\$ 11,944,213	\$ 17,850,795	\$ 5,906,582	66.9%	\$ 65,745	8984.1%
7/1/06	\$ 12,471,057	\$ 17,532,104	\$ 5,061,047	71.1%	-	-
7/1/07	\$ 13,950,322	\$ 17,589,169	\$ 3,638,847	79.3%	-	-
7/1/08	\$ 12,500,717	\$ 17,615,785	\$ 5,115,068	71.0%	-	-

The unfunded actuarial accrued liability for this plan is being amortized over 30 years beginning July 1, 1994, 16 of which remain as of July 30, 2009 with payments increasing at 3 ½% per year. Investment gains or losses are spread over five years. The amortization period is closed.

**Police Pension Fund  
Required Supplementary Information  
Schedule of Employers' Contribution**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 538,271	87%
2005	\$ 533,486	159%
2006	\$ 560,638	128%
2007	\$ 485,055	154%
2008	\$ 358,807	201%
2009	\$ 520,505	139%

**General Employee Pension Fund  
 Required Supplementary Information  
 Schedule of Funding Progress**

<b>Valuation Date</b>	<b>Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>	<b>Payroll</b>	<b>Unfunded as a Percent of Payroll</b>
7/1/03	\$ 19,133,025	\$ 36,131,839	\$ 16,998,814	53.0%	\$ 6,661,757	255.2%
7/1/04	\$ 17,531,096	\$ 37,764,973	\$ 20,233,877	46.4%	\$ 7,320,938	276.4%
7/1/05	\$ 16,277,640	\$ 39,860,241	\$ 23,582,601	40.8%	\$ 7,380,629	319.5%
7/1/06	\$ 15,712,605	\$ 41,103,526	\$ 25,390,921	38.2%	\$ 7,612,121	333.6%
7/1/07	\$ 17,616,172	\$ 42,335,142	\$ 24,718,970	41.6%	\$ 8,006,103	308.8%
7/1/08	\$ 19,381,391	\$ 43,800,212	\$ 24,418,821	44.2%	\$ 8,716,361	280.1%

The unfunded actuarial accrued liability for this plan is being amortized over 30 years beginning July 1, 1994, 16 of which remain as of June 30, 2009, with payments increasing at 3 1/2% per year. Investment gains or losses are spread over five years. The amortization period is closed. The City utilizes the level percentage of projected payroll method to amortize the unfunded liabilities, currently 27.040%.

**Employee Pension Plan  
 Required Supplementary Information  
 Schedule of Employer's Contribution**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2004	\$ 1,433,298	73%
2005	\$ 1,726,989	91%
2006	\$ 2,022,614	86%
2007	\$ 2,231,594	124%
2008	\$ 2,269,802	128%
2009	\$ 2,356,529	106%

**Required Supplementary Information – OPEB Trust**

The following table presents additional information related to funding status and progress. It is intended to help readers assess the individual plans' funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

**OPEB Trust**

The amount shown below as actuarial accrued liability is a measure of the difference between the actuarial present value of future plan benefits, and the actuarial present value of future normal cost.

**OPEB Trust  
Schedule of Funding Status and Progress**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded Actuarial Accrued Liabilities (UAAL) (2) - (1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
7/1/2008	\$ -0-	\$64,297,063	\$64,297,063	0.0%	\$18,162,178	354%
7/1/2009	\$4,798,492	\$67,950,838	\$63,152,346	7.1%	\$19,995,640	316%

Valuation Date	July 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.80%
Rate of Salary Increases	3.50%
Ultimate Rate of Medical inflation	5.20%
Initial Rate of Medical Inflation	9.00%

**Annual OPEB Cost and Net OPEB Obligation**

	Total	Governmental Activities	Business-type Activities
Net OPEB obligation at June 30, 2008	\$ - 0 -	\$ - 0 -	\$ - 0 -
Annual Required contribution	6,227,825	4,029,485	2,198,340
Adjustment to annual required contribution	- 0 -	- 0 -	- 0 -
Annual OPEB Cost	\$ 6,227,825	\$ 4,029,485	\$ 2,198,340
Employer Contributions	(6,177,146)	(3,645,225)	(2,531,921)
Net OPEB asset obligation at June 30, 2009	<u>\$ 50,679</u>	<u>\$ 384,260</u>	<u>\$ (333,581)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2009 are as follows:

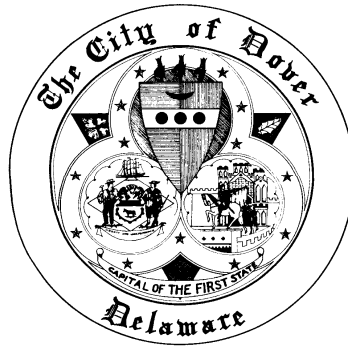
Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$6,227,825	99.2%	\$50,679

# ***FINANCIAL SECTION***

## ***PART - E***

### ***SUPPLEMENTARY INFORMATION***

- **COMBINING FUND STATEMENTS**
- **BUDGETARY SCHEDULES**



## FINANCIAL STATEMENTS SPECIAL REVENUE FUNDS

Special Revenue Funds include the group of funds classified as grant funds, post-retirement benefits and a recently created Realty Transfer Tax Fund. The proceeds from specific revenue sources are restricted to specified expenditure purposes. The City adopts budgets for selected Special Revenue Funds. Combining and individual statements appear in this section.

### POLICE GRANTS

The City of Dover Police Department receives various grants from the State of Delaware for public and highway safety and the U.S. Department of Justice for local law enforcement. All grant transactions are recorded in this fund.

### LIBRARY GRANTS

The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

### MUNICIPAL STREET AID

The State of Delaware has passed legislation to share a portion of Delaware's motor fuel tax revenue with local municipalities through grants. The amount of the grant the City receives depends on its population and miles of streets maintained. The grant is used for street maintenance and repairs.

### CDBG HOUSING GRANTS

The City receives a U.S. Department of Housing and Urban Development Entitlement Grant for the Community Development Block Grant Program. This provides housing to low or moderate-income persons as well as public housing rehabilitation and community policing.

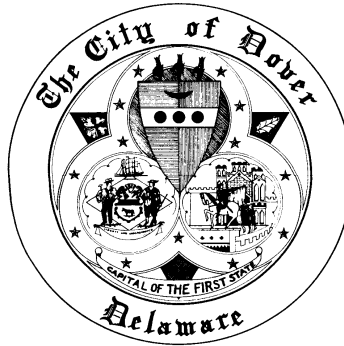
### GIRLS CIRCLE GRANT

The City of Dover, in coordination with Aide in Dover, received a grant from the Criminal Justice Council for a program called Girls Circle. The program provides youth programming for at-risk girls.

### STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS

State of Delaware Department of Transportation grants provide funds for specific street projects in the City. State law provides funds to the State's elected officials for suburban street aid, which officials can then provide to their districts. The City receives these funds for designated street projects and records all transactions for this fund.





FINANCIAL STATEMENTS  
SPECIAL REVENUE FUNDS  
(continued)

COMMUNITY AIR GRANT

The United States Department of Transportation has provided a grant to the City as a Project Sponsor for conducting a feasibility study to identify market demand for air service, developing an operating and marketing plan and identify potential air service providers. All grant transactions are recorded in this fund.

SUBSTANCE ABUSE PREVENTION GRANT

The State of Delaware General Assembly Grant-In-Aid Program provides funds to implement a substance abuse prevention program for at-risk and/or disadvantaged youths in the City of Dover.

POST-RETIREMENT BENEFITS

The City was accumulating funds for future benefits, other than pensions for retirees and future retirees, by transferring contributions from the General, Water/Wastewater and Electric Revenue Funds specifically for such benefits. During this fiscal year this fund was closed and accumulated funds were transferred to an OPEB Trust.

ELECTRONIC RED LIGHT SAFETY PROGRAM (ERLSP)

The State of Delaware Department of Transportation provides a grant to municipalities that implement the Electronic Red Light Safety Program. Under this program, the City is granted a portion of the fines collected from drivers who are ticketed for running red lights installed with electronic photo identification equipment within the City limits.

GARRISON OAK TECHNOLOGY PARK

The State of Delaware Economic Development office appropriated funds to the City for infrastructure improvement to the Garrison Oak property.

REALTY TRANSFER TAX

Delaware Code states that realty transfer tax realized by the City shall be segregated from the general fund and the funds shall be expended solely for the capital and operating costs of public safety services, economics development programs, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction.

CITY OF DOVER  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG HOUSING GRANTS	GIRLS CIRCLE GRANT	STATE D.O.T. GRANTS	COMMUNITY AIR SERVICE GRANT	SUBSTANCE ABUSE PREV. GRANT	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
<b>ASSETS:</b>												
Cash	\$ 194,811	\$ 48,703	\$ 428	\$ 35,266	\$ (14,532)	\$ 164,702	\$ 1,196	\$ 1,836	\$ 119	\$ 90,619	\$ 100	\$ 523,248
Investments	-	-	-	-	-	-	-	-	-	317,958	-	317,958
Due from other funds-charges	-	-	-	6,697	-	-	-	-	-	-	-	6,697
Prepaid items	-	1,531	-	225	-	-	-	-	-	-	-	1,756
Due from other governments	50,339	-	-	28,751	18,642	1,264,228	135,000	23,207	39,165	-	-	1,559,332
<b>TOTAL ASSETS</b>	<b>\$ 245,150</b>	<b>\$ 50,234</b>	<b>\$ 428</b>	<b>\$ 70,939</b>	<b>\$ 4,110</b>	<b>\$ 1,428,930</b>	<b>\$ 136,196</b>	<b>\$ 25,043</b>	<b>\$ 39,284</b>	<b>\$ 408,577</b>	<b>\$ 100</b>	<b>\$ 2,408,991</b>
<b>LIABILITIES AND FUND BALANCE:</b>												
Liabilities:												
Vouchers Payable	\$ 66,850	\$ 33,898	\$ -	\$ 19,365	\$ 4,110	\$ -	\$ 6,430	\$ 9,783	\$ -	\$ 7,628	\$ -	\$ 148,064
Deferred Revenue	-	-	-	6,730	-	729,243	135,000	-	-	-	-	870,973
Due to other funds-charges	-	-	-	57	-	-	-	-	39,165	-	-	39,222
Due to other funds-temporary advances	400	-	-	35,000	-	350,000	84,000	-	-	-	-	469,400
<b>Total Liabilities</b>	<b>\$ 67,250</b>	<b>\$ 33,898</b>	<b>\$ -</b>	<b>\$ 61,152</b>	<b>\$ 4,110</b>	<b>\$ 1,079,243</b>	<b>\$ 225,430</b>	<b>\$ 9,783</b>	<b>\$ 39,165</b>	<b>\$ 7,628</b>	<b>\$ -</b>	<b>\$ 1,527,659</b>
<b>Fund Balances:</b>												
Unreserved	\$ 177,900	\$ 16,336	\$ 428	\$ 9,787	\$ -	\$ 349,687	\$ (89,234)	\$ 15,260	\$ 119	\$ 400,949	\$ 100	\$ 881,332
<b>Total Fund Balances</b>	<b>\$ 177,900</b>	<b>\$ 16,336</b>	<b>\$ 428</b>	<b>\$ 9,787</b>	<b>\$ -</b>	<b>\$ 349,687</b>	<b>\$ (89,234)</b>	<b>\$ 15,260</b>	<b>\$ 119</b>	<b>\$ 400,949</b>	<b>\$ 100</b>	<b>\$ 881,332</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 245,150</b>	<b>\$ 50,234</b>	<b>\$ 428</b>	<b>\$ 70,939</b>	<b>\$ 4,110</b>	<b>\$ 1,428,930</b>	<b>\$ 136,196</b>	<b>\$ 25,043</b>	<b>\$ 39,284</b>	<b>\$ 408,577</b>	<b>\$ 100</b>	<b>\$ 2,408,991</b>

**CITY OF DOVER  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES  
YEAR ENDED JUNE 30, 2009**

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG HOUSING GRANTS	GIRLS CIRCLE OF DOVER	STATE D.O.T. GRANTS	COMMUNITY AIR SERVICE GRANT	SUBSTANCE ABUSE PREV. GRANT	POST RETIREMENT BENEFITS	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
<b>REVENUES:</b>													
Grants received	\$ 190,059	\$ 254,167	\$ 790,265	\$ 317,084	\$ 47,315	\$ 755,171	\$ -	\$ 78,713	\$ -	\$ -	\$ -	\$ -	\$ 2,432,774
Recreation revenue	-	-	-	-	-	-	-	47,079	-	-	-	-	47,079
Police fines	-	-	-	-	-	-	-	-	-	694,113	-	-	694,113
Transfer taxes	-	-	-	-	-	-	-	-	-	-	-	1,197,425	1,197,425
Miscellaneous revenue	-	-	-	-	-	-	9,500	-	-	-	-	-	9,500
Investment income (loss)	2,515	-	1,316	-	-	7,924	48	-	-	126	16,502	639	29,070
<b>TOTAL REVENUES</b>	<b>\$ 192,574</b>	<b>\$ 254,167</b>	<b>\$ 791,581</b>	<b>\$ 317,084</b>	<b>\$ 47,315</b>	<b>\$ 763,095</b>	<b>\$ 9,548</b>	<b>\$ 125,792</b>	<b>\$ -</b>	<b>\$ 694,239</b>	<b>\$ 16,502</b>	<b>\$ 1,198,064</b>	<b>\$ 4,409,961</b>
<b>EXPENDITURES:</b>													
Program expenditures	\$ 121,836	\$ 254,167	\$ -	\$ 318,185	\$ 47,315	\$ 980,330	\$ 98,782	\$ 143,123	\$ -	\$ -	\$ 7,512	\$ -	\$ 1,971,250
<b>TOTAL EXPENDITURES</b>	<b>\$ 121,836</b>	<b>\$ 254,167</b>	<b>\$ -</b>	<b>\$ 318,185</b>	<b>\$ 47,315</b>	<b>\$ 980,330</b>	<b>\$ 98,782</b>	<b>\$ 143,123</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,512</b>	<b>\$ -</b>	<b>\$ 1,971,250</b>
Excess (deficiency) of revenues over expenditures	\$ 70,738	\$ -	\$ 791,581	\$ (1,101)	\$ -	\$ (217,235)	\$ (89,234)	\$ (17,331)	\$ -	\$ 694,239	\$ 8,990	\$ 1,198,064	\$ 2,438,711
Other financing sources (uses):													
Operating transfers-in	-	-	-	6,697	-	200,000	-	-	-	-	-	-	206,697
Operating transfers-out	(104,503)	-	(791,306)	(21,079)	-	-	-	-	(4,135,000)	(694,221)	-	(1,198,064)	(6,944,173)
Excess (deficiency) of revenues and other financing sources over expenditures & other uses	\$ (33,765)	\$ -	\$ 275	\$ (15,483)	\$ -	\$ (17,235)	\$ (89,234)	\$ (17,331)	\$ (4,135,000)	\$ 18	\$ 8,990	\$ -	\$ (4,298,765)
<b>UNRESERVED FUND BALANCE AT BEGINNING OF YEAR</b>	<b>\$ 211,665</b>	<b>\$ 16,336</b>	<b>\$ 153</b>	<b>\$ 25,270</b>	<b>\$ -</b>	<b>\$ 366,922</b>	<b>\$ -</b>	<b>\$ 32,591</b>	<b>\$ 4,135,000</b>	<b>\$ 101</b>	<b>\$ 391,959</b>	<b>\$ 100</b>	<b>\$ 5,180,097</b>
<b>UNRESERVED FUND BALANCE AT END OF YEAR</b>	<b>\$ 177,900</b>	<b>\$ 16,336</b>	<b>\$ 428</b>	<b>\$ 9,787</b>	<b>\$ -</b>	<b>\$ 349,687</b>	<b>\$ (89,234)</b>	<b>\$ 15,260</b>	<b>\$ -</b>	<b>\$ 119</b>	<b>\$ 400,949</b>	<b>\$ 100</b>	<b>\$ 881,332</b>

