

## BUDGET PROCESS

The budget process is conducted to comply with all charter mandates.

The City Charter mandates the following:

On or before the second Monday of May each year, the City Manager shall prepare and submit to the Council a budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year. The total of proposed expenditures shall not exceed the total of anticipated income.

The budget shall include the following information:

- A detailed statement showing the expenses of conducting each department and office of the City for the current year and last preceding fiscal year.
- A detailed estimate of the expenses of conducting each department and office of the City for the ensuing fiscal year with reasons for the increases and decreases recommended.
- The value of supplies and materials on hand.
- The amount of the debt of the City with a schedule of maturities of bond issues.
- A statement showing the amount required for interest on the City debt and for paying off any bonds maturing during the year and the amount required for the sinking fund.
- An itemized statement of all anticipated income of the City with a comparative statement of the amounts received by the City from each of the same or similar sources for the last preceding and current fiscal years.
- An estimate of the amount of money to be received from taxes.
- Other information as the City Manager may think desirable or as may be required by the Council.

The Council shall, on or before the second Monday in July in each year, adopt a budget for the succeeding fiscal year. The Council shall, as far as possible, adhere to the budget so adopted in the making of appropriations.

The preparation of the budget begins with the establishment of goals and parameters through the City Manager's office. In October, the Administrative Services Department distributes comprehensive budget instructions to Department Heads.

The City of Dover's method of budgeting has evolved from concepts of many budgeting methods. A line item form of budget is used to account for expenses and revenues. In recent years, the City has incorporated concepts of programmatic budgeting which focuses on programs performed. Programs are examined periodically for their relevance and effectiveness, a concept which comes from zero-based budgeting philosophy.

In March 2004, budget line items for both the current budget and proposed budget were reviewed with Department Heads to determine if service levels were to be maintained, improved, or reduced. Revenues were projected as accurately as possible in order to set priorities for proposed expenditures.

## SOURCE AND USE OF OPERATING FUNDS SUMMARY FISCAL YEAR 2004/05

DEPARTMENT	GENERAL	WATER/WASTEWATER	ELECTRIC	SP.FUND/GRANT	TOTAL
CITY CLERK	366,307	0	0	0	366,307
COUNCIL	148,387	0	0	0	148,387
TAX ASSESSOR	251,212	0	0	0	251,212
FIRE	924,434	0	0	0	924,434
GROUNDS MAINTENANCE	991,020	0	0	0	991,020
LIBRARY	953,388	0	0	0	953,388
RECREATION	705,948	0	0	0	705,948
PLANNING	228,391	0	0	0	228,391
INSPECTIONS	953,251	0	0	0	953,251
POLICE	10,317,366	0	0	0	10,317,366
STREETS	1,234,130	0	0	0	1,234,130
SANITATION	1,992,928	0	0	0	1,992,928
CITY MANAGER	435,772	0	0	0	435,772
INFORMATION TECHNOLOGY	889,017	0	0	0	889,017
FINANCE	648,362	0	0	0	648,362
PUBLIC WORKS - ADMINISTRATION	302,373	0	0	0	302,373
FACILITIES MANAGEMENT	1,082,642	0	0	0	1,082,642
PUBLIC WORKS - ENGINEERING	256,686	0	0	0	256,686
CENTRAL SERVICES	788,146	0	0	0	788,146
FLEET MAINTENANCE	614,578	0	0	0	614,578
ADMINISTRATIVE SERVICES	1,059,118	0	0	0	1,059,118
HUMAN RESOURCES	327,208	0	0	0	327,208
MAYOR	102,568	0	0	0	102,568
CONSTRUCTION AND INSPECTION	0	495,136	0	0	495,136
WATER DEPARTMENT	0	880,103	0	0	880,103
WATER TREATMENT PLANT	0	639,106	0	0	639,106
WASTEWATER MANAGEMENT	0	758,196	0	0	758,196
WATER - METER READING	0	57,685	0	0	57,685
ELECTRIC TRANSMISSION AND DISTRIBUTION	0	0	2,963,771	0	2,963,771
ELECTRIC ENGINEERING	0	0	1,714,592	0	1,714,592
ELECTRIC ADMINISTRATION	0	0	760,759	0	760,759
ELECTRIC - METER READING	0	0	281,577	0	281,577
INSURANCE	574,643	0	0	0	574,643
COMMUNITY DEVELOPMENT	0	0	0	300,673	300,673
WEED AND SEED	0	0	0	44,170	44,170
DELAWARE PREVENTION NETWORK	0	0	0	70,000	70,000
<b>DEPARTMENT SUBTOTAL</b>	<b>26,147,875</b>	<b>2,830,226</b>	<b>5,720,699</b>	<b>414,843</b>	<b>35,113,643</b>
DIRECT EXPENSE:					
DEBT SERVICE	440,372	1,620,811	2,623,372	0	4,684,555
RETIREE HEALTH CARE	646,627	96,330	456,656	0	1,199,613
INTRAFUND SERVICE FEES	0	1,025,270	3,873,593	0	4,898,863
INTEREST ON DEPOSIT	0	0	15,000	0	15,000
UTILITY TAX	0	0	1,182,367	0	1,182,367
PURCHASE POWER FROM DUKE	0	0	40,555,237	0	40,555,237
WORKERS COMPENSATION	0	0	0	705,992	705,992
MUNICIPAL STREET AID	0	0	0	780,000	780,000
TRANSPORTATION ENH. GRANTS	0	0	0	110,000	110,000
COMMUNITY TRANSPORTATION IMP FUND	0	0	0	850,000	850,000
KENT COUNTY SEWER	0	3,600,000	0	0	3,600,000
<b>DIRECT EXPENSE SUBTOTAL</b>	<b>1,086,999</b>	<b>6,342,411</b>	<b>48,706,225</b>	<b>2,445,992</b>	<b>58,581,627</b>
TRANSFER TO:					
GENERAL FUND	0	848,016	5,463,008	0	6,311,024
CONTINGENCY FUND	0	0	22,000	0	22,000
FUTURE CAPACITY	0	0	2,000,000	0	2,000,000
STREET LIGHTS	460,000	0	0	0	460,000
WATER IMPROVEMENT & EXTENSION	0	137,151	0	0	137,151
IMPACT FEE RESERVE	0	147,860	0	0	147,860
ALLOWANCE FOR UNCOLLECTIBLES	0	0	125,000	0	125,000
INVENTORY RESERVE	0	0	125,000	0	125,000
POST-RETIREMENT BENEFITS RESERVE	600,000	100,000	200,000	0	900,000
RATE STABILIZATION RESERVE	0	0	500,000	0	500,000
<b>TRANSFER SUBTOTAL</b>	<b>1,060,000</b>	<b>1,233,027</b>	<b>8,435,008</b>	<b>0</b>	<b>10,728,035</b>
<b>CURRENT YEAR BALANCE</b>	<b>2,254,366</b>	<b>1,480,698</b>	<b>3,571,714</b>	<b>577,673</b>	<b>7,884,451</b>
<b>TOTAL</b>	<b>30,549,240</b>	<b>11,886,362</b>	<b>66,433,646</b>	<b>3,438,508</b>	<b>112,307,756</b>
<b>INTRA FUND TRANSFERS</b>					
FUND BALANCE	(2,254,366)	(1,480,698)	(3,571,714)	(577,673)	(7,884,451)
INTRAFUND SERVICE FEES	0	(1,025,270)	(3,873,593)	0	(4,898,863)
TRANSFER TO GENERAL FUND	0	(848,016)	(5,463,008)	(780,000)	(7,091,024)
COMMUNITY TRANS ENH GRANT	0	0	0	(350,000)	(350,000)
WORKERS COMPENSATION FUND	0	0	0	(705,992)	(705,992)
<b>SUBTOTAL INTRA FUND TRANSFERS</b>	<b>(2,254,366)</b>	<b>(3,353,984)</b>	<b>(12,908,315)</b>	<b>(2,413,665)</b>	<b>(20,930,330)</b>
<b>OPERATING EXPENSE</b>	<b>28,294,874</b>	<b>8,532,378</b>	<b>53,525,331</b>	<b>1,024,843</b>	<b>91,377,426</b>

## CAPITAL INVESTMENTS PLAN AND BUDGET

The Capital Investments Plan is a five-year plan for the purchase of property, equipment, and public improvements that are of a permanent nature. The City proposes a five-year Capital Investments Plan annually. The capital investments budget is a one-year appropriation of expenditures from the Capital Investments Plan and is normally funded from bond proceeds, grants, and operating funds. Capital expenditures are those which are not a current expense and have a period of usefulness of at least five years. Such items include projects requiring debt obligation, acquisitions or lease of land, purchase of major equipment or vehicles, construction of buildings or facilities, and major improvements.

## EXPLANATION OF FUNDS

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

- Basis of Presentation - Fund Accounting

The accounts of the City are organized based on funds and account groups, 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 various funds are grouped into eight generic fund types and four broad fund categories as follows:

### GOVERNMENTAL FUNDS

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.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. They are State (Police) Grants, Library Grants, Municipal Street Aid, Housing Grants, DPN Grant, Substance Abuse Prevention Grant, Greenway Grant, DelDOT Grant, and Computer Training Grant.

Capital Projects Funds: Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Debt Service Fund: The City has chosen to pay the general obligation bonds and interest thereon from the General Fund and Water/Wastewater Fund as applicable. There are no bank balances, investments, or transactions related to debt service. Therefore, the City does not utilize a debt service fund.

### PROPRIETARY FUNDS

Enterprise Funds: Enterprise Funds are used to account for operations that are (1) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water/Wastewater Fund and Electric Revenue Fund are included in this category.

**INTER-  
GOVERNMENTAL  
FUNDS**

These funds serve as a conduit for the efficient allocation of multi-fund expenses but have no net effect on the revenues and expenses of the City.

The assets and liabilities of these funds consisted of cash, investments, accounts payable, and inter-fund receivables and payables. Beginning in Fiscal Year 2004, the fund was eliminated. Divisions previously in this fund were transferred to the General Fund with the exception of the Construction division which was transferred to the Water/Wastewater Fund. Intrafund Service Fees and Receipts were established to charge and repay funds for goods and services. These changes were made to comply with generally accepted accounting principles.

**FIDUCIARY  
FUNDS**

Trust Funds: Trust Funds are used to account for assets held by the City in a trustee capacity. These include Non-expendable Trust, Expendable Trust, and Pension Trust Funds. Non-expendable Trust and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. The Non-expendable Trust Fund is maintained for an endowment received from Mary Paton for library purposes. Pension Trusts include the City of Dover Employees' Pension Fund and the City of Dover Police Pension Fund.

Agency Funds: Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. The City has six agency funds: the Library Consortium, the Parking Authority, the Dover Arts Council, the Downtown Dover Development Corporation and Main Street Project, and the Deferred Compensation Plan. The Library Consortium is a group of five libraries that provides a book catalogue service for the libraries' use. The City acts as the receiving and paying agent for the Dover Parking Authority, Dover Arts Council, and Downtown Dover Development Corporation, and the transactions are shown under the Agency Funds category. The City acts as an agent for the employees enrolled in the Deferred Compensation Plan for which the only activity is employees' contributions invested weekly.

Basis of Accounting: 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, Expendable Trusts, and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

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

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.