**CITY OF DOVER  
 MUNICIPAL STREET AID FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL**

**YEAR ENDED JUNE 30, 2009**

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Beginning balance	\$ 446	\$ 153	\$ 153	\$ -
Grant received	710,000	789,918	790,265	347
Interest earned	-	300	1,316	1,016
<b>TOTAL REVENUES</b>	<b>\$ 710,446</b>	<b>\$ 790,371</b>	<b>\$ 791,734</b>	<b>\$ 1,363</b>
Other financing uses:				
Operating transfers-out	\$ (710,346)	\$ (790,264)	\$ (791,306)	\$ (1,042)
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ 100</b>	<b>\$ 107</b>	<b>\$ 428</b>	<b>\$ 321</b>

**CITY OF DOVER  
 HOUSING GRANTS - CDBG**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance	\$ -	\$ -	\$ 2,047	\$ 2,047
Federal grant received	328,912	323,720	314,956	(8,764)
Revenues from General Fund	-	7,242	6,697	(545)
Revenue from NSP	-	-	2,128	2,128
<b>TOTAL REVENUES</b>	<b>\$ 328,912</b>	<b>\$ 330,962</b>	<b>\$ 325,828</b>	<b>\$ (5,134)</b>
<b>EXPENDITURES:</b>				
Federal program expenditures	\$ 328,912	\$ 330,962	\$ 321,673	\$ 9,289
NSP program expenditures	-	-	2,128	(2,128)
<b>TOTAL EXPENDITURES</b>	<b>\$ 328,912</b>	<b>\$ 330,962</b>	<b>\$ 323,801</b>	<b>\$ 7,161</b>
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,027</b>	<b>\$ (2,027)</b>

**CITY OF DOVER**  
**STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2009**

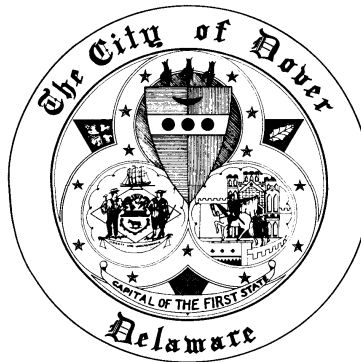
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Beginning balance	\$ 308,414	\$ 308,414	\$ 289,812	\$ (18,602)
Grants received: State	500,000	500,000	752,040	252,040
Interest earned	19,000	19,000	6,151	(12,849)
<b>TOTAL REVENUES</b>	<b>\$ 827,414</b>	<b>\$ 827,414</b>	<b>\$ 1,048,003</b>	<b>\$ 220,589</b>
<b>EXPENDITURES:</b>				
Program expenditures	\$ 900,000	\$ 900,000	\$ 977,200	\$ (77,200)
<b>TOTAL EXPENDITURES</b>	<b>\$ 900,000</b>	<b>\$ 900,000</b>	<b>\$ 977,200</b>	<b>\$ (77,200)</b>
Other financing sources:				
Operating transfers-in	\$ 400,000	\$ 200,000	\$ 200,000	\$ -
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ 327,414</b>	<b>\$ 127,414</b>	<b>\$ 270,803</b>	<b>\$ 143,389</b>

**CITY OF DOVER  
 POST-RETIREMENT BENEFITS FUND  
 SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>OPERATING REVENUES:</b>				
Beginning balance	\$ 4,354,000	\$ 4,354,000	\$ 4,135,000	\$ (219,000)
Interest earned	118,000	118,000	-	(118,000)
City Contributions	-	-	-	-
City Contributions payroll based	499,552	499,552	-	(499,552)
<b>TOTAL REVENUES</b>	<b>\$ 4,971,552</b>	<b>\$ 4,971,552</b>	<b>\$ 4,135,000</b>	<b>\$ (836,552)</b>
<b>Other financing uses:</b>				
Operating transfers-out	\$ -	\$ -	\$ 4,135,000	\$ (4,135,000)
<b>TOTAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,135,000</b>	<b>\$ (4,135,000)</b>
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ 4,971,552</b>	<b>\$ 4,971,552</b>	<b>\$ -</b>	<b>\$ (4,971,552)</b>

Note - This Special Revenue Fund was closed in Fiscal Year 2009 and all assets were transferred to the OPEB Trust. See page 43 for details.



### **FINANCIAL SCHEDULES PROPRIETARY FUND TYPES ENTERPRISE FUNDS**

The following schedules pertaining to the major enterprise funds are not required under GAAP, but are included for public review of budgetary compliance. Accordingly, no reconciliation to the GAAP financial statements is provided.

#### **WATER/WASTEWATER FUND**

The Water/Wastewater Fund accounts for all operating activity of the Water/Wastewater Utility. This includes service revenues, investment earnings on operating accounts, direct and indirect operating expenses, sewerage treatment fees, debt service, and transfers to other funds and the Improvement and Extension Fund.

The Water/Wastewater Improvement and Extension Fund is used to account for all capital project and equipment purchases. The City utilizes revenue and expenditure accounts to record capital project receipts, transfers from the operating fund, and project costs.

The funds are combined for GAAP reporting purposes with assets capitalized.

#### **ELECTRIC REVENUE FUND**

The Electric Revenue Fund accounts for all operating activity of the electric utility. This includes service revenues, investment earnings on operating accounts, direct and indirect operating expenses, purchased power cost, debt service, and transfers to other funds and the Improvement and Extension Fund.

The Electric Improvement and Extension Fund is used to account for all capital project and equipment purchases. The City utilizes revenue and expenditure accounts to record capital project receipts, transfers from the operating fund, and project costs.

The funds are combined for GAAP reporting purposes with assets capitalized



**CITY OF DOVER  
WATER/WASTEWATER FUND**

**SCHEDULE OF REVENUES AND EXPENSES  
BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance-water	\$ 449,977	\$ 782,546	\$ 782,546	\$ -
Beginning balance-wastewater	643,949	613,583	613,583	-
Beginning balance-wastewater adjustment	(364,750)	(545,326)	(545,326)	-
Water fees	4,386,862	4,090,000	4,070,523	(19,477)
Wastewater fees	2,533,686	2,400,000	2,351,885	(48,115)
Wastewater adjustment	4,307,001	4,080,950	3,733,644	(347,306)
Miscellaneous services	61,000	71,000	67,771	(3,229)
Water tank space rent	250,275	250,275	325,720	75,445
Interest earnings	104,000	75,000	63,714	(11,286)
Transfer from Capital Asset Reserve Wastewater	200,000	-	-	-
Sewer Impact Fees	712,500	630,000	609,024	(20,976)
Water Impact Fees	196,000	125,000	126,000	1,000
<b>TOTAL REVENUES</b>	<b>\$ 13,480,500</b>	<b>\$ 12,573,028</b>	<b>\$ 12,199,084</b>	<b>\$ (373,944)</b>
<b>EXPENSES:</b>				
Water services	\$ 496,569	\$ 469,872	\$ 420,257	\$ 49,615
Water engineering & inspection	705,585	708,070	695,374	12,696
Water construction	516,094	513,843	437,478	76,365
Water treatment plant	1,377,268	1,339,540	1,471,219	(131,679)
Water meter reading	73,577	72,816	70,175	2,641
Wastewater services	1,222,541	1,105,729	1,061,402	44,327
Kent County sewer fees	3,644,430	3,435,430	3,585,791	(150,361)
Intrafund service fee	1,320,565	1,302,782	1,157,164	145,618
Retirees health care	128,515	119,455	122,989	(3,534)
Debt Service-Arbitrage Payment	-	71,436	71,436	-
Debt service-water	501,360	469,860	469,077	783
Debt Service-wastewater	334,240	365,740	366,246	(506)
Transfer to Impact Fee Reserve-Water	-	-	126,000	(126,000)
Transfer to Impact Fee Reserve-Wastewater	378,260	264,260	289,941	(25,681)
Transfer to General Fund from Water	221,204	221,204	221,204	-
Transfer to General Fund from Wastewater	343,606	343,606	343,606	-
Transfer to Water Imp and Ext	500,000	500,000	500,000	-
Transfer to Wastewater I & E	200,000	200,000	200,000	-
<b>TOTAL EXPENSES</b>	<b>\$ 11,963,814</b>	<b>\$ 11,503,643</b>	<b>\$ 11,609,359</b>	<b>\$ (105,716)</b>
<b>BUDGET BALANCE-WATER</b>	<b>\$ 638,998</b>	<b>\$ 662,079</b>	<b>\$ 659,584</b>	<b>\$ (2,495)</b>
<b>BUDGET BALANCE-WASTEWATER</b>	<b>\$ 579,867</b>	<b>\$ 307,112</b>	<b>\$ 327,614</b>	<b>\$ 20,502</b>
<b>BUDGET BALANCE - WASTEWATER ADJUSTMENT</b>	<b>\$ 297,821</b>	<b>\$ 100,194</b>	<b>\$ (397,473)</b>	<b>\$ (497,667)</b>

CITY OF DOVER  
 WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND

SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL

JUNE 30,2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance -water	\$ 912,621	\$ 1,446,695	\$ 1,446,695	\$ -
Beginning balance -wastewater	915,232	713,799	713,799	-
Bond Issue Proceeds Series	11,260,300	-	-	-
Miscellaneous Receipts	-	-	34,459	34,459
Income from Sale of Assets	-	-	17,090	17,090
Interest earnings	36,000	36,000	106,446	70,446
State grants	-	140,000	-	(140,000)
Transfer from Capital Asset Reserve Water	-	1,000,000	1,000,000	-
Transfer from Capital Asset Reserve Wastewater	-	500,000	500,000	-
Transfer from Water Fund	500,000	500,000	500,000	-
Transfer from Wastewater Fund	200,000	200,000	200,000	-
Transfer from Impact Fee Reserve	-	246,351	211,147	(35,204)
<b>TOTAL REVENUES</b>	<b>\$ 13,824,153</b>	<b>\$ 4,782,845</b>	<b>\$ 4,729,636</b>	<b>\$ (53,209)</b>
<b>EXPENSES:</b>				
Water	\$ 3,058,450	\$ 2,636,572	\$ 1,341,829	\$ 1,294,743
Wastewater	4,632,150	1,451,053	1,087,898	363,155
Construction	29,000	29,000	26,666	2,334
Engineering & Inspections	15,445	15,445	16,247	(802)
<b>TOTAL EXPENSES</b>	<b>\$ 7,735,045</b>	<b>\$ 4,132,070</b>	<b>\$ 2,472,640</b>	<b>\$ 1,659,430</b>
<b>BUDGET BALANCE-WATER</b>	<b>\$ 4,661,248</b>	<b>\$ 431,400</b>	<b>\$ 1,631,844</b>	<b>\$ 1,200,444</b>
<b>BUDGET BALANCE-WASTEWATER</b>	<b>\$ 1,427,860</b>	<b>\$ 219,375</b>	<b>\$ 625,152</b>	<b>\$ 405,777</b>

**CITY OF DOVER  
ELECTRIC REVENUE FUND**

**SCHEDULE OF REVENUE AND EXPENSES  
BUDGET (NON-GAAP BASIS) AND ACTUAL**

JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance-operating	\$ 6,816,609	\$ 10,680,522	\$ 10,680,522	\$ -
Direct base sales	98,527,100	98,527,100	97,904,431	(622,669)
Rental income	186,816	186,816	251,661	64,845
Miscellaneous services	2,673,000	1,315,267	1,202,511	(112,756)
Utility tax	1,763,500	1,763,500	1,738,059	(25,441)
Green Energy	137,600	137,600	133,240	(4,360)
Interest earned-operating	418,000	325,000	428,212	103,212
Intrafund Service Rec Water/Wastewater	263,353	263,898	191,247	(72,651)
Reimbursement of Bond Issuance Cost	-	222,690	222,690	-
<b>TOTAL REVENUES</b>	<b>\$ 110,785,978</b>	<b>\$ 113,422,393</b>	<b>\$ 112,752,573</b>	<b>\$ (669,820)</b>
<b>EXPENSES:</b>				
Plant Operations	\$ 5,921,646	\$ 5,921,646	\$ 5,961,944	\$ (40,298)
Power Supply	63,410,077	63,410,077	56,924,483	6,485,594
PJM Charges - Load	3,510,195	3,510,195	6,234,707	(2,724,512)
Power Supply Management/Incentive	2,788,808	2,788,808	3,000,000	(211,192)
PJM Credits	(2,552,753)	(2,552,753)	(1,543,199)	(1,009,554)
Generation Fuels	2,382,179	2,382,179	1,494,017	888,162
Capacity Charges	10,692,738	10,692,738	10,778,420	(85,682)
Capacity Credits	(9,265,997)	(9,265,997)	(9,303,462)	37,465
Transmission/Distribution	3,680,134	3,631,559	3,520,433	111,126
Electrical Engineering	1,668,347	1,634,201	1,450,853	183,348
Administration	962,515	949,062	1,063,550	(114,488)
Meter Reading	293,494	290,176	285,118	5,058
Systems Operations	553,954	575,443	559,743	15,700
Utility Tax	1,763,500	1,763,500	1,738,059	25,441
Provision for Uncollectible	135,000	135,000	135,000	-
Retirees Health Care	557,727	519,999	498,553	21,446
Green Energy Payment to DEMEC	137,600	137,600	133,240	4,360
Interest on Deposits	42,000	54,500	62,080	(7,580)
Intrafund Service Fees	3,704,510	3,644,549	3,417,682	226,867
Bond Issuance Costs	-	222,690	222,690	-
Other Appropriations:				
Electric Capital Project Fund	1,684,000	1,684,000	1,684,000	-
General Fund	6,758,100	6,758,100	6,758,100	-
Debt Service	3,431,323	4,055,023	4,000,077	54,946
Rate Stabilization Fund	-	2,085,748	2,085,748	-
Inventory Reserve	175,000	175,000	175,000	-
<b>TOTAL EXPENSES</b>	<b>\$ 102,434,097</b>	<b>\$ 105,203,043</b>	<b>\$ 101,336,836</b>	<b>\$ 3,866,207</b>
<b>BUDGET BALANCE - CARRY FORWARD</b>	<b>\$ 8,351,881</b>	<b>\$ 8,219,350</b>	<b>\$ 11,415,737</b>	<b>\$ 3,196,387</b>