All Proprietary, Non-expendable Trust, and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

## **BUDGETARY BASIS OF ACCOUNTING**

The City prepares its budget for the General Fund on the cash basis. The expenditures are accounted for when the invoices are paid. Encumbrances are established when purchase orders are issued and accounted for as a designation 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.

## HOW TO USE THIS BUDGET

The City of Dover budget document is intended to provide concise and reliable information to readers (Dover's citizens, the public, and other governmental entities) about the City's policies, financial plan, and operations. It includes information on Dover's objectives and budget for Fiscal Year 2005.

At the front of the budget is a Table of Contents that will aid the reader in finding specific information quickly and provide a summary of the major topics. The budget is divided into 11 major sections: Introduction, Budget Summary, Fund Summaries, Capital Investments Plan, Debt Service, General, Water/Wastewater, Electric, Special Funds, Appendix, and Glossary of Key Terms and Concepts. Highlights of each section are as follows:

### **INTRODUCTION**

The Mayor's State of the City Address contains an overview of the City's accomplishments during the past year and provides insight to the direction of the future. It can be found on Page 5. The City Manager's letter to Council on Page 3 contains an overview of the budget. It discusses goals of the budget and highlights important issues by fund. The Introduction also includes a listing of elected and appointed officials; contacts; phone numbers; a Citywide organizational chart; strategic planning; the City's vision, mission, and critical success factors; and a summary of the City's full-time and part-time personnel. Readers can also find a profile on Dover's policies and goals, history, location, form of government, and demographic statistics.

### **BUDGET SUMMARY**

In this section, all the funds are discussed in summary form. The Budget Summary begins by reviewing the budget process. An explanation of the financial structure of the City is provided which shows how revenues and expenditures are reported by fund, a self-balancing set of accounts designed to track specific revenues, and the uses of those revenues.

### **FUND SUMMARIES**

These explain and discuss, in more detail, the City's major funds and their contingencies. Funds presented in this section include: General Fund, Water/Wastewater Fund, Water/Wastewater Improvement and Extension Fund, Electric Revenue Fund, and Electric Improvement and Extension Fund. Each fund's origin and purpose is explained, and major highlights of the fund are provided. An explanation of revenue estimates by funds is also presented here.

### **CAPITAL INVESTMENTS PLAN (CIP)**

In this section, readers can find information on criteria, guidelines, and summary information on revenue sources and uses in this section. Highlights of Dover's CIP are identified, and a description of each project funded for Fiscal Year 2005 is included.

### **DEBT SERVICE**

In this section, readers get an overview of the City's debt and the charter information on the subject.

### **GENERAL, WATER/WASTEWATER, ELECTRIC**

These sections of the budget are arranged by fund with the department listing beginning with Mayor, City Council, and City Manager. Thereafter, the departments are listed alphabetically within each fund. Departments are further categorized into divisions. Each department budget detail begins with a description of the department vision and an overview of major programs, objectives, and measures and strategic objectives and measures along with any budget recommendations and notes, if appropriate.

**SPECIAL FUNDS**

Readers can find information on the City's Special Funds. These funds are usually trust funds (funds held by the City in a trustee capacity), and agency funds (funds that account for assets held by the City as an agent for another outside agency).

**APPENDIX**

Miscellaneous statistics about the City are included in the Appendix. A reader can find out the number of business licenses issued or who the major employers are in the City.

Readers are encouraged to contact the City about any comments or questions they might have regarding the budget. Inquiries may be addressed to the Administrative Services Director, P.O. Box 475, Dover, DE 19903-0475 or telephone (302) 736-7163. For general City information, call (302) 736-7000.

**GLOSSARY OF KEY TERMS AND CONCEPTS**

The Glossary of Key Terms and Concepts will be helpful to a reader not familiar with governmental terms such as "enterprise fund."

## DESCRIPTION

# PERFORMANCE BUDGET PAGE

### DEPARTMENT NAME

### DEPARTMENTAL VISION

The vision statement for each department describes the service goals that the department wants to achieve through the programs it offers. You should see a link between the overall department goal and the program objectives in the next section.

### MAJOR PROGRAMS, OBJECTIVES, MEASURES

**Programs:** Programs are collections of activities, operations, or organizational units that are directed to the attainment of specific objectives. For example, police patrol is a program that comprises many different kinds of law enforcement activities that are directed toward crime prevention and timely response to requests for service. The number of programs a department identifies is the result of the scope of their responsibilities. The number of programs listed in itself is not meaningful.

**Objective:** Each program will have a service objective that identifies the customer for that service and what outcome the service aims to achieve for the customer. Many times the customer is the citizen, but some programs, like financial services, serve citizens indirectly by supporting other City programs. Service objectives rarely change over time, but performance toward achieving those objectives may change.

**Measures:** Program managers collect and monitor scores of performance measures. Only the measures that capture the outcomes revealed in the program objectives appear in the budget document. Additionally, the measures should be meaningful to citizens. Program managers have selected the best indicators of their service performance for this section and will track their performance by these measures over time.

**Previous Results:** These are the results of the Measures from the previous fiscal year.

### STRATEGIC OBJECTIVES FOR FISCAL YEAR 2004-2005

Strategic objectives are different from service objectives in that while service objectives remain constant, strategic objectives change from one budget year to the next. Managers identify their strategic objectives based on problems that can or should be solved, efficiencies that might be realized, or by looking forward to what they want their program to achieve in future years and laying the foundation for that success in the current budget year. Strategic objectives are not dreams or ideas, however. They must meet two very restrictive criteria.

First, strategic objectives must support one of the six critical success factors identified in the City's strategic planning process. Those factors are Customer Satisfaction, Employee Satisfaction, Cost and Revenue Efficiency, Downtown and Neighborhood Development, Citywide Safety, and Organizational and Community Communications. You will see one or more of these factors in every strategic objective.

Second, the manager must be able to identify an indicator of progress toward the program objective that would be realized if the strategic objective were achieved. Not every problem can be solved in one budget cycle, and forward-thinking managers often plan for future improvements by putting one element in place at a time. Therefore, an outcome indicator for a strategic objective may be an interim outcome rather than a final outcome.

Finally, and of special interest to citizens and elected officials, all requests for substantial changes in budget requests will be tied to strategic objectives (explained more fully in the "budget recommendation" section). That is, every request that is not maintenance-of-service will be clearly linked to a strategic objective. Not every strategic objective has a budget impact, but all budget impacts must be tied to strategic objectives. This presentation format is designed to focus department heads' attention on achieving Citywide goals through their program priorities and to focus citizen and Council attention on the ways that program priorities may affect the budget.

**Budget:** *(if appropriate)* This section contains the line-item budget request in the same format as presented in previous years. There is only one difference: any change in last year's request that is not a maintenance-of-service adjustment is tied directly to a strategic objective. The number of the strategic objective as it appears on the page is located next to the summary line for the request.

For example, if a manager identified hiring a new employee as the means to achieving his/her second strategic objective, you would see the number "2" on the subtotal "10" line for Personnel. No attempt is made to subdivide the request associated with the strategic objective over multiple budget lines for clarity of presentation. That is, the number "2" does not appear next to "10-14 FICA Taxes" or "10-15 Health Insurance" even though a new employee would certainly have budgetary implications in these subsections of the Personnel cost budget.

**Notes:** *(optional)* Sometimes the link between the strategic objective and the Citywide goal is not readily apparent, or perhaps the manager can identify more than one means to achieve the strategic objective. This section is included to provide necessary supporting information surrounding any strategic objective if the impact is not readily apparent.

# SAMPLE PERFORMANCE BUDGET PAGE

① Title

Indicates the department.

② Departmental Vision

Developed by the department, this is a statement that identifies the particular purpose for the department.

③ Major Programs

A listing of the fundamental services and the Public Service Levels for the department. Number of programs will vary by department.

④ Strategic Objectives

Fiscal Year business plan initiatives for the department – Number of strategic objectives will vary by department.

⑤ Budget Recommendations  
*(if appropriate)*

The recommended course of action for one of the Strategic Objectives for the department

⑥ Notes  
*(optional)*

Option information referring to one of the department's Strategic Objectives

① ADMINISTRATIVE SERVICES DEPARTMENT

**DEPARTMENTAL VISION** Administrative Services is a department where customers enjoy transacting their business. Through the team effort of our employees, Administrative Services will endeavor to maintain our reputation for being a professional, courteous, friendly, efficient, accurate, safe, fair, and consistent department in the City of Dover. Administrative Services will also endeavor to continue to efficiently budget, bill, and receive monies for services provided by the City so that the City is ensured of the necessary revenue to carry out its functions in a timely manner.

**MAJOR PROGRAMS**

**CUSTOMER SERVICE**

② **Objective:** The objective of this program is to provide professional, fair, courteous, friendly, efficient, and accurate service so this will be a place where customers are comfortable conducting their business.

**Measure:** Customer satisfaction should be 95 percent or better. In Fiscal Year 2004, of customers responding to a survey and completing a comment card, more than 96.5 percent found our service to be good to excellent.

**Previous 2004 Results:**

- Purchased a new Sharp digital copier.
- Included one survey with the monthly utility bills.
- Participated in a mock robbery training session on what to do in the event of a robbery or hostile situation.

**COLLECTIONS**

**Objective:** The objective of this program is to provide convenient methods of payment for our customers and professional, respectful methods of collecting bad debt so that our customers receive the treatment they expect and deserve.

**Measure:** Maintain uncollectible accounts per revenue dollars below \$.0028, the average for utilities in the northeast. In Fiscal Year 2004, the City's uncollectible accounts per revenue dollar averaged \$.0009.

**Previous 2004 Results:**

- Purchased a new Pitney Bowes mail opener for the cashier section.
- Reduced bad debt losses for electric to 0.123 percent.
- Included the Preauthorized Payment application with monthly bills in August and February. The average number of customers using bank drafting increased by more than 37 percent over last fiscal year's average.

**STRATEGIC OBJECTIVES FOR FISCAL YEAR 2004-2005**

④ 1. **Install a remittance processing system to process payments efficiently and accurately.** This objective is part of the Collections program and advances the critical success factor of Cost and Revenue Efficiency.

**Measure:** Complete the project by June 30, 2005 and process all payments the day they are received.

⑤ **Budget:** 40-25 Other Equipment Purchase - \$67,650 Remittance Processing System

⑥ **Notes:** The remittance processing system would process the City's average 700 checks per day while saving five cents (\$.05) per check in bank processing fees. (This is a savings of approximately \$700 per month.) An alternative would be to hire a permanent part-time staff person to process check payments, a recurring expense.

# Memorandum

Office of the City Manager  
P.O. Box 475  
Dover, DE 19903-0475  
Phone: (302) 736-7005  
FAX: (302) 736-7002  
E-mail: tdeprima@dover.de.us

**To:** Mayor and City Council  
**From:** Anthony J. DePrima, AICP  
City Manager  
**Date:** May 3, 2004  
**Subject:** Pay-for-Performance Salary Approval for Fiscal Year 2005

With the Council's approval of the City's first pay for performance plan in Fiscal Year 2004, we submit the following:

Market Analysis Memorandum with attachments  
Pay-for-Performance Salary Calculation Worksheet  
Revised City of Dover Pay Plans (Grades and Ranges)

This is the first market analysis since the City consulted with the Public Administrative Service in 2002. The market analysis was prepared by our Human Resources Director, Frank Szyjka. We plan to perform this analysis on an annual basis. The market analysis recommends an average increase of 3.5 percent for non-bargaining employees based on market movement. Also recommended is an additional 1.0 percent increase to compensate for the difference between this year's average non-bargaining increase of 2.0 percent for "meeting expectations" versus the FOP settlement of 3.0 percent and the 2.5 percent for the IBEW. According to the market analysis, we have developed the Pay-for-Performance Salary Calculation Worksheet for your approval.