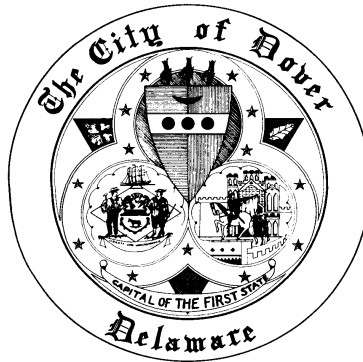
CITY OF DOVER  
 ELECTRIC IMPROVEMENT AND EXTENSION FUND

SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL

JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance	\$ 10,923,712	\$ 1,870,644	\$ 1,870,644	\$ -
Beginning balance Bond Proceeds	-	302,327	302,327	-
Bond Proceeds	-	15,293,600	20,356,046	5,062,446
Transfer from Electric Revenue Fund	1,684,000	1,684,000	1,684,000	-
Transfer from Depreciation Reserve	2,000,000	2,000,000	2,000,000	-
Transfer from Future Capacity Reserve	3,000,000	-	-	-
Interest earnings	113,037	113,037	35,265	(77,772)
Income from Sale of Assets	-	-	110,825	110,825
State Reimbursement for SR1 & SR9	805,558	95,420	-	(95,420)
State Reimbursement for Governor's Ave	-	710,318	-	(710,318)
Green Energy for Security System	-	65,820	-	(65,820)
DEMA Grant	50,000	50,000	-	(50,000)
<b>TOTAL REVENUES</b>	<b>\$ 18,576,307</b>	<b>\$ 22,185,166</b>	<b>\$ 26,359,107</b>	<b>\$ 4,173,941</b>
<b>EXPENSES:</b>				
Power Plant	\$ 2,690,000	\$ 3,370,555	\$ 2,534,766	\$ 835,789
Transmission/Distribution	933,500	932,698	832,340	100,358
Engineering	9,556,887	15,042,107	11,126,207	3,915,900
Transfer to Depreciation Reserve	-	-	5,000,000	(5,000,000)
<b>TOTAL EXPENSES</b>	<b>\$ 13,180,387</b>	<b>\$ 19,345,360</b>	<b>\$ 19,493,313</b>	<b>\$ (147,953)</b>
<b>BUDGET BALANCE- IMPROVEMENT &amp; EXT.</b>	<b>\$ 5,395,920</b>	<b>\$ 2,839,806</b>	<b>\$ 2,625,760</b>	<b>\$ (214,046)</b>
<b>BUDGET BALANCE- BOND PROCEEDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,240,034</b>	<b>\$ 4,240,034</b>





**FINANCIAL STATEMENTS  
PROPRIETARY FUND TYPES  
INTERNAL SERVICE FUNDS**

**WORKERS' COMPENSATION INSURANCE FUND**

The City has created this fund to account for the revenues and expenses related to a self-insured Workers' Compensation Fund. The revenues are received from the City's various funds. These funds contribute to the Workers' Compensation Fund an amount based on salaries at a pre-determined assessment rate. Claims paid, reinsurance cost and third party administrator's fees are charged to this fund.

Budgetary schedules are included for public review of budgetary compliance.

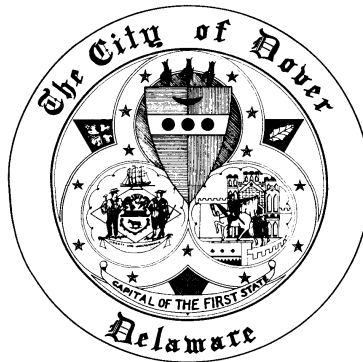
**CITY OF DOVER  
 INTERNAL SERVICE FUND - WORKERS' COMPENSATION**

**SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL**

YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>OPERATING REVENUES:</b>				
Beginning balance	\$ 1,236,346	\$ 1,380,282	\$ 1,380,327	\$ 45
Interest earned	37,000	37,000	73,352	36,352
City contribution	664,674	564,674	539,964	(24,710)
Miscellaneous revenue	-	-	7,571	7,571
<b>TOTAL REVENUES</b>	<b>\$ 1,938,020</b>	<b>\$ 1,981,956</b>	<b>\$ 2,001,214</b>	<b>\$ 19,258</b>
<b>OPERATING EXPENSES:</b>				
Program expenses	\$ 400,000	\$ 400,000	\$ 569,529	\$ (169,529)
Contractual services	32,000	32,000	33,290	(1,290)
Insurance	93,400	93,400	82,490	10,910
Bank fees	1,600	1,600	1,961	(361)
Transfer to General Fund for Retirees	100,000	-	-	-
State of Del. - Self-Insurance Tax	50,000	50,000	35,333	14,667
<b>TOTAL EXPENSES</b>	<b>\$ 677,000</b>	<b>\$ 577,000</b>	<b>\$ 722,603</b>	<b>\$ (145,603)</b>
<b>BUDGET BALANCE - CARRY FORWARD</b>	<b>\$ 1,261,020</b>	<b>\$ 1,404,956</b>	<b>\$ 1,278,611</b>	<b>\$ (126,345)</b>

Note: The above schedule is not required under GAAP, but is included for public review of budgetary compliance. Accordingly, no reconciliation to the GAAP financial statements is provided. GASB 31 Adjustment \$13,156.



## **FINANCIAL STATEMENTS FIDUCIARY FUND TYPES AGENCIES**

### PARKING AUTHORITY

The City acts as the receiving and disbursing agent for the Dover Parking Authority. The transactions are recorded in this fund with respect to the City's agency capacity.

### LIBRARY CONSORTIUM

The Library Consortium is an Agency Fund, which incorporates the transactions of three libraries. They are the City of Dover Public Library, Harrington Public Library, and Smyrna Public Library. Receipts from these libraries are for services to provide a book catalogue system. Disbursements are for the cost of the book catalogue system.

### DOVER ARTS COUNCIL

The Dover Arts Council is an organization, which promotes the arts and cultural activities in the City. The City acts as the receiving and disbursing agent for the Dover Arts Council. The relevant transactions of Dover Arts Council are presented in this section.

### DOWNTOWN DEVELOPMENT

The City established the Downtown Dover Partnership as an agency for the development of the downtown urban area.

### MAIN STREET PROJECT

The Main Street Program is designed to encourage economic development and the preservation of historic resources in Downtown Dover and neighboring business districts. The relevant transactions pertaining to the Main Street Project are presented in this section.

The funding for Main Street comes from Business Improvement District tax, membership dues, donations, and special purpose grants directly received by this agency.

### FOURTH OF JULY CELEBRATION COMMITTEE

The Fourth of July Celebration Committee is designed to provide recreation enjoyment and educational events commemorating the birth of our nation.

### DOVER LIBRARY FOUNDATION

The Dover Library Foundation was formed to provide fund raising for the construction of a new regional library.



**CITY OF DOVER  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS**

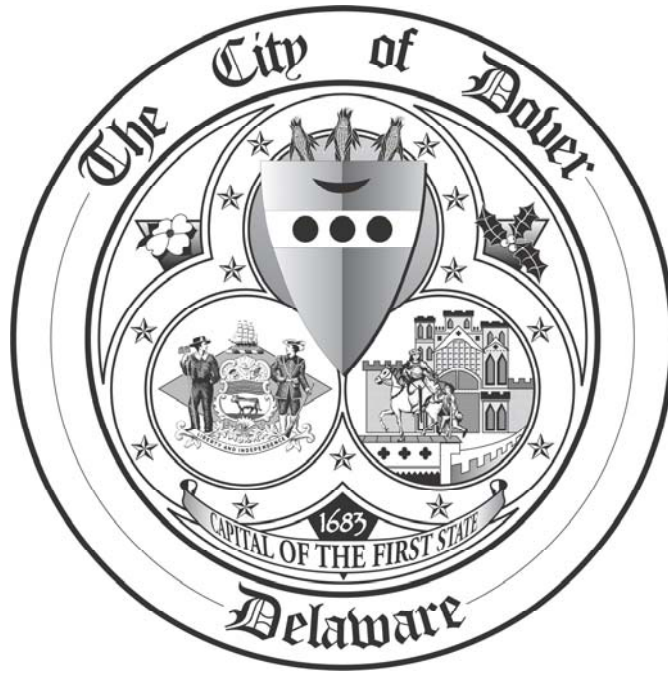
YEAR ENDED JUNE 30, 2009

	BALANCE JUNE 30, 2008	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009
<b>PARKING AUTHORITY</b>				
<b>ASSETS:</b>				
Cash	\$ 207,285	\$ 117,268	\$ 324,553	\$ -
Investments	99,000	-	99,000	-
Receivables	10,232	5,090	15,322	-
<b>Total Assets</b>	<b>\$ 316,517</b>	<b>\$ 122,358</b>	<b>\$ 438,875</b>	<b>\$ -</b>
<b>LIABILITIES:</b>				
Vouchers payable	\$ 81	\$ 2,167	\$ 2,248	\$ -
Due to agencies	316,436	-	316,436	-
<b>Total Liabilities</b>	<b>\$ 316,517</b>	<b>\$ 2,167</b>	<b>\$ 318,684</b>	<b>\$ -</b>
<b>LIBRARY CONSORTIUM</b>				
<b>ASSETS:</b>				
Cash	\$ 580	\$ 35	\$ -	\$ 615
<b>Total Assets</b>	<b>\$ 580</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ 615</b>
<b>LIABILITIES:</b>				
Due to agencies	\$ 580	\$ 35	\$ -	\$ 615
<b>Total Liabilities</b>	<b>\$ 580</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ 615</b>
<b>DOVER ARTS COUNCIL</b>				
<b>ASSETS:</b>				
Cash	\$ 2,350	\$ -	\$ -	\$ 2,350
<b>Total Assets</b>	<b>\$ 2,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,350</b>
<b>LIABILITIES:</b>				
Due to agencies	\$ 2,350	\$ -	\$ -	\$ 2,350
<b>Total Liabilities</b>	<b>\$ 2,350</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,350</b>
<b>DOWNTOWN DOVER PARTNERSHIP</b>				
<b>ASSETS:</b>				
Cash	\$ 101,925	\$ 2,718,688	\$ 2,734,724	\$ 85,889
Investments	-	639,263	411,638	227,625
Receivables	517,475	45,043	469,492	93,026
Prepaid items	-	11,478	-	11,478
<b>Total Assets</b>	<b>\$ 619,400</b>	<b>\$ 3,414,472</b>	<b>\$ 3,615,854</b>	<b>\$ 418,018</b>
<b>LIABILITIES:</b>				
Vouchers payable	\$ 321,689	\$ 1,478,144	\$ 1,783,447	\$ 16,386
Deposit payable	-	3,000	-	3,000
Due to General Fund	-	5,093	5,090	3
Prereceived revenue	-	129,904	-	129,904
Due to agencies	297,711	268,725	297,711	268,725
<b>Total Liabilities</b>	<b>\$ 619,400</b>	<b>\$ 1,884,866</b>	<b>\$ 2,086,248</b>	<b>\$ 418,018</b>

(Continued)

(Continued-Combining Statement of Changes in Assets & Liabilities all Agency Funds)

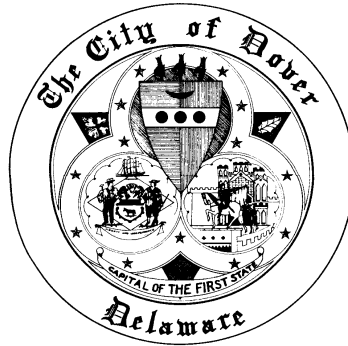
	BALANCE JUNE 30, 2008		ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2009	
<b>MAIN STREET</b>						
<b>ASSETS:</b>						
Cash	\$	47,467	\$ -	\$	47,467	\$ -
Receivables		666	-		666	-
Prepaid items		590	-		590	-
<b>Total Assets</b>	<b>\$</b>	<b>48,723</b>	<b>\$ -</b>	<b>\$</b>	<b>48,723</b>	<b>\$ -</b>
<b>LIABILITIES:</b>						
Vouchers payable	\$	2,221	\$ -	\$	2,221	\$ -
Due to agencies		46,502	-		46,502	-
<b>Total Liabilities</b>	<b>\$</b>	<b>48,723</b>	<b>\$ -</b>	<b>\$</b>	<b>48,723</b>	<b>\$ -</b>
<b>4TH JULY CELEBRATION COMMITTEE</b>						
<b>ASSETS:</b>						
Cash	\$	14,425	\$ 20,039	\$	26,925	\$ 7,539
<b>Total Assets</b>	<b>\$</b>	<b>14,425</b>	<b>\$ 20,039</b>	<b>\$</b>	<b>26,925</b>	<b>\$ 7,539</b>
<b>LIABILITIES:</b>						
Vouchers payable	\$	-	\$ 26,082	\$	26,081	\$ 1
Due to agencies		14,425	7,538		14,425	7,538
<b>Total Liabilities</b>	<b>\$</b>	<b>14,425</b>	<b>\$ 33,620</b>	<b>\$</b>	<b>40,506</b>	<b>\$ 7,539</b>
<b>DOVER LIBRARY FOUNDATION</b>						
<b>ASSETS:</b>						
Cash	\$	-	\$ 1,282	\$	-	\$ 1,282
<b>Total Assets</b>	<b>\$</b>	<b>-</b>	<b>\$ 1,282</b>	<b>\$</b>	<b>-</b>	<b>\$ 1,282</b>
<b>LIABILITIES:</b>						
Due to agencies	\$	-	\$ 1,282	\$	-	\$ 1,282
<b>Total Liabilities</b>	<b>\$</b>	<b>-</b>	<b>\$ 1,282</b>	<b>\$</b>	<b>-</b>	<b>\$ 1,282</b>
<b>TOTAL-ALL AGENCY FUNDS</b>						
<b>ASSETS:</b>						
Cash	\$	374,032	\$ 2,857,312	\$	3,133,669	\$ 97,675
Investments		99,000	639,263		510,638	227,625
Receivables		528,373	50,133		485,480	93,026
Prepaid items		590	11,478		590	11,478
<b>Total Assets</b>	<b>\$</b>	<b>1,001,995</b>	<b>\$ 3,558,186</b>	<b>\$</b>	<b>4,130,377</b>	<b>\$ 429,804</b>
<b>LIABILITIES:</b>						
Vouchers payable	\$	323,991	\$ 1,506,393	\$	1,813,997	\$ 16,387
Deposit payable		-	3,000		-	3,000
Prereceived revenue		-	129,904		-	129,904
Due to General Fund		-	5,093		5,090	3
Due to agencies		678,004	277,580		675,074	280,510
<b>Total Liabilities</b>	<b>\$</b>	<b>1,001,995</b>	<b>\$ 1,921,970</b>	<b>\$</b>	<b>2,494,161</b>	<b>\$ 429,804</b>