The Pay-for-Performance Salary Calculation Worksheet is a matrix which compensates non-bargaining employees based on (1) their evaluated job performance and (2) where their compensation falls in City of Dover pay plan ranges. We have budgeted \$174,191 to cover the increases. This budget number is based on estimated scores that we received from department heads.

Lastly, the market analysis recommends City of Dover Labor Grades increase by 3.2 percent. We have attached the City of Dover Pay Plans, both current and proposed, for your review. This does not represent an additional increase over the P.F.P. increases.

We are eager to move forward with a compensation program that integrates the City's Strategic Plan, employees' goals and objectives, and performance. We believe this rewards employees for achieving their goals and objectives and compensates them properly for their performance.

# Memorandum

**TO:** Tony DePrima  
**FROM:** Frank E. Szyjka  
**DATE:** April 28, 2004  
**SUBJECT:** Market Analysis with Recommendation for projected increases and LG movement FY 2004/05

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I recommend that the City of Dover Labor Grades increase by 3.2 percent. This recommendation is based on review of various surveys and Government reports.

I also recommend that the salary increase for the City of Dover non-bargaining positions should be 3.5 percent based on these same reports and discussions with area municipalities. Unless the City elects to retroactively give non-bargaining employees an additional 1.0 percent increase based on the difference between this year's average non-bargaining increase of 2.0 percent versus the proposed FOP settlement of 3.0 percent, you will need to consider adding this 1.0 percent to next year's recommended increase for a total of 4.5 percent.

Sources used include the ICMA 2004 Survey and Annual Report on Local Government Executive Salaries and Fringe Benefits which increased the range from 2.7 percent to a high of 3.9 percent with the majority of ranges increasing over 3.4 percent. Specific ICMA reports used include both Northeast Regional Information and the South Region Information by population group (cities ranging from 25,000 – 49,999). In addition, the Bureau of National Affairs Daily Labor Report, which compiles up-to-date information on 2004 bargaining settlements and State and Local Government data, outlined the average increase of 3.4 percent which also supports the recommendation. As an added source of information, I completed a phone survey of local municipalities to find out what their salary increase plans are for the upcoming year. The results indicated increases in midpoint of 2.5 percent to 4.0 percent with at least two of the surveyed employers adding COLA to the planned increases.

I have attached the Bureau of National Affairs report and the information gathered from area municipalities. The ICMA reports are a total of 260 pages. If you need a copy of this information, please advise.

CONFIDENTIAL

## NON-BARGAINING MARKET SURVEY

Municipality	Percentage Increase/Adjustment	Explanation
Kent County	4.0 percent (2.0 percent COLA plus 2.0 percent Step)	Employees receive both a Step increase and COLA yearly.
City of Newark	3.5 percent	Employees receive the same as the bargaining unit (will be 4.0 percent in 2005)
City of Wilmington	0.0 percent (possible \$500 bonus)	Non-Bargaining - no increase since 7/00 - no contracts
Ocean City, MD	3.0 percent Midpoint Adjustment	Performance-based system employees at Minimum 4.0 percent plus Employees at Maximum 2.0 percent plus
City of Bowie, MD	2.5 percent - 6.5 percent	2.5 percent COLA established by contract negotiation for three years plus up to 4.0 percent Step
Duke Power	Anticipate 2.0 percent every six months	Same as bargaining unit

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**LENGTH:** 722 words

**SECTION:** ECONOMIC NEWS

**TITLE:** Collective Bargaining: BNA DATA SHOW AVERAGE WAGE INCREASE OF 3.4 PERCENT IN FIRST YEAR OF NEW CONTRACTS

**TEXT:**

Data compiled by BNA from 2004 bargaining settlements through March 15 showed that the average first-year wage increase was 3.4 percent, the same increase reported in the comparable period of 2003. The median first-year wage increase from the settlements was 3.1 percent, the same as that reported in the comparable period of 2003, and the weighted average increase was 1.8 percent, compared with 2.4 percent a year earlier.

When construction and state and local government contracts were excluded, the average increase was 3.6 percent, compared with 3.3 percent in 2003; the median was 3.1 percent, compared with 3 percent; and the weighted average was 1.5 percent, compared with 1.8 percent in 2003.

The manufacturing average increase was 2.6 percent, compared with 1.8 percent in 2003, and the median was 2.5 percent, compared with 2.4 percent. Nonmanufacturing (excluding construction) contracts provided an average increase was 4 percent, compared with 3.9 percent a year earlier, and the median was 3.4 percent, compared with 3.5 percent.

Construction contracts showed an average increase of 3.4 percent, the same as that reported in 2003, and a median of 3.2 percent, compared with 4.1 percent a year earlier. State and local government agreements provided an average increase of 3.2 percent, compared with 3.5 percent in 2003, and a median of 3 percent, compared with 3.5 percent.

Factoring lump-sum payments into calculations, the all-settlements average first-year wage increase to date in 2004 was 3.8 percent, compared with 3.4 percent in the comparable period of 2003. The median was 3.3 percent, compared with 3.1 percent in 2003, and the weighted average increase was 2.4 percent, the same increase reported last year. The all-settlements (excluding construction and state and local government) average increase was 4.1 percent, compared with 3.4 percent in 2003; the median was 3.4 percent, compared with 3 percent; and the weighted average was 2.4 percent, compared with 1.8 percent in 2003.