# STATISTICAL SECTION



**THIS SECTION OF THE CITY OF DOVER ‘S COMPREHENSIVE ANNUAL FINANCIAL REPORT PRESENTS DETAILED INFORMATION AS A CONTEXT FOR UNDERSTANDING WHAT THE INFORMATION IN THE FINANCIAL STATEMENTS, NOTE DISCLOSURES, AND REQUIRED SUPPLEMENTARY INFORMATION SAYS ABOUT THE GOVERNMENT’S OVERALL FINANCIAL HEALTH.**



## **STATISTICAL SECTION**

This part of the City of Dover's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

### **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **OPERATING INFORMATION**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

		City of Dover						
		Net Assets by Component Last Seven Fiscal Years (Accrual basis of accounting)						
		Fiscal Year						
		2003	2004	2005	2006	2007	2008	2009
Governmental Activities								
	Invested in capital assets, net of related debt	\$ 19,554,571	\$ 21,824,685	\$ 23,343,787	\$ 27,056,161	\$ 29,709,046	\$ 35,255,463	\$ 35,752,624
	Restricted	1,002,363	1,852,754	2,023,096	887,235	1,591,678	1,602,932	1,758,470
	Unrestricted	5,423,283	4,067,810	7,431,716	11,590,341	13,849,061	15,155,125	9,536,614
	Total governmental activities net assets	\$ 25,980,217	\$ 27,745,249	\$ 32,798,599	\$ 39,533,737	\$ 45,149,785	\$ 52,013,520	\$ 47,047,708
Business-type activities								
	Invested in capital assets, net of related debt	\$ 73,946,422	\$ 81,968,635	\$ 82,878,764	\$ 89,089,027	\$ 89,289,351	\$ 101,154,934	\$ 91,471,776
	Restricted	39,568,228	36,010,001	32,620,056	33,801,000	29,762,946	23,758,183	34,372,050
	Unrestricted	8,253,229	4,831,263	11,569,305	11,859,329	14,371,418	16,263,139	18,614,907
	Total business-type activities net assets	\$ 121,767,879	\$ 122,809,899	\$ 127,068,125	\$ 134,749,356	\$ 133,423,715	\$ 141,176,256	\$ 144,458,733
Primary government								
	Invested in capital assets, net of related debt	\$ 93,500,993	\$ 103,793,320	\$ 106,222,551	\$ 116,145,188	\$ 118,998,397	\$ 136,410,397	\$ 127,224,400
	Restricted	40,570,591	37,862,755	34,643,152	34,688,235	31,354,624	25,361,115	36,130,520
	Unrestricted	13,676,512	8,899,073	19,001,021	23,449,670	28,220,479	31,418,264	28,151,521
	Total primary government net assets	\$ 147,748,096	\$ 150,555,148	\$ 159,866,724	\$ 174,283,093	\$ 178,573,500	\$ 193,189,776	\$ 191,506,441

**NOTE**

Seven years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

Table 2

City of Dover Changes in Net Assets Last Seven Fiscal Years (Accrual basis of accounting)							
	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
Governmental activities:							
General government	\$ 1,710,749	\$ 1,426,396	\$ 905,382	\$ 836,668	\$ 1,472,104	\$ 1,384,276	\$ 1,855,983
Public safety	11,131,850	12,319,713	12,533,566	13,879,609	14,509,849	15,120,737	15,929,187
Public Works	4,029,404	4,536,928	4,547,747	4,493,296	4,791,235	4,355,206	7,539,463
Library and recreation	1,512,396	1,371,944	1,706,743	1,309,601	1,875,872	2,108,664	2,417,236
Community and economic development	392,101	545,899	711,743	600,907	639,545	497,914	724,555
Central services	48,032	297,857	236,451	447,877	552,042	586,274	550,886
Financial administration	241,609	1,902,719	1,582,911	1,774,380	1,588,425	1,425,074	4,999,006
Interest on long-term debt	249,661	224,155	129,352	118,130	106,815	82,657	87,491
Total governmental activities expenses	19,315,802	22,625,611	22,353,895	23,460,468	25,535,887	25,560,802	34,103,807
Business-type activities							
Water and Sewer	8,789,932	9,291,404	8,678,186	9,263,236	9,846,771	10,387,198	11,196,913
Electric	52,380,785	53,387,490	56,384,796	58,620,196	88,297,987	88,442,048	94,475,940
Total business-type activities	61,170,717	62,678,894	65,062,982	67,883,432	98,144,758	98,829,246	105,672,853
Total primary government expenses	80,486,519	85,304,505	87,416,877	91,343,900	123,680,645	124,390,048	139,776,660
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
General government	524,342	1,117,648	1,209,067	1,428,996	1,683,817	1,603,935	1,426,972
Public safety	3,000,136	2,956,135	3,684,792	4,487,028	4,499,315	4,571,911	4,358,641
Public works	1,080,356	1,083,894	1,081,064	1,253,313	1,312,328	1,334,492	1,396,801
Library and recreation	434,149	443,925	447,948	549,959	1,100,412	788,875	715,404
Operating grants and contributions	1,683,806	2,090,106	2,267,722	3,156,369	3,108,545	2,511,244	2,758,194
Capital grants and contributions	717,603	1,154,728	1,983,669	500,103	790,612	647,724	1,090,838
Total governmental activities program revenues	7,440,392	8,846,436	10,674,262	11,375,768	12,495,029	11,458,181	11,746,850
Business-type activities							
Charges for services:							
Water and Sewer	10,541,804	10,454,520	10,804,685	12,224,877	11,819,643	12,158,812	11,319,027
Electric	59,578,543	59,476,870	63,303,032	68,005,332	87,014,071	96,858,790	101,420,982
Total business-type activities program revenues	70,120,347	69,931,390	74,107,717	80,230,209	98,833,714	109,017,602	112,740,009
Total primary government program revenues	77,560,739	78,777,826	84,781,979	91,605,977	111,328,743	120,475,783	124,486,859
Net (expense)/revenue:							
Governmental activities	(11,875,410)	(13,779,175)	(11,679,633)	(12,084,700)	(13,040,858)	(14,102,621)	(22,356,957)
Business-type activities	8,949,630	7,252,496	9,044,735	12,346,777	688,956	10,188,356	7,067,156
Total primary government net revenue (expense)	(2,925,780)	(6,526,679)	(2,634,898)	262,077	(12,351,902)	(3,914,265)	(15,289,801)
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Property taxes	7,076,050	7,183,124	7,370,318	8,792,652	9,032,995	9,557,982	10,075,401
Transfer taxes	2,663,963	1,627,172	2,379,548	3,048,064	3,008,371	3,515,422	1,197,425
Gain (loss) on sale of capital assets	-	-	3,750	-	-	-	-
Investment earnings	254,510	97,171	332,853	640,381	1,230,540	726,683	585,264
Transfers	5,440,923	6,636,740	6,611,024	6,338,741	5,385,000	7,166,269	5,533,055
Total governmental activities	15,435,446	15,544,207	16,697,493	18,819,838	18,656,906	20,966,356	17,391,145
Business-type activities:							
Gain (loss) on sale of capital assets	-	16,213	(13,264)	(127,477)	-	-	-
Investment earnings	2,152,263	198,661	1,312,098	1,528,672	2,664,831	2,652,414	1,748,376
Capital contributions	-	211,390	368,740	272,000	705,572	2,078,040	-
Transfers	(5,440,923)	(6,636,740)	(6,611,024)	(6,338,741)	(5,385,000)	(7,166,269)	(5,533,055)
Total business-type activities	(3,288,660)	(6,210,476)	(4,943,450)	(4,665,546)	(2,014,597)	(2,435,815)	(3,784,679)
Total primary government	12,146,786	9,333,731	11,754,043	14,154,292	16,642,309	18,530,541	13,606,466
<b>Change in Net Assets</b>							
Government activities	3,560,036	1,765,032	5,017,860	6,735,138	5,616,048	6,863,735	(4,965,812)
Business-type activities	5,660,970	1,042,020	4,101,285	7,681,231	(1,325,641)	7,752,541	3,282,477
Total primary government	\$ 9,221,006	\$ 2,807,052	\$ 9,119,145	\$ 14,416,369	\$ 4,290,407	\$ 14,616,276	\$ (1,683,335)

NOTE

Seven years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

Table 3

**City of Dover**  
**Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 689,233	\$ 720,698	\$ 1,099,450	\$ 2,158,007	\$ 2,023,169	\$ 528,145	\$ 709,817
Unreserved	4,682,483	3,729,125	4,156,574	6,515,829	7,046,831	9,387,795	8,305,396
Total General Fund	<u>5,371,716</u>	<u>4,449,823</u>	<u>5,256,024</u>	<u>8,673,836</u>	<u>9,070,000</u>	<u>9,915,940</u>	<u>9,015,213</u>
All other governmental funds							
Unreserved, reported in:							
Special revenue funds	805,171	2,119,882	2,984,929	2,829,793	5,248,929	5,180,097	881,332
Total all other governmental funds	<u>805,171</u>	<u>2,119,882</u>	<u>2,984,929</u>	<u>2,829,793</u>	<u>5,248,929</u>	<u>5,180,097</u>	<u>881,332</u>
Total fund balances	<u>\$ 6,176,887</u>	<u>\$ 6,569,705</u>	<u>\$ 8,240,953</u>	<u>\$ 11,503,629</u>	<u>\$ 14,318,929</u>	<u>\$ 15,096,037</u>	<u>\$ 9,896,545</u>

NOTE

Seven years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.



Table 4

<b>City of Dover</b>							
<b>Changes in Fund Balances of Governmental Funds</b>							
<b>Last Seven Fiscal Years</b>							
<b>(Modified accrual basis of accounting)</b>							
	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
Fines	\$ 650,004	\$ 619,493	\$ 1,117,440	\$ 1,759,979	\$ 1,314,246	\$ 1,262,180	\$ 1,323,041
Library revenue	334,702	333,157	346,652	451,705	989,006	517,697	514,458
Licenses and permits	1,934,820	2,017,287	2,251,091	2,465,845	2,689,348	2,916,749	2,599,948
Sanitation fees and rebates	1,080,356	1,083,894	1,081,064	1,253,313	1,293,399	1,333,436	1,396,801
Recreation	-	-	-	-	12,793	34,111	47,079
Miscellaneous services	1,039,303	988,511	916,244	996,174	1,367,960	1,351,160	1,278,251
Taxes	9,740,013	8,810,296	9,749,866	11,840,716	12,041,366	13,073,404	11,272,826
Grants	2,396,409	3,244,834	2,812,082	3,919,800	4,550,607	3,148,194	3,513,365
Court of Chancery fees	-	559,260	710,380	792,280	929,120	883,880	738,240
Investment income	226,165	95,127	315,642	603,451	1,154,829	638,782	513,873
<b>Total revenues</b>	<b>17,401,772</b>	<b>17,751,859</b>	<b>19,300,461</b>	<b>24,083,263</b>	<b>26,342,674</b>	<b>25,159,593</b>	<b>23,197,882</b>
<b>Expenditures</b>							
General government	698,081	693,874	902,139	836,419	1,000,622	1,319,774	1,661,742
Library services	1,021,282	1,132,413	1,144,289	1,162,301	1,253,300	1,391,974	2,150,585
Public safety	10,671,475	11,755,081	12,432,257	13,922,271	15,055,746	15,068,451	15,680,044
Public works	1,696,969	2,864,345	2,478,911	3,340,643	2,551,962	2,928,236	3,219,659
Recreational services	482,936	486,789	617,624	705,241	1,452,987	2,699,725	869,134
Streets and sanitation services	2,971,180	2,957,758	2,711,775	3,242,649	3,018,222	3,675,282	3,279,188
Engineering services	56,703	225,658	253,299	289,208	314,728	-	-
Financial administration	391,721	597,973	687,450	725,963	829,002	1,055,619	1,009,240
Garage and stores	545,371	382,851	418,710	417,202	402,915	486,966	491,450
Insurance	128,127	203,997	168,430	153,202	165,584	176,947	199,643
Retiree health care	456,025	541,715	590,587	645,457	736,286	758,185	3,265,857
Employee pension	140,910	-	-	-	402,204	134,775	-
Street lights	465,923	470,110	534,682	545,426	624,243	917,438	937,013
Community and economic development	392,101	545,899	711,743	600,907	639,545	497,914	724,555
Miscellaneous	296,914	-	16,000	-	-	-	-
<b>Debt service</b>							
Principal	637,960	668,341	490,171	464,480	368,384	350,000	365,000
Interest	249,661	217,374	121,350	107,959	96,644	87,468	77,319
Other charges (Issuance of debt)	-	122,387	-	-	-	-	-
<b>Total expenditures</b>	<b>21,303,339</b>	<b>23,866,565</b>	<b>24,279,417</b>	<b>27,159,328</b>	<b>28,912,374</b>	<b>31,548,754</b>	<b>33,930,429</b>
Excess of revenues over(under) expenditures	(3,901,567)	(6,114,706)	(4,978,956)	(3,076,065)	(2,569,700)	(6,389,161)	(10,732,547)
<b>Other financing sources (uses)</b>							
Transfers in	6,499,751	8,249,757	8,965,067	8,850,767	8,316,722	12,369,176	12,683,925
Transfers out	(1,053,828)	(1,928,012)	(2,354,043)	(2,512,026)	(2,931,722)	(5,202,907)	(7,150,870)
Refunding bonds issued	-	3,430,000	-	-	-	-	-
Payments to refunded bond escrow agent	-	(3,244,281)	-	-	-	-	-
Capital leases	84,377	-	-	-	-	-	-
Sale of capital assets	-	-	3,750	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,530,300</b>	<b>6,507,464</b>	<b>6,614,774</b>	<b>6,338,741</b>	<b>5,385,000</b>	<b>7,166,269</b>	<b>5,533,055</b>
<b>Net change in fund balances</b>	<b>\$ 1,628,733</b>	<b>\$ 392,758</b>	<b>\$ 1,635,818</b>	<b>\$ 3,262,676</b>	<b>\$ 2,815,300</b>	<b>\$ 777,108</b>	<b>\$ (5,199,492)</b>
Debt service as a percentage of noncapital expenditures	4.89%	4.70%	2.76%	2.42%	1.83%	1.62%	1.42%
Capital outlay included in total expenditures (2)	\$ 3,159,696	\$ 2,425,801	\$ 2,084,385	\$ 3,523,649	\$ 3,554,679	\$ 4,559,625	\$ 2,698,627

**NOTE**

(1) Seven years worth of trend data is shown here instead of ten, due to data not available prior to fiscal year 2003.

(2) Capital outlay has been included in functional expenditures. In order to get debt service as a percentage of noncapital expenditures capital outlay has been deducted from the total expenditures above.

**Table 5**

**City of Dover**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year	Property Tax	Transfer Tax	Total
2000	\$ 6,081,831	\$ 1,205,779	\$ 7,287,610
2001	6,021,821	987,753	7,009,574
2002	6,190,763	1,207,241	7,398,004
2003	7,076,050	2,663,963	9,740,013
2004	7,183,124	1,627,172	8,810,296
2005	7,370,318	2,379,548	9,749,866
2006	8,792,652	3,048,064	11,840,716
2007	9,032,995	3,008,371	12,041,366
2008	9,557,982	3,515,422	13,073,404
2009	10,075,401	1,197,425	11,272,826

NOTES

1. Property Tax tax rate \$.33 of 100% assessed value (See Table 6 for tax rates) includes payments in lieu of taxes, farm land roll back and penalties.
2. Transfer Taxes equal 1.5% of the real property sales value.
3. Changes for services to Business-type activities for administrative overheads are billed based on pre-determined cost allocation formulas (ie, Human Resources Services are billed based on number of employees and wage/benefits of the Enterprise Funds.
4. Assessed value by major component not available. (See Table 6 for total assessed value.)

Table 6

**City of Dover, Delaware  
 Assessed and Estimated Actual Value  
 of Taxable Property Last Ten Fiscal Years**

REAL PROPERTY						
Fiscal Year	Total Assessed Value	Less: Exempt Properties	Total Taxable Assessed Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Assessed Value	Direct Tax Rate
2000	\$ 1,583,051,400	\$ 723,466,300	\$ 859,585,100	\$ 2,638,419,000	32.58%	0.685
2001	1,342,023,600	465,530,500	876,493,100	2,236,706,000	39.19%	0.685
2002	1,687,672,100	784,466,500	903,205,600	2,812,786,833	32.11%	0.685
2003	2,209,978,500	504,226,700	1,705,751,800	2,209,978,500	77.18%	0.411
2004	2,576,251,900	841,436,800	1,734,815,100	2,576,251,900	67.34%	0.411
2005	2,605,638,000	841,290,300	1,764,347,700	2,605,638,000	67.71%	0.411
2006	3,146,043,800	618,735,300	2,527,308,500	3,146,043,800	80.33%	0.330
2007	3,516,580,775	618,433,400	2,898,147,375	3,516,580,775	82.41%	0.330
2008	3,406,762,915	616,277,700	2,790,485,215	3,406,762,915	81.91%	0.330
2009	4,124,562,920	1,225,269,600	2,899,293,320	4,124,562,920	70.29%	0.330

Source: Tax Assessor's Office, City of Dover.

NOTES

1. There is no tax on personal properties. Therefore, no figures are presented.
2. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$.685 to \$.4110 to stay revenue neutral.
3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

**Table 7**

**NOTES**

1. Section 48 of the City of Dover charter provides that the amount of money to be raised through exceed 2% of the total taxable assessment.
2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
3. The City of Dover changed from 60% of assessed value to 100% and accordingly lowered the tax rate in 2003.
4. The City of Dover reassessed property values and "rolled back" the tax rate in 2006.

**City of Dover, Delaware  
Property Tax Rates - All Direct and Overlapping Governments  
with the Capital School District  
(Per \$100 of Assessed Value)  
Last Ten Fiscal Years**

Fiscal Year	City of Dover	Kent County	Capital School District	Vo-Tech School District	Total
2000	0.685	0.250	0.936	0.0730	1.944
2001	0.685	0.250	0.936	0.0730	1.944
2002	0.685	0.250	1.022	0.0950	2.052
2003	0.411	0.250	1.120	0.0870	1.868
2004	0.411	0.250	1.173	0.0870	1.921
2005	0.411	0.250	1.403	0.0887	2.153 *
2006	0.330	0.250	1.459	0.1180	2.157 *
2007	0.330	0.250	1.534	0.1160	2.230 *
2008	0.330	0.250	1.480	0.1219	2.182
2009	0.330	0.250	1.480	0.1219	2.182

Sources: Tax Assessor's Office - City

Receiver of Taxes Office - Kent County

\* Corrected Capital School District & Vo-tech tax rates

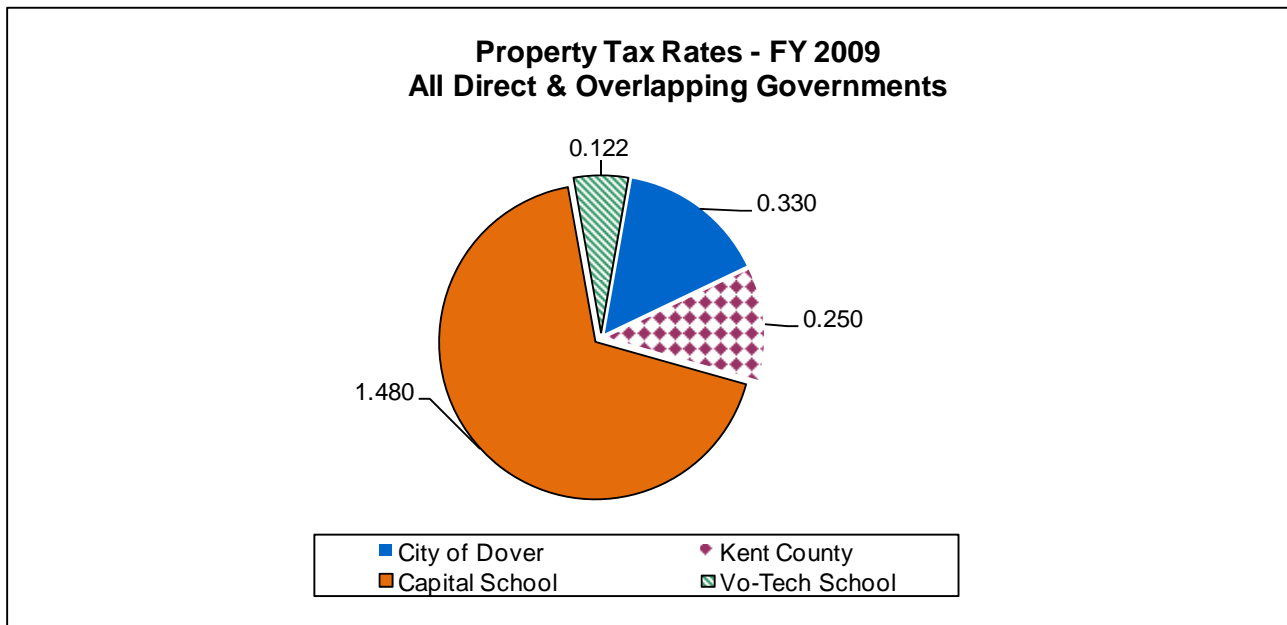


TABLE 8

**NOTES**

1. Section 48 of the City of Dover charter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
3. The City of Dover changed from 60% of assessed value to 100% and accordingly lowered the tax rate in 2003.
4. The City of Dover reassessed property values and "rolled back" the tax rate in 2006.

**City of Dover, Delaware  
 Property Tax Rates - All Direct and Overlapping Governments  
 with the Caesar Rodney School District  
 (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years**

Fiscal Year	City of Dover	Kent County	Caesar Rodney School District	Vo-Tech School District	Total
2000	0.685	0.250	0.884	0.0730	1.892
2001	0.685	0.250	0.986	0.0730	1.994
2002	0.685	0.250	1.030	0.0950	2.060
2003	0.411	0.250	1.030	0.0870	1.778
2004	0.411	0.250	1.161	0.0870	1.909
2005	0.411	0.250	1.161	0.0887	1.911
2006	0.330	0.250	1.075	0.1180	1.773 *
2007	0.330	0.250	1.125	0.1160	1.821 *
2008	0.330	0.250	1.125	0.1219	1.827
2009	0.330	0.250	1.125	0.1219	1.827

Sources: Tax Assessor's Office - City  
 Receiver of Taxes Office - Kent County  
 \* Corrected Ceasar Rodney School District & Vo-tech tax rates

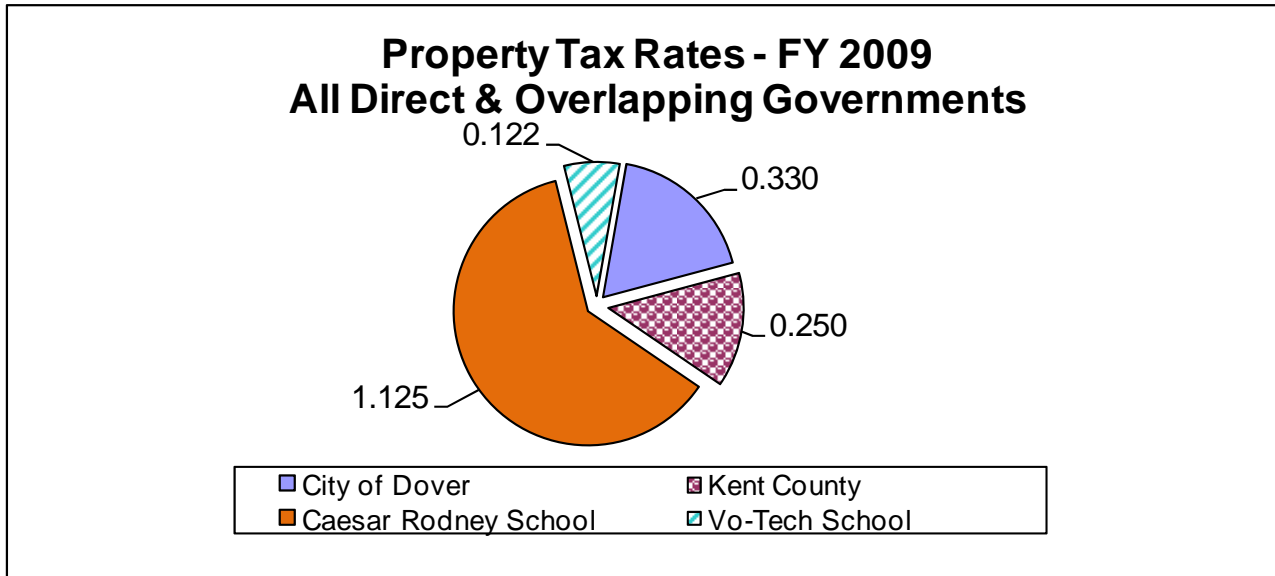


Table 9

**CITY OF DOVER  
GENERAL FUND INCLUDING CAPITAL OUTLAY  
SCHEDULE OF REVENUES AND OTHER FINANCING TREND DATA  
LAST TEN FISCAL YEARS**

REVENUES:	2000	2001	2,002	2003	2004	2005	2006	2007	2008	2009
Beginning Balance	\$2,810,398	\$2,827,370	\$380,166	\$2,266,936	\$2,890,843	\$2,865,516	\$3,223,548	\$ 5,437,696	\$ 4,051,979	\$ 5,038,076
Fines and Other Police Revenue	593,272	635,711	658,869	650,004	619,493	858,604	823,439	773,680	747,458	628,928
Franchise fees	-	-	-	331,515	462,859	395,821	416,595	440,745	462,149	507,135
Right-of-Way Revenue	57,763	169,262	56,339	-	-	-	-	-	-	-
Court of Chancery Fees	-	-	-	-	559,260	710,380	792,280	929,120	883,880	738,240
Internet Revenue	-	-	10,613	17,903	20,779	17,205	12,951	7,483	1,894	-
Interest Earnings & Transfers	346,200	336,533	217,917	146,113	164,686	139,444	263,223	307,698	442,095	246,290
Library Revenue - General	36,332	34,601	33,536	42,251	37,357	50,852	58,905	53,634	53,634	59,535
Library Revenue - County Reimbursement	285,745	286,090	290,607	292,451	295,800	295,800	392,800	935,371	464,063	454,923
Library Trust Receipt	-	-	105,410	-	-	-	-	-	-	-
Licenses and Permits	1,514,171	2,141,937	1,888,673	1,934,820	2,017,287	2,251,092	2,465,845	2,689,348	2,916,748	2,599,948
Miscellaneous Service Charges	128,749	215,266	49,991	77,276	83,572	55,310	120,433	236,646	103,452	114,862
Police Extra Duty Fees	194,381	345,324	389,503	393,601	307,426	303,195	250,985	358,756	370,379	386,770
Property Taxes	6,081,831	6,021,821	6,190,763	7,076,050	7,183,124	7,370,318	8,792,652	9,032,995	9,557,982	10,075,401
Recreation Revenue & Donations	94,181	88,460	88,865	92,699	102,483	101,296	98,254	98,613	320,767	153,867
Rent Revenue	-	65,610	15,250	28,214	28,214	28,213	35,533	35,533	35,533	41,536
Electric Fund Appropriation	3,975,000	3,975,000	3,975,000	4,525,000	4,701,664	5,463,008	5,716,956	4,700,000	6,601,269	6,758,100
Electric Improvement & Extension Fund Approp.	-	-	1,887,950	-	-	-	-	-	-	-
Water/Sewer Fund Appropriation	225,000	-	900,000	450,000	831,000	848,016	535,785	535,000	565,000	564,810
Transfer Tax	1,205,779	987,753	1,207,241	2,663,963	1,627,172	2,379,548	3,048,064	3,009,539	3,526,187	1,198,064
Curbside Recycling	-	-	-	-	-	-	8,869	10,041	-	-
Sanitation Fees	207,084	920,115	1,059,007	1,080,356	1,083,894	1,081,064	1,244,444	1,283,358	1,333,437	1,396,801
Transfer from Reserves	-	-	-	-	859,816	1,040	124,504	1,106,362	2,319,759	386,076
Sale of Capital Assets	-	-	-	21,371	2,800	13,000	59,850	169,900	52,651	70,197
Interfund Service Receipts- Water/Wastewater	-	-	-	-	846,864	932,708	1,045,326	1,092,328	993,869	965,917
Interfund Service Receipts- Electric	-	-	-	-	3,151,045	3,536,040	3,652,063	3,679,042	3,462,974	3,417,682
Grants:										
Emergency Related	-	-	-	66,263	48,655	-	-	-	-	-
Homeland Security	-	-	-	-	-	-	164,872	87,351	30,000	4,891
Municipal Street Aid	848,294	845,221	822,385	803,446	794,301	792,242	659,910	657,474	710,744	791,306
Police Related	369,219	114,270	96,611	124,360	248,070	611,801	1,279,116	681,399	613,198	813,193
Recreation Related	-	74,865	3,007	-	20,000	25,000	300,000	332,607	61,911	67,262
State Revenue Sharing/Other	337,964	-	-	21,203	-	-	-	-	-	-
Misc Grant Revenue	-	-	-	-	1,258	9,900	19,700	22,100	58,220	10,000
State Grant for Library Reimbursement	-	-	-	-	-	-	-	-	-	368,065
Downtown Amenities	-	253,983	-	-	-	-	-	-	-	-
DelDot Enhancements	-	-	57,056	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$19,311,363</b>	<b>\$20,339,192</b>	<b>\$20,384,759</b>	<b>\$23,105,795</b>	<b>\$28,989,722</b>	<b>\$31,136,413</b>	<b>\$35,606,902</b>	<b>\$38,703,819</b>	<b>\$40,741,232</b>	<b>\$37,857,875</b>

Source: City of Dover Financial Reports.