Manufacturing settlements with lump sums posted an average increase of 3.6 percent, compared with 2 percent in 2003, and a median of 3.2 percent, compared with 2.4 percent. Nonmanufacturing (excluding construction) contracts provided an average increase of 4.3 percent, compared with 3.9 percent, and a median of 3.5 percent, the same increase reported in 2003. The state and local government average increase was 3.2 percent, compared with 3.5

percent in 2003, and the median was 3 percent, compared with 3.5 percent.

Summaries of recent settlements and contracts with deferred increases that took effect recently follow the tables below.

**FIRST-YEAR WAGE INCREASES**

**Lump Sums Not Factored**

	Year-to-date 2004			Year-to-date 2003		
	Wgt. Avg.	Average	Median	Wgt. Avg.	Average	Median
All settlements.....	1.8%	3.4%	3.1%	2.4%	3.4%	3.1%
All settlements, excluding construction & state and local government.....	1.5%	3.6%	3.1%	1.8%	3.3%	3.0%
Manufacturing.....	1.9%	2.6%	2.5%	4.6%	1.8%	2.4%
Nonmanufacturing, excluding construction.....	1.5%	4.0%	3.4%	1.4%	3.9%	3.5%
Construction.....	2.9%	3.4%	3.2%	3.4%	3.4%	4.1%
State and local government.....	2.3%	3.2%	3.0%	3.2%	3.5%	3.5%

**Lump Sums Factored**

	Year-to-date 2004			Year-to-date 2003		
	Wgt. Avg.	Average	Median	Wgt. Avg.	Average	Median
All settlements.....	2.4%	3.8%	3.3%	2.4%	3.4%	3.1%
All settlements, excluding construction & state and local government.....	2.4%	4.1%	3.4%	1.8%	3.4%	3.0%
Manufacturing.....	4.2%	3.6%	3.2%	4.6%	2.0%	2.4%
Nonmanufacturing, excluding construction.....	2.0%	4.3%	3.5%	1.4%	3.9%	3.5%
Construction.....	2.9%	3.4%	3.2%	3.4%	3.4%	4.1%
State and local government.....	2.3%	3.2%	3.0%	3.2%	3.5%	3.5%

**Note:** The statistical summary above is subject to revision as more information becomes available. The summary does not include automatic increases effective after 12 months (designated as deferred increases), cost-of-living adjustments, or Canadian settlements. Portions of construction wage increases may be diverted to benefits.

## P.F.P. SALARY CALCULATION WORKSHEET

(Adopted by City Council on June 28, 2004)

OVERALL SCORE			ADJUSTMENT			
	FROM	TO	Employee Below Market	Employee at Market	Employee Above Market	Employee Above Maximum
Unsatisfactory	10	15	0	0	0	0
Needs Improvement	16	25	0	0	0	0
Good	26	35	4.75%	4.50%	4.25%	4.00%
Commendable	36	45	5.00%	4.75%	4.50%	4.00%
Outstanding	46	50	5.50%	5.00%	4.75%	4.00%

## CITY OF DOVER PAY PLANS

GRADE	<u>CURRENT</u>			<u>PROPOSED</u>		
	MINIMUM	MARKET	MAXIMUM	MINIMUM	MARKET	MAXIMUM
101	\$14,065	\$16,878	\$22,110	\$14,515	\$17,418	\$22,818
102	\$14,768	\$17,722	\$23,216	\$15,241	\$18,289	\$23,959
103	\$15,507	\$18,608	\$24,377	\$16,003	\$19,203	\$25,157
104	\$16,282	\$19,539	\$25,596	\$16,803	\$20,164	\$26,415
105	\$17,096	\$20,516	\$26,875	\$17,643	\$21,173	\$27,735
106	\$17,951	\$21,541	\$28,219	\$18,525	\$22,230	\$29,122
107	\$18,849	\$22,618	\$29,630	\$19,452	\$23,342	\$30,578
108	\$19,791	\$23,749	\$31,112	\$20,424	\$24,509	\$32,108
109	\$20,781	\$24,937	\$32,667	\$21,446	\$25,735	\$33,712
110	\$21,820	\$26,184	\$34,301	\$22,518	\$27,022	\$35,399
111	\$22,911	\$27,493	\$36,016	\$23,644	\$28,373	\$37,169
112	\$24,056	\$28,867	\$37,816	\$24,826	\$29,791	\$39,026
113	\$25,259	\$30,311	\$39,707	\$26,067	\$31,281	\$40,978
114	\$26,522	\$31,826	\$41,692	\$27,371	\$32,844	\$43,026
115	\$27,848	\$33,418	\$43,777	\$28,739	\$34,487	\$45,178
116	\$29,240	\$35,089	\$45,966	\$30,176	\$36,212	\$47,437
117	\$30,702	\$36,843	\$48,264	\$31,684	\$38,022	\$49,808
118	\$32,238	\$38,685	\$50,677	\$33,270	\$39,923	\$52,299
119	\$33,849	\$40,619	\$53,211	\$34,932	\$41,919	\$54,914
120	\$35,542	\$42,650	\$55,872	\$36,679	\$44,015	\$57,660
121	\$37,319	\$44,783	\$58,665	\$38,513	\$46,216	\$60,542
122	\$39,185	\$47,022	\$61,599	\$40,439	\$48,527	\$63,570
123	\$41,144	\$49,373	\$64,679	\$42,461	\$50,953	\$66,749
124	\$43,201	\$51,842	\$67,913	\$44,583	\$53,501	\$70,086
125	\$45,361	\$54,434	\$71,308	\$46,813	\$56,176	\$73,590
126	\$47,630	\$57,155	\$74,874	\$49,154	\$58,984	\$77,270
127	\$50,011	\$60,013	\$78,617	\$51,611	\$61,933	\$81,133
128	\$52,512	\$63,014	\$82,548	\$54,192	\$65,030	\$85,190
129	\$55,137	\$66,165	\$86,676	\$56,901	\$68,282	\$89,450
130	\$57,894	\$69,473	\$91,009	\$59,747	\$71,696	\$93,921
131	\$60,789	\$72,946	\$95,560	\$62,734	\$75,280	\$98,618
132	\$63,828	\$76,594	\$100,338	\$65,870	\$79,045	\$103,549
133	\$67,020	\$80,424	\$105,355	\$69,165	\$82,998	\$108,726
134	\$70,371	\$84,445	\$110,623	\$72,623	\$87,147	\$114,163
135	\$73,889	\$88,667	\$116,154	\$76,253	\$91,504	\$119,871
136	\$77,584	\$93,100	\$121,961	\$80,067	\$96,079	\$125,864
137	\$81,463	\$97,755	\$128,059	\$84,070	\$100,883	\$132,157