Table 10

CITY OF DOVER  
GENERAL FUND INCLUDING CAPITAL OUTLAY  
SCHEDULE OF EXPENDITURES AND OTHER USES TREND DATA  
LAST TEN FISCAL YEARS

EXPENDITURES:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Customer Services/Admin Services	\$ 38,139	\$ 39,744	\$ 41,327	\$ 38,759	\$ 849,620	\$ 1,072,083	\$ 951,557	1,048,692	\$ 1,165,649	\$ 929,245
Central Services	37,271	37,061	48,152	38,109	659,788	755,866	678,110	733,291	706,065	757,091
City Clerk	80,892	96,564	105,075	103,961	243,852	301,129	333,612	236,271	242,572	274,582
City Manager	117,662	111,332	91,399	101,439	310,272	358,401	563,970	629,503	623,141	550,883
Code Enforcement	-	-	-	-	-	-	-	-	-	327,365
Construction	112,622	138,867	78,830	85,304	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	208,420
Engineering	44,359	48,286	47,030	56,703	225,658	253,299	289,208	314,729	-	-
Facilities Management	249,224	251,784	338,644	388,957	871,691	958,764	824,260	1,330,499	1,060,048	1,091,135
Finance	140,523	181,055	157,672	172,862	526,973	598,639	649,802	654,883	726,153	791,349
Fire	631,868	765,747	582,435	775,129	858,193	911,534	948,785	1,188,173	923,706	1,010,589
Grounds Maintenance	229,654	246,111	267,376	295,385	952,009	989,042	1,054,767	1,105,432	1,082,558	1,311,810
Human Resources	67,628	68,297	88,830	102,472	236,467	271,823	306,782	349,509	385,420	440,196
Information Technology	128,127	132,062	135,569	180,100	675,002	741,812	859,120	892,449	955,270	914,481
Insurance	123,649	113,220	105,400	128,127	523,069	431,871	429,139	452,414	460,800	519,904
Library	742,208	779,665	759,169	791,726	908,656	909,005	953,761	1,005,737	1,141,524	1,896,418
Life Safety	-	-	-	-	-	-	-	-	-	290,053
Mayor & Council	69,261	79,580	87,893	111,910	223,890	221,958	225,071	217,312	235,916	199,380
Parks and Recreation	380,175	394,915	413,409	482,936	486,789	617,624	705,241	1,452,987	2,699,725	872,438
Planning Commission	105,011	123,374	96,863	123,716	196,907	202,516	201,563	295,426	408,984	415,933
Police	7,504,239	8,082,681	8,646,777	9,016,043	9,952,938	10,472,023	11,205,497	11,695,791	12,169,372	12,799,720
Public Inspections	562,472	752,168	729,450	769,831	811,805	898,687	957,385	1,167,072	1,083,251	500,109
Public Services - Admin.	71,091	74,125	81,657	78,312	273,982	306,773	318,900	235,183	397,699	383,995
Sanitation	1,602,953	1,807,335	1,657,753	2,025,888	2,202,051	1,940,866	2,257,821	2,163,486	2,722,626	2,345,710
Streets	983,226	1,293,463	1,020,123	1,046,294	1,122,311	1,237,428	1,081,869	868,910	1,302,657	1,133,477
Tax Assessor	161,067	114,360	164,012	120,745	154,792	301,445	195,383	224,895	282,989	594,518
Vehicle Maintenance	492,592	667,421	449,159	502,044	533,699	581,689	672,608	649,012	688,553	688,979
Other Charges:										
Other Appropriations	75,013	126,282	79,352	183,831	1,456	-	500,000	668,120	-	10,000
Park Construction	73,895	-	-	-	-	-	1,193,323	361,375	-	-
Approp. to Street Lights	-	-	-	-	470,110	534,682	545,426	624,242	917,439	937,013
Approp. to Capital Outlays	60,000	60,000	20,000	-	-	-	150,000	159,810	-	-
Internet Service	-	10,493	7,622	-	-	-	-	-	-	-
Copier Expense	-	-	-	-	-	4,863	-	-	-	-
N. Dover Athletic Complex	-	40,000	-	-	-	-	-	-	-	-
Transfer to Contingency Fund	50,000	50,000	-	250,000	-	-	-	-	34,500	-
Transfers to Reserves	-	-	105,410	796,372	634,774	974,970	-	-	283,027	201,770
Transfer to Grant Funds	-	-	-	-	867	-	-	-	2,778	6,697
Appropriations to Other Funds	243,810	329,234	-	6,515	-	-	-	-	-	-
Environmental Related Expense	35,568	61,227	30,000	-	-	-	-	-	-	-
I/T Emergency Preparedness Plan	-	-	-	-	-	-	-	87,351	-	-
Accounts Receivable Uncollectibles	-	-	-	-	-	10,000	10,000	10,000	10,000	-
Inventory Write Offs	-	-	-	-	14,636	7,114	12,176	13,010	11,197	-
Retiree Benefits	243,187	306,106	375,173	456,025	541,715	590,587	645,457	736,286	758,185	920,713
Employee Pension	-	-	-	-	-	-	-	402,204	134,775	-
Police Pension	-	226,863	-	-	-	-	-	-	-	-
Workers Compensation Fund	-	-	616,449	296,914	-	16,000	-	-	-	-
Library Escrow	-	-	-	-	-	-	-	2,226,932	1,649,109	-
DSWA Recycling Program	-	-	-	-	-	-	9,894	9,622	-	-
Trash Container Expense	-	-	-	-	-	-	-	-	-	-
Consulting	51,561	150,000	-	-	-	-	-	-	-	-
Debt Service: Principal	405,000	425,000	445,000	465,000	485,000	330,000	335,000	345,000	350,000	365,000
Debt Service: Interest	282,905	301,625	244,813	223,543	198,509	110,372	103,719	96,232	87,468	77,319
Debt. Service: Bond Issue Costs	-	-	-	-	122,387	-	-	-	-	-
Debt Service: Bond Proceeds	-	-	-	-	(3,430,000)	-	-	-	-	-
Debt Service: Payment to Bond Agent	-	-	-	-	3,244,281	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 16,198,852</b>	<b>\$ 18,486,047</b>	<b>\$ 18,117,823</b>	<b>\$ 20,214,952</b>	<b>\$ 26,084,149</b>	<b>\$ 27,912,865</b>	<b>\$ 30,169,206</b>	<b>\$ 34,651,840</b>	<b>\$ 35,703,156</b>	<b>\$ 33,766,292</b>

Source: City of Dover Financial Reports.

Table 11

City of Dover, Delaware Principal Tax Payers Current Year and Nine Years Ago						
TAX PAYERS	2009 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2000 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	168,411,200	1	5.81%	29,776,400	5	3.46%
Dover Mall LP	75,714,000	2	2.61%	29,865,800	2	3.47%
Dover Medical Center	24,887,600	3	0.86%	-	-	-
Kraft-General Foods Corp.	20,624,800	4	0.71%	13,920,000	7	1.62%
Robino Bay Court Plaza	19,107,300	5	0.66%	2,746,600	-	-
Berks City Real Estate Assoc	18,034,400	6	0.62%	5,004,800	1	0.58%
Millers Dover Downs	14,837,900	7	0.51%	2,557,700	-	-
Dover South Coast Partnership	14,470,300	8	0.50%	5,626,300	4	0.65%
Robino-Cannon Mill Apts	11,650,000	9	0.40%	-	-	-
Dover East Estates LP	11,647,200	10	0.40%	599,600	-	-
Dover Wipes Company	-	-	-	11,510,900	3	1.34%
K.W. Lands/Sheraton/Hampton	-	-	-	5,861,600	6	0.68%
McKee Business Park LLC	-	-	-	4,032,500	8	0.47%
Playtex Apparel Inc.	-	-	-	6,503,200	9	0.76%
Playtex Products Inc.	-	-	-	10,491,800	10	1.22%
	\$ 379,384,700		13.09%	\$ 128,497,200		14.26%

Source: Tax Assessor's Office, City of Dover

Total taxable assessed valuation for current year is	\$ 2,899,293,320
Total taxable assessed valuation (60% of appraised value) for 2000 was	\$ 859,585,100

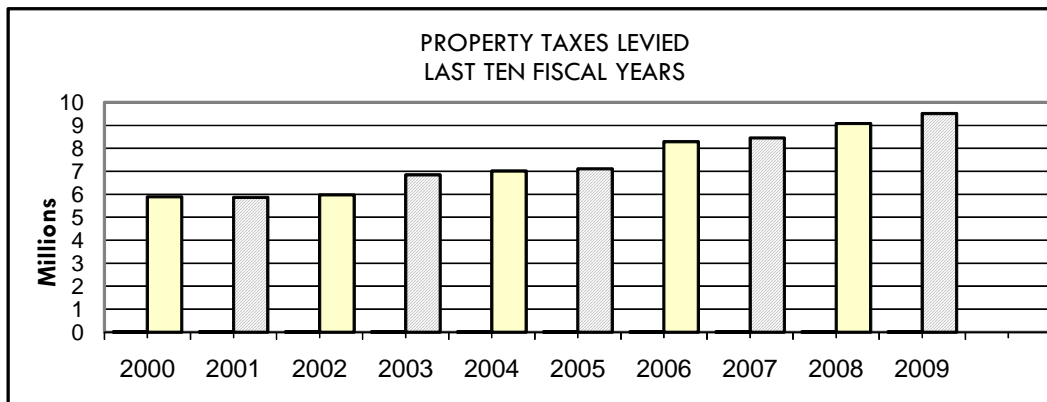


Table 12

**City of Dover, Delaware  
 Property Tax Levies  
 and Collections  
 Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
2000	\$ 5,894,545	\$ 5,734,142	\$ 160,403	\$ 5,894,545	100.00%
2001	5,866,188	5,747,774	118,414	5,866,188	100.00%
2002	5,974,417	5,828,062	146,355	5,974,417	100.00%
2003	6,842,874	6,724,009	118,865	6,842,874	100.00%
2004	7,011,906	6,941,843	70,063	7,011,906	100.00%
2005	7,109,977	6,941,217	168,750	7,109,967	100.00%
2006	8,287,536	8,081,411	189,627	8,271,038	99.80%
2007	8,448,462	8,242,898	121,837	8,364,735	99.01%
2008	9,074,777	8,937,384	123,670	9,061,054	99.85%
2009	9,512,522	9,206,158	-	9,206,158	96.78%

Source: City of Dover Assessor & Customer Service Reports.



NOTES

1. Section 48 of the City of Dover chapter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
2. Total Tax Levy represents the annual tax billings, quarterly billings and adjustments from tax appeals.
3. The table above includes receipt of property taxes and penalties. It excludes payments in lieu of taxes and farm land roll back taxes.

Table 13

**City of Dover**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Population
	General Obligation Bonds	Capital Leases	Water/Sewer Revenue Bonds	Electric Revenue Bonds	General Obligation Bonds Water/Sewer	Capital Leases				
2000	\$ 5,435,000	\$ -	\$ 11,805,000	\$ 27,375,000	\$ 450,000	\$ -	\$ 45,065,000	7.2%	\$ 1,631	27,630
2001	5,010,000	-	10,863,838	26,350,000	300,000	-	42,523,838	6.7%	\$ 1,318	32,271
2002	4,565,000	90,143	9,861,726	26,164,844	150,000	399,613	41,231,326	6.5%	\$ 1,266	32,562
2003	4,100,000	554,217	8,803,629	24,085,000	-	393,030	37,935,876	5.9%	\$ 1,154	32,860
2004	3,805,000	313,035	9,759,511	22,830,000	-	309,915	37,017,461	5.7%	\$ 1,116	33,179
2005	3,475,000	152,864	8,429,336	22,535,000	-	161,836	34,754,036	5.3%	\$ 1,037	33,511
2006	3,140,000	-	7,053,065	20,680,000	-	68,892	30,941,957	4.7%	\$ 914	33,858
2007	2,795,000	-	5,660,657	18,950,000	-	-	27,405,657	4.1%	\$ 807	33,962
2008	2,445,000	-	5,007,072	17,170,000	-	-	24,622,072	3.7%	\$ 690	35,665
2009	2,080,000	-	4,332,268	37,530,000	-	-	43,942,268	6.3%	\$ 1,200	36,627

Source: City of Dover Financial Records

Population Source 1997-1999: U. S. Census

Population Source: Delaware Population Consortium Annual Population Projections as of 7/09

Table 14

**City of Dover, Delaware  
 Ratio of Net General Obligation Bonded Debt  
 To Assessed Value and Net Bonded Debt Per Capita  
 Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2000	27,630	859,585,100	5,885,000	450,000	5,435,000	0.63%	196.71
2001	32,135	876,493,100	5,310,000	300,000	5,010,000	0.57%	155.90
2002	32,135	903,205,600	4,715,000	150,000	4,565,000	0.51%	142.06
2003	<sup>(2)</sup> 32,043	1,705,751,800	4,100,000	-	4,100,000	0.24%	127.95
2004	<sup>(2)</sup> 32,043	1,734,815,100	3,805,000	-	3,805,000	0.22%	118.75
2005	<sup>(2)</sup> 32,043	1,764,347,700	3,475,000	-	3,475,000	0.20%	138.95
2006	<sup>(2)</sup> 32,043	2,527,308,500	3,140,000	-	3,140,000	0.12%	97.99
2007	<sup>(2)</sup> 32,043	2,898,147,375	2,795,000	-	2,795,000	0.10%	87.23
2008	<sup>(2)</sup> <sup>(3)</sup> 32,043	2,790,485,215	2,445,000	-	2,445,000	0.09%	76.30
2009	<sup>(2)</sup> <sup>(3)</sup> 32,043	2,879,943,320	2,080,000	-	2,080,000	0.07%	64.91

Source: City of Dover Financial Records and Tax Assessor's Office.

NOTES

1. This table includes all long-term general obligation bonded debt only.
2. As a result of Count Question Resolution Process, the Census Bureau revised the 2000 population for the City of Dover to 32,043 people.
3. Assessed value reflects the net billable tax base and does not include the exempt value of \$1,225,269,600, exemption for Senior Citizens of \$18,400,000 and exemption for disability of \$950,000.
4. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.
5. In 2005 the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$.411 to \$.330.