# City of Dover

## Critical Success Factors

The following factors are determined to be critical in meeting the overall goals and mission of the City of Dover. Without them, the success of the program would be in jeopardy.

**Customer Satisfaction:** Regardless of what is done, if at the end of the day our customers are not satisfied, then the mission and goals have failed. Customer satisfaction was determined to be the overall base strategy.

**Employee Satisfaction:** It is through our employees that our services are provided to our customers. Only if our employees are satisfied with being a part of the organization will they provide services in a manner that accomplishes the vision, mission, and goals.

**Cost and Revenue Efficiency:** Providing our services and accomplishing the vision, mission, and goals in a way that was wasteful would not be considered successful by our customers.

**Improve Downtown and Surrounding Neighborhoods:** The City's vision is for Dover to be a place where people want to live! We cannot leave any neighborhoods behind. If we do, then the vision and mission are not accomplished.

**Citywide Safety:** The vision, mission, and goals cannot be fulfilled if safety is compromised in the process. The safety of citizens and employees is critical.

**Effective Organizational and Community Communications:** Communicating our successes both within the organization and the community is critical to building customer satisfaction. Poor communication fosters misunderstandings that can impede the success of the vision, mission, and goals.

# City of Dover Mission

The City of Dover will, in the next two years:

- ❖ Create performance measurements for community cleanliness and appearance, safety, balanced growth, opportunity, quality of life, customer service, employee satisfaction, and diversity.
- ❖ Create no less than three more effective ways of communicating with citizens or customers so we can support our customer service base strategy.
- ❖ Improve performance measurements for cleanliness and appearance, safety, balanced growth, opportunity, quality of life, customer service, and diversity.
- ❖ Develop a Comprehensive Plan that will include measures of balanced growth and opportunity, and carry out its recommendations so there are improvements in those measures.
- ❖ Improve performance measurements for employee satisfaction so its work force is proud, safe, and motivated to complete the City Mission.

# **City of Dover 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 has a reputation for being  
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.

# City of Dover

## Strategic Planning

In early 2002, at the recommendation of the City Manager, the Dover City Council endorsed the development of a Strategic Organization Plan for the City. The purpose of the Plan is to unify services, programs, and projects under a Citywide vision and mission developed by the City Council. It is also intended to set forth measurable goals for each of its departments that are used to evaluate its performance in the future. Achieving results was a cornerstone in developing the plan. The Strategic Organization Plan serves to align the Capital Investments Plan, the operating budget, and annual and monthly reports. The City Council budgeted for assistance of a strategic planning expert to facilitate development of the Strategic Organization Plan in Fiscal Year 2003.

In the fall of 2003, the City retained the services of Mid-Atlantic Development as its strategic planning facilitator. Mid-Atlantic Development used the Strategic Thinking and Business Planning method developed by Resource Associates Corporation. The process began with selection of a Strategic Plan Executive Committee which was comprised of the Mayor, City Council, City Manager, Finance Director, and City Clerk. Workshops were held to focus on an external and internal assessment of the City, determine the City's core values, and develop a vision and mission for the City. The vision is intended to be a description of a future that is agreed upon to work toward over time. The mission statement defines specific Citywide actions to be accomplished over the next two years that would move the City closer to its vision.

Once the vision and mission were developed, they were forwarded to City department heads to review and refine. The final vision and mission were cross-accepted by the Executive Committee and department heads and ultimately approved by a vote of the City Council. Next, the department heads were tasked with developing Citywide critical success factors that were determined to be important for the success of the vision and mission and then developing specific goals for each department that would support the overall vision and mission. The goals must be specific, measurable, attainable, realistically high, and time bound. With each goal is an assessment of the issue or problem it is addressing and the parts of the vision and critical success factors it supports. In developing their goals, the department heads met individually with key employees in their department. Finally, each department will develop an internal business plan that sets forth the action steps necessary to accomplish the goals. The action steps assign specifically "who will do what by when."

In the spring of 2004, department heads were ready to take the next step of integrating their goals into the budget process. The City retained the services of an expert in performance budgeting to help department heads refine their goals into strategic service priorities. Outcome measures of service accomplishment were derived for each of the major programs within a department, and performance was reported for each of the measures. Then strategic goals and measures were tied to the department's budget request so that budget deliberations could focus on the link between the request and the outcome that would be achieved if the request were approved. This resulted in a slightly different presentation format for the budget pages as seen on Page 72. The traditional line-item budget still appears in its entirety but with changes in requests clearly linked to departmental strategic objectives.