Table 15

**City of Dover, Delaware**  
**Ratio of Annual Debt Service Expenditures for**  
**General Bonded Debt to Total General Expenditures**  
**Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total Debt Service(1)	Total General Expenditures(2)	Ratio of Debt Service to Total General Expenditures
2000	\$ 405,000	\$ 282,904	\$ 687,904	\$ 16,196,852	4.25%
2001	425,000	301,625	726,625	18,486,047	3.93%
2002	445,000	244,813	689,813	18,117,823	3.81%
2003	465,000	223,543	688,543	20,214,952	3.41%
2004	485,000	200,740	685,740	26,085,239	2.63%
2005	330,000	110,371	440,371	27,912,865	1.58%
2006	335,000	103,718	438,718	30,169,206	1.45%
2007	345,000	96,232	441,232	34,651,840	1.27%
2008	350,000	87,468	437,468	35,703,156	1.23%
2009	365,000	77,319	442,319	5,921,873	7.47%

Source: City of Dover Financial Records.

NOTES

1. The debt service figures include the General Obligation Bonds payable from the General Fund only.
2. The General Expenditures include all operating items, capital items and debt service.  
(See Table 10)

**Table 16**

**City of Dover, Delaware  
 Computation of Direct and Overlapping Debt  
 with the Capital School District  
 June 30, 2009**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 2,008,800	100%	\$ 2,008,800
Kent County <sup>(1)</sup>	20,775,803	10%	2,077,580
Capital School District <sup>(2)</sup>	<u>26,798,050</u>		<u>-</u>
<b>TOTAL</b>	<u><u>\$ 49,582,653</u></u>		<u><u>\$ 4,086,380</u></u>

Sources: City of Dover Financial Records, Kent County Levy Court - Accounting Department and Capital School District - Administration Department.

**NOTES**

1. Kent County: Total debt for Kent County is \$20,775,803 at June 30, 2009. Although, Kent County's bonds are general obligation bonds, \$15,121,329 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2009 the net outstanding debt was \$26,798,050. Percentage and amount applicable to the City is not available.

Table 17

**City of Dover, Delaware**  
**Computation of Direct and Overlapping Debt**  
**with the Caesar Rodney School District**  
**June 30, 2009**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 2,008,800	100%	\$ 2,008,800
Kent County <sup>(1)</sup>	20,775,803	10%	2,077,580
Caesar Rodney School District <sup>(2)</sup>	<u>\$ 11,650,950</u>		<u>-</u>
<b>TOTAL</b>	<u><u>\$ 34,435,553</u></u>		<u><u>\$ 4,086,380</u></u>

Sources: City of Dover Financial Records, Kent County Levy Court - Accounting Department and  
Caesar Rodney School District - Administration Department.

NOTES

1. Kent County: Total debt for Kent County is \$20,775,803 at June 30, 2009. Although, Kent County's bonds are general obligation bonds, \$15,121,329 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Caesar Rodney School District: As of June 30, 2009 the net outstanding debt was \$11,650,950. Percentage and amount applicable to the City is not available.

Table 18

**City of Dover, Delaware  
Computation of Legal Debt Margin  
Last Ten Fiscal Years  
(amounts expressed in thousands)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 214,896	\$ 219,123	\$ 225,801	\$ 426,474	\$ 433,704	\$ 441,087	\$ 632,988	\$ 724,537	\$ 713,816	\$ 724,823
Total Net Debt applicable to limit	5,885	5,310	4,715	4,100	3,805	3,475	3,140	2,795	2,445	2,080
Legal debt margin	\$ 209,011	\$ 213,813	\$ 221,086	\$ 422,374	\$ 429,899	\$ 437,612	\$ 629,848	\$ 721,742	\$ 711,371	\$ 722,743
Total Net Debt applicable to limit as a percentage of debt limit	2.82%	2.48%	2.13%	0.97%	0.89%	0.79%	0.50%	0.39%	0.34%	0.29%

Legal Debt Margin Calculation for Fiscal Year 2009

Net (Taxable) Assessed Value on Books	<u>\$ 2,899,293,320</u>
Debt Limit - 25 Percent of Total Assessed Value	\$ 724,823,330
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>2,080</u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 724,821,250</u></u>

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b),  
and Tax Assessor's Office

Table 19

**City of Dover, Delaware  
Revenue Bond Coverage - Electric Revenue Bonds  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Operating Expenses	Available For Debt Service	Debt Service Requirements of Each Fiscal Year			
				Principal	Interest	Total	Coverage
2000	\$ 52,264,055	\$ 40,153,523	\$ 12,110,532	\$ 960,000	\$ 1,690,692	\$ 2,650,692	4.57%
2001	51,765,524	41,007,889	10,757,635	1,025,000	1,620,938	2,645,938	4.07%
2002	54,903,340	44,315,614	10,587,726	1,095,000	1,549,344	2,644,344	4.00%
2003	59,737,571	46,611,778	13,125,793	1,170,000	1,480,203	2,650,203	4.95%
2004	59,611,552	47,393,103	12,218,449	1,255,000	1,380,002	2,635,002	4.64%
2005	63,467,514	51,505,300	11,962,214	1,335,000	1,115,728	2,450,728	4.88%
2006	68,377,892	53,839,945	14,537,947	1,855,000	910,256	2,765,256	5.26%
2007	87,606,858	83,006,505	4,600,353	1,730,000	859,048	2,589,048	1.78%
2008	97,354,991	82,132,360	15,222,631	1,780,000	797,104	2,577,104	5.91%
2009	101,562,292	89,853,449	11,708,843	1,840,000	1,753,447	3,593,447	3.26%

Source: City of Dover Financial Records.

NOTES

- |  |   |
|--|---|
| <p>1. Coverage required by the bond resolution is 1.25%.</p> <p>2. Calculation of gross revenue for fiscal year 2008 is as follows:<br/>                 Gross Revenue:<br/>                 Operating Revenues \$ 101,420,982<br/>                 Interest Earned-Operating Funds 141,310<br/>                 Total Gross Revenue \$ 101,562,292</p> <p>3. Direct operating expenses do not include depreciation expense.</p> <p>4. Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.</p> <p>5. In June 1990, the City issued Electric Revenue Bonds in the amount of \$29,830,000 for partial defeasance of 1985 Electric Revenue Refunding Bonds and for financing the Combustion Turbine Project. The debt service for fiscal year 1991 reflects only the actual debt service on 1985 Electric Revenue Refunding Bonds as</p> | <p>no amount was paid on the 1990 issue. The debt service for the fiscal year 1991-92 includes the debt service on unrefunded 1985 Series and full year debt service on 1990 Series.</p> <p>6. In January 1993, the City issued Electric Revenue Refunding Bonds in the amount of \$20,985,000 to partially refund the 1990 Series.</p> <p>7. Up to the fiscal year 1996, the total debt service includes payments on the Series 1985, 1990 and 1993 bonds. The debt service for the fiscal years 1996, 1997 and 1998 includes the City's payments on unrefunded series 1990 bonds and Series 1993 bonds.</p> <p>8. In August 2004, the City issued Electric Revenue refunding bonds in the amount of \$22,535,000 to refund the outstanding Electric Revenue Bonds Series 1990 and Electric Revenue Refunding Bonds Series 1993.</p> <p>9. In July 2008, the City issued Electric Revenue bonds in the amount of \$22,200,000. Fiscal year 2009 includes \$1,026,999 of interest related to this bond issue.</p> |
|--|---|



Table 20

**City of Dover, Delaware  
 Water/Wastewater Bond Coverage  
 Revenue bonds  
 Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available For Debt Service	Maximum Requirements		
				Maximum Debt Service Requirement	Actual Coverage	Coverage Required
2000	\$ 8,236,506	\$ 5,777,844	\$ 2,458,662	\$ 1,484,310	1.66%	1.20%
2001	8,932,763	6,620,732	2,312,031	1,524,280	1.52%	1.20%
2002	9,639,256	6,185,232	3,454,024	1,524,380	2.27%	1.20%
2003	10,604,052	7,180,175	3,423,877	1,472,412	2.33%	1.20%
2004	10,101,660	7,608,196	2,493,464	1,553,713	1.60%	1.20%
2005	10,619,688	7,223,283	3,396,405	1,553,713	2.19%	1.20%
2006	12,372,563	7,805,396	4,567,167	1,551,228	2.94%	1.20%
2007	12,294,847	8,242,898	4,051,949	797,748	5.08%	1.20%
2008	13,672,442	8,763,407	4,909,035	797,748	6.15%	1.20%
2009	11,067,901	9,510,814	1,557,087	797,708	1.95%	1.20%

Source: City of Dover Financial Records.

NOTES

1. In January 1993 the City issued Water and Wastewater Revenue Refunding Bonds in the amount of \$7,745,000. These bonds were issued to partially defease Water and Wastewater Revenue Bonds 1986 Series A, 1986 Series B, and fully defease all outstanding bonds of Series 1989.
2. In September 1993, the City issued Water and Sewer Revenue bonds in the amount of \$4,595,000 through 1993 Series A.
3. The maximum debt service requirement presented above includes all outstanding revenue bonds including non-refunded Series 1993, 1993 A and 2003.
4. Direct operating expenses do not include depreciation expense for coverage purposes as per the bond indenture.
5. The operating expenses for fiscal year 1997 include 18 months of Kent County Sewer fees. This was due to a change in the County's billing system. This extraordinary item is for this one year only.
6. In October 2003, the City issued Water and Sewer Revenue Bonds in the amount of \$7,980,000. These bonds were issued to fully defease Water and Wastewater Revenue Bond Series 1986 B and to partially defease Water and Wastewater Revenue Bond Series 1993 and Series 1993 A and to provide approximately \$1,600,000 for future capital projects.

Table 21

**City of Dover  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
1999	27,630	\$ 389,721,150	\$ 14,105	29.6	6,293	3.6%
2000	32,271	\$ 627,509,595	\$ 19,445	32.9	6,204	3.9%
2001	32,562	\$ 633,168,090	\$ 19,445	32.9	6,185	4.0%
2002	32,860	\$ 638,962,700	\$ 19,445	32.9	6,255	4.0%
2003	33,179	\$ 645,165,655	\$ 19,445	32.9	6,091	4.3%
2004	33,511	\$ 651,621,395	\$ 19,445	32.9	6,439	3.9%
2005	33,858	\$ 658,368,810	\$ 19,445	32.9	6,315	3.2%
2006	33,962	\$ 660,391,090	\$ 19,445	32.9	6,432	2.9%
2007	34,735	\$ 675,422,075	\$ 19,445	32.9	6,977	3.8%
2008	36,107	\$ 702,100,615	\$ 19,445	32.9	6,996	5.7%

Population Source 1997-2000: U. S. Census

Population Source 2000-2040: Delaware Population Consortium Annual Projections

Per Capital Personal Income and Median Age Sources: 1990 and 2000 U. S. Census

Personal Income Source: Estimation based on Population times Per Capita Personal Income

School Enrollment Source: School District's Administrations based on census at start of school year

Unemployment Rate Source: Delaware Department of Labor Statistics adjusted yearly average

Table 22

**City of Dover, Delaware  
 Major Employers  
 Current Year and Nine Years Ago**

Name	2009			2000		
	Numbers of Employees	Rank	Percentage of Total City Employment	Number of Employees 06/30/2000	Rank	Percentage of Total City Employment
Dover Air Force Base <sup>(1)</sup>	6,400	1	33.7%	5,338	2	26.1%
State of Delaware <sup>(4)</sup>	5,219	2	27.4%	5,741	1	28.0%
Bayhealth Medical Center <sup>(5)</sup>	2,915	3	15.3%	2,335	3	11.4%
Dover Mall LP <sup>(2)</sup>	NA	4	0.0%	1,800	4	8.8%
Dover Downs Co., Inc.	1,063	5	5.6%	750	8	3.7%
Capital School District	985	7	5.2%	810	7	4.0%
Delaware State University <sup>(3)</sup>	883	6	4.6%	727	9	3.5%
Energizer Personal Care (aka Playtex Products)	595	8	3.1%	1,153	5	5.6%
Kraft Foods Inc.	520	9	2.7%	891	6	4.3%
City of Dover	437	10	2.3%	355	-	1.7%
Playtex Apparal	-	-	-	587	10	2.9%

Source: City of Dover Finance Department

NOTES

1. Dover Air Force Base total includes active duty, reservists and civilian employees.
2. Figures not available.
3. Kent Economic Partnership Major Employees Report 2009
4. Number of employees working in Kent County
5. Bayhealth Medical Center was previously listed as Kent General Hospital.

Table 23

**City of Dover**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Assessor	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	4.5	4.5
Central Services	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
City Clerk	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
City Manager	2.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0
Customer Services	16.0	16.0	16.0	16.0	16.0	16.0	14.0	16.0	16.0	16.0
Delaware Prevention Network	1.0	1.0	2.0	2.0	2.0	1.0	-	-	-	-
Facilities Management	9.0	11.0	11.0	12.0	13.0	13.0	12.0	12.0	13.0	13.0
Finance	6.5	6.5	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Fire	5.5	5.5	5.5	5.5	5.5	5.5	6.0	6.0	6.0	6.0
Fleet Maintenance	4.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
Human Resources	3.0	3.0	3.0	3.0	3.5	3.5	3.5	4.0	4.0	4.0
Information Technology	7.0	7.0	6.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Library	18.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	18.0	18.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.0	8.0
Police Civilian	31.0	31.0	31.0	30.0	29.0	29.0	29.0	29.0	29.0	29.0
Police Law Enforcement	81.0	81.0	81.0	81.0	85.0	87.0	90.0	91.0	93.0	93.0
Pub. Serv., Community Development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Services, Administration	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	5.0	4.0
Public Services, Code Enforcement	-	-	-	-	-	-	-	-	-	5.0
Public Services, Economic Development	-	-	-	-	-	-	-	-	-	3.0
Public Services, Grounds Maintenance	14.0	14.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0
Public Services, Inspections	11.0	11.0	14.0	14.0	14.5	14.5	15.0	15.0	16.0	7.0
Public Services, Life Safety	-	-	-	-	-	-	-	-	-	4.0
Public Services, Planning	2.0	2.0	2.0	2.0	3.0	3.0	4.0	5.0	5.0	6.0
Public Services, Sanitation	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Public Services, Streets	11.0	11.0	13.0	13.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Services, Weed and Seed	-	-	1.0	1.0	1.0	1.0	1.0	-	-	-
Public Works E & I	2.0	2.0	2.0	2.0	3.0	3.0	-	-	-	-
General Fund Total	259.0	262.0	269.5	271.5	277.5	281.5	283.5	288.0	298.5	301.5
Public Utilities, Electric Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Public Utilities, Electric Engineering	19.0	19.5	20.5	21.5	18.5	19.5	20.5	20.5	12.5	12.5
Public Utilities, Electric System OPS	-	-	-	-	-	-	-	-	5.0	5.0
Public Utilities, Electric Meter Reading	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Public Utilities, Electric Transmission and Distribution	31.0	31.0	31.0	31.0	29.0	29.0	29.0	29.0	28.0	28.0
Emergency Preparedness	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Electric Tree Trimmers	5.0	5.0	5.0	5.0	-	-	-	-	-	-
Electric Fund Total	64.0	64.5	65.5	66.5	55.5	56.5	57.5	57.5	54.5	53.5
Public Utilities, Construction	14.5	18.0	12.0	10.0	8.0	8.0	8.0	8.0	7.0	7.0
Public Utilities, Wastewater Engineering	-	-	-	-	-	-	3.0	3.0	8.0	8.0
Public Utilities, Wastewater T & D	9.0	9.0	9.5	9.5	9.5	9.5	11.0	11.0	11.0	11.0
Public Utilities, Water T & D	9.0	9.0	9.5	9.5	4.5	4.5	5.0	5.0	5.0	5.0
Public Utilities, Water Treatment Plant	4.0	5.0	5.0	8.0	8.0	8.0	8.0	9.0	10.0	10.0
Water Meter Reading	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water/Wastewater Fund Total	37.5	42.0	37.0	38.0	31.0	31.0	36.0	37.0	42.0	42.0
Total Full-Time Equivalents	360.5	368.5	372.0	376.0	364.0	369.0	377.0	382.5	395.0	397.0

Source: City of Dover Budget

\* Per Revised Budget

Table 24

**City of Dover, Delaware  
Operating Indicators and Capital Assets Used in Operations  
Last Ten Fiscal Years**

	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009
Date of Incorporation	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829
Land area - Acres	14,379.04	14,382.79	14,382.79	14,406.68	14,571.35	14,714.60	14,674.58	14,914.27	14,904.90	14,904.90
Land area - Square Miles	22.467	22.473	22.473	22.5104	22.7677	22.991	22.929	23.303	22.586	22.586
Total Miles of Street	147.79	148.81	148.81	149.1	150.69	152.96	153.76	155.62	159.62	159.62
City Maintained Miles of Streets	88.44	89.46	89.46	89.75	91.34	93.61	94.41	96.27	100.27	100.27
State Maintained Miles of Streets	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35
Population-U. S. Census data	27,630	32,135	32,135	32,043	32,043	32,043	32,043	32,043	32,043	32,043
Population-City Count	34,120	34,120	33,169	33,829	33,829	33,829	34,288	35,197	35,200	36,359
Registered Voters	22,076	20,387	20,381	19,850	18,259	18,714	19,502	19,084	20,181	21,897
<b>Electric Utility:</b>										
Generating Units	4	4	4	4	4	4	4	4	4	4
Co-Generating Unit	1	1	1	0	0			1	1	1
	5	5	5	4	4	4	4	5	5	5
Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	176 mw	176 mw	175 mw
Co-Generating Capacity	16 mw	16 mw	16 mw	0 mw	0 mw			16 mw	16 mw	16 mw
	191 mw	191 mw	191 mw	175 mw	175 mw	175 mw	175 mw	192 mw	192 mw	191 mw
Area of Service	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	14	14	14	16	16	16	16	15	15	15
High Peak Load	157 mw	158 mw	171 mw	165 mw	163 mw	160	160	176 mw	175 mw	155.656 mw
<b>Customers:</b>										
Residential	16,797	16,819	17,246	17,636	17,757	17,867	18,297	18,807	19,075	19,635
Commercial	2,468	2,488	2,626	2,836	2,915	2,813	3,280	3,535	3,602	3,096
Primary	32	32	32	30	33	32	32	38	38	41
Vapor Lights Only	853	858	865	874	874	867	867	872	880	850
69 KV Industrial	3	3	3	4	4	4	4	3	3	3
Municipal- Total number of meters	147	213	149	149	148	149	149	0	0	0
Total Customers Sales \$	\$50,028,090	\$49,408,410	\$52,555,412	\$56,599,722	\$57,151,810	\$60,170,424	\$63,844,353	\$83,109,810	\$94,037,212	\$99,642,490
Total Customers Sales kWh	714,629,252	711,570,587	722,908,715	748,260,252	741,523,091	731,635,019	736,810,231	734,072,008	731,024,065	719,949,121
<b>Purchased PowerSupply</b>										
\$	\$31,664,769	\$32,455,247	\$34,377,595	\$36,222,102	\$37,675,178	\$39,628,388	\$41,871,486	\$68,648,786	\$70,146,601	\$76,937,610
kWh	758,626,663	744,657,254	774,177,780	778,715,700	780,677,900	767,750,050	781,466,220	788,824,000	770,997,000	751,171,000
<b>Fire Department:</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Officers	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteers-	80	80	80	100	100	100	100	100	100	80
Equipment	16	16	13	15	15	11	14	14	18	14

(Continued)

Table 24

(Continued)

	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009
<b>Parks and Recreation:</b>										
Major Parks	3	3	2	3	3	3	3	3	3	3
Small Parks	22	23	23	23	23	22	22	22	22	22
<b>Police Department:</b>										
Station	1	1	1	1	1	1	1	1	1	1
Substation	1	1	1	1	0	0	0	0	0	0
Uniformed Personnel	81	81	81	81	85	87	88	90	92	92
Automobiles	65	69	65	60	74	79	71	66	66	66
Motorcycles	5	5	5	5	5	5	5	5	7	7
Motor Boats	1	1	1	1	1	1	1	1	1	1
Bicycles	5	5	5	5	5	4	4	4	4	4
Specialty Vehicles	7	7	7	7	5	5	6	6	6	6
Trailers	5	5	4	3	3	3	4	4	3	3
<b>Public Library:</b>										
Books	96,017	101,609	85,594	93,340	97,820	101,631	111,496	120,203	119,392	121,312
Audiovisual Materials (VCRs, DVDs CDs, Cassettes, Recorded Books)	6,116	8,751	12,578	6,725	9,823	10,138	7,171	11,507	11,917	15,356
Members	33,511	35,824	38,898	43,185	46,318	48,626	39,202	37,036	37,587	39,354
Magazines Subscriptions	285	285	285	289	359	359	359	359	287	193
Newspapers	12	12	12	10	12	12	12	15	29	19
Circulation of Books	295,298	305,809	307,533	327,310	348,269	398,842	398,666	400,336	408,827	428,633
<b>Water Utility:</b>										
Supply - Wells	21	13	15	22	22	22	22	22	22	22
Storage Tanks	6	6	6	6	6	6	6	6	6	6
Total Storage Capacity (gallons)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	157	160	162	165	175	185 miles	176 miles	176 miles	196 miles	215.7 miles
Average Daily Gallons Pumped	5,130,000	5,133,000	5,260,000	5,168,536	5,149,613	4,898,000	5,218,000	4,721,174	4,974,526	4,429,115
Peak Daily Gallons	8,645,000	7,847,000	8,770,000	8,194,800	7,400,000	8,421,000	8,358,000	8,672,000	9,278,000	8,058,000
Water Gallons - Pumped	1,847,000,000	1,816,000,000	1,898,129,650	1,890,466,700	1,879,000,000	1,788,000,000	1,904,666,300	1,869,585,000	1,815,702,000	1,616,627,000
Number of Metered Customers	11,126	11,407	11,670	10,999	11,150	11,625	11,764	11,962	13,229	13,375
Number of New Connections			263	173	298	475	139	198	284	146
<b>Wastewater Utility:</b>										
Pumping Stations	33	33	34	34	34	34	38	42	42	42
Wastewater Mains	140 miles	150 miles	150 miles	152 miles	155 miles	160 miles	185 miles	185 miles	185 miles	185 miles
Average Daily Gallons	4,134,000	4,283,000	4,190,000	5,131,076	5,708,000	5,127,000	4,241,798	4,631,172	4,202,974	4,115,281
Peak Daily Gallons	5,228,000	5,170,000	4,530,000	7,000,000	7,000,000	5,983,000	Not Measured	Not Measured	Not Measured	Not Measured
Total Annual Gallons	1,509,000,000	1,564,000,000	1,530,000,000	1,872,843,000	2,083,000,000	1,871,000,000	1,548,256,115	1,722,795,930	1,538,796,919	1,502,077,732
Number of New Connections	-	-	236	133	250	350	Not Available	Not Available	Not Available	146
<b>Water Treatment Plant:</b>										
Capacity	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
<b>Sales to Customers:</b>										
Water Fees	\$3,070,128	\$3,033,403	\$3,145,235	\$3,803,967	\$3,769,635	\$3,791,254	\$4,289,413	\$4,250,634	4,203,972	4,070,523
Wastewater Fees	\$2,224,211	\$2,345,141	\$2,227,758	\$2,532,802	\$2,521,499	\$2,719,577	\$2,605,428	\$2,619,013	2,589,539	2,351,885
Wastewater Adjustment	\$2,512,562	\$2,686,790	\$2,814,587	\$2,778,521	\$2,743,359	\$2,611,290	\$3,865,683	\$3,854,100	4,109,166	3,733,644

Sources: Various City departments

Table 25

City of Dover, Delaware  
 Schedule of Insurance  
 as of June 30, 2009

TYPE OF COVERAGE		PROTECTION LIMIT IN DOLLARS
1.	Property-	
	Blanket Building and Contents - \$10,000 Deductible	\$136,542,391
	Real and Personal Property (all risks of physical loss or damage) including property of other City Departments.	\$100,000,000
	Flood (all scheduled locations except if located in Flood Zones: A, B/shaded X, V & D) \$50,000 Deductible	\$2,000,000
	Blanket Business Earnings & Expense	\$100,000
2.	Inland Marine-	
	Miscellaneous Scheduled and Unscheduled Equipment	
	Computer Equipment - \$1,000 Deductible	\$1,674,830
	Unscheduled Equipment - \$1,000 Deductible (Maximum any one item \$5,000)	\$100,000
	Employee Tools - \$250 Deductible	\$62,500
	Scheduled Equipment - \$1,000 Deductible	\$162,500
3.	General Liability-	
	Each Event	\$1,000,000
	General Total Limit	\$3,000,000
	Personal Injury Each Person	\$1,000,000
	Advertising Injury Each Person	\$1,000,000
	Medical Expenses	\$0
	Sexual Abuse Coverage	\$1,000,000
	Sewer Back-Up - (resulting from negligence) \$0 Deductible	\$1,000,000
	Failure to Supply Services - Water	\$1,000,000
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Personal Injury Statutory Cap Limit	\$300,000
	Delaware Advertising Injury Statutory Cap Limit	\$300,000
	Delaware Bodily Injury & Property Damage Statutory Cap Limit	\$300,000
4.	Automobile-	
	Liability	\$1,000,000
	Personal Injury Protection	\$300,000
	Uninsured Motorist	\$1,000,000
	Underinsured Motorist	\$1,000,000
	Comprehensive - \$500 Deductible-Specified Vehicles	
	Collision - \$1,000 Deductible-Specified Vehicles (Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	
	Non-owned Liability	\$1,000,000
	Hired Auto Liability	\$1,000,000
	Employees as Additional Insured	
	Hired Auto Physical Damage	\$50,000
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Statutory Cap Limit	\$300,000
5.	Employee Benefit Plans Administration Liability - Claims Made	
	Total Limit	\$3,000,000
	Each Wrongful Act Limit	\$1,000,000
	Deductible	\$1,000
	Law Enforcement Liability - Occurrence	
	Total Limit	\$3,000,000
	Each Wrongful Act	\$1,000,000
	Deductible	\$5,000
	Statutory Cap Limits of Coverage Endorsement	
	Delaware Statutory Cap Limit	\$300,000
6.	Public Entity Management Liability - Claims Made	
	Retroactive Date: 7/1/96	
	Total Limit	\$3,000,000
	Each Wrongful Act Limit	\$1,000,000
	Deductible	\$25,000
7.	Employment Practices Liability - Claims Made	
	Retroactive Date: 7/1/96	
	Total Limit	\$5,000,000
	Each Wrongful Employment Practice Offense Limit	\$5,000,000
	Offense Deductible	\$25,000

(Continued)

Table 25  
(Continued)

TYPE OF COVERAGE		PROTECTION LIMIT IN DOLLARS
8.	Crime	
	Employee Theft Per Loss (\$500 Deductible)	\$1,000,000
	Forgery or Alteration (\$1,000 Deductible)	\$100,000
	Inside the Premises-	
	Theft of Money & Securities (\$500 Deductible)	\$25,000
	Outside the Premises (\$500 Deductible)	\$25,000
	Computer Fraud (\$1,000 Deductible)	\$100,000
	Money Orders and Counterfeit Paper Currency	\$100,000
	Faithful Performance Coverage	
9.	Boiler and Machinery Insurance (Excluding Power Plants)	
	Coverage Limit	Property Limit
	Deductible	\$10,000
	Expediting Expenses	\$250,000
	Pollution Cleanup & Removal	\$250,000
	Spoilage	\$250,000
10.	Umbrella	
	General Total Limit	\$4,000,000
	Products & Completed Work:	
	Total Limit	\$4,000,000
	Personal Injury	\$4,000,000
	Advertising Injury	\$4,000,000
	Law Enforcement Liability	\$4,000,000
	Each Event Limit	\$4,000,000
	Deductible Per Event	\$10,000
	Umbrella Underlying Policies:	
	General Liability	\$1,000,000/\$3,000,000
	Auto Liability	\$1,000,000
	Law Enforcement Liability	\$1,000,000/\$3,000,000
11.	Excess Errors & Omissions Liability Protection - Claims Made	
	Total Limit	\$4,000,000
	Underlying Policies:	
	Public Entity Management Liability - Each Wrongful Act Limit	\$1,000,000
	Total Limit	\$3,000,000
	Employees Benefit Plans Administration Liability - Each Wrongful Act Limit	\$1,000,000
	Total Limit	\$3,000,000
12.	Pollution Liability (Includes 2 Underground Storage Tanks & 2 Power Plants)	
	Retroactive Date: 4/1/97	
	Each Pollution Event Limit	\$5,000,000
	Aggregate Policy Limit	\$10,000,000
	Deductibles	\$5,000 on UST's
	and McKee Run & VaSant Power Plants Deductibles	\$25,000
13.	EXCESS WORKER'S COMPENSATION	
	Employers Liability Limit	\$1,000,000
	Specific Limit: (\$500,000 Retention)	Statutory
	Aggregate Limit:	\$1,000,000
	Cash Flow Endorsement	
14.	WORKER'S COMPENSATION - TPA SERVICES	N/A
15.	TRAVEL ACCIDENT POLICY	
	Principal Sum (Covered positions specified)	\$100,000
	Deductible	\$0
16.	BOND-SELF INSURED WORKER'S COMPENSATION STATE OF DELAWARE LIMIT	\$750,000
17.	BOND PUBLIC OFFICIALS BOND	
	Treasurer - Limit	\$100,000
	City Clerk-Assistant Treasurer - Limit	\$100,000
18.	Power Plants - Property & Boiler & Machinery	
	Limit per Occurrence	\$100,000,000
	Extra Expense	\$2,000,000
	Errors & Omissions	\$1,000,000
	Expediting Cost	\$1,000,000
	Property in the Course of Construction	5000000
	Earthquake	\$20,000,000
	Flood	\$10,000,000
	Debris Removal	\$2,500,000
	Property in Transit	\$2,500,000
	Deductibles	\$100,000