Department goals and measurements are located on the department pages in the fund sections – General, Water/Wastewater, and Electric (beginning with Page 251).

## OPERATIONAL STRUCTURE

The operational units by fund are listed in the chart below.

FUND	DEPARTMENT	DIVISION
GENERAL FUND	Mayor	Mayor
	City Council	City Council
	City Manager	City Manager
	Administrative Services	Administrative Services
	Central Services	Central Services Fleet Maintenance Facilities Management
	City Clerk	City Clerk
	Finance	Finance
	Fire	Fire
	Human Resources	Human Resources Insurance
	Information Technology	Information Technology
	Parks, Recreation, and Library	Parks and Recreation Library
	Planning and Inspections	Planning Inspections
	Police	Administration Civilian Extra Duty Law Enforcement
Public Works	Administration Engineering and Inspection Grounds Sanitation Streets	
Tax Assessor	Tax Assessor	
WATER/WASTEWATER FUND	Public Works	Construction Wastewater Management Water Management Water Treatment Plant
	Administrative Services	Water Meter Reading
ELECTRIC FUND	Electric Department	Electric Administration Electric Engineering Electric Transmission and Distribution
	Administrative Services	Electric Meter Reading

The budget includes other special funds which can be found in the Appendix.

## BUDGET PROCEDURES

The City prepares the budget for Governmental Fund types in which the expenditures are estimated based on liabilities for goods and services to be incurred during the fiscal year. Revenues for the General Fund and revenues of the Special Revenue Funds are budgeted on a modified accrual basis. The expenditures are accounted for when the purchase orders are issued and encumbrances are recognized.

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 is presented in this report in the legal budget format (non-GAAP) adopted by the City.

Budgets are prepared for the General Fund, Water/Wastewater Fund, Water/Wastewater Improvement and Extension Fund, Electric Revenue Fund, Electric Improvement and Extension Fund, Municipal Street Aid Fund, Housing Grant Funds, and DPN.

The Electric Improvements 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 capital items of the utilities.

Financial policy has set acceptable levels for budgetary balances. They are as follows: General Fund – eight percent of the current year operating revenues excluding the carry forward balance; Water/Wastewater Fund – ten percent of the current year operating revenues excluding the carry forward balance; Electric Revenue Fund – five percent of the current year operating revenues excluding the carry forward balance. If existing reserves exceed the required level, such funds may be used to provide for non-recurring expenditures. The City may use monies in the reserve only in times of fiscal and economic hardship.

The City follows the practice of encumbrance accounting for the Governmental Fund types. Encumbrances represent commitments related to unperformed contracts for goods or services. The encumbrances outstanding at year ends are reported as reservations of fund balances and do not constitute expenditures or liabilities. The commitments will be honored during the subsequent year.

Mayor and Council have adopted revised budgets for all funds. Budget ordinances give the City Manager the authority to transfer within departments amounts not exceeding five percent of the total departmental budget as long as financial policies are adhered to.

The City Council adopts the budget. The City Council also adopts revisions for major items throughout the year. The City Charter requires the City to adhere to the budget appropriations as adopted by City Council. Department managers may not amend the total department budget amounts. Budget ordinances give the City Council the authority to revise budget appropriations. Revisions are very few in number and affect the budgets for the General Fund, Water/Wastewater Fund, Electric Revenue Fund, and Electric Improvement and Extension Fund. Budget ordinances give the City Manager the authority to transfer amounts not exceeding five percent of the total departmental budget within departments and between departments within funds. This is the legal level of budgetary control. If expenditures exceed appropriations by less than five percent of the total department budget, no formal Council approval procedure is required by the City budget ordinance. However, the City Council reviews all departmental budget activity on a regular basis and must approve all over expenditures of appropriations or transfer of appropriated amounts. All unencumbered appropriations lapse at the end of the fiscal year.

## BUDGET POLICY GUIDELINES

The City of Dover follows numerous policy guidelines when preparing the budget. The most significant guidelines follow:

The budget should be balanced with current revenues being equal to or greater than current expenditures/expenses. The following approaches are employed to balance the budget in order of priority: improve productivity, create new service fees, raise existing service fees based on the cost of services, eliminate programs, increase property taxes, and lastly, reduce or eliminate services.

The tax rate should be competitive with nearby cities and cities of comparable size. The rate should produce revenue adequate to pay for approved City services. Qualified senior citizens receive an \$18,000 exemption from assessed value.

The General Fund shall realize returns from the Enterprise Funds. The returns should not sacrifice improvements to the utilities. The budget includes transfers of \$5,463,008 from the Electric Fund and \$848,016 from the Water/Wastewater Fund. A guideline of not more than eight percent of fund revenues is used for these transfers.

Acceptable budgetary balance guidelines were established by Council. The General Fund should maintain a minimum reserve in the budget balance of at least eight percent of the current year operating revenues for the General Fund, excluding the carry forward balance. Water/Wastewater should maintain a minimum reserve in the budget balance of at least ten percent of the current year operating revenues for the Water/Wastewater Fund, excluding the carry forward balance. Electric Revenue Fund should maintain a minimum reserve in the budget balance of at least five percent of the current year operating revenues for the Electric Revenue Fund, excluding the carry forward balance.

Contingency Funds shall be maintained in the General, Water/Wastewater, and Electric Funds. These contingencies should be adequate to handle unexpected expenditures/expenses. The General and Water/Wastewater Funds should maintain an amount equal to at least two percent of the current year operating revenues. The Electric Revenue Fund should maintain an amount equal to at least one percent of the current year operating revenues. The City may only use monies in the contingency funds in times of unforeseen emergency expenditures.

Investments made by the City will address safety, liquidity, and yield. Interest earned from investment of available funds will be distributed to funds according to ownership of the invested funds. The City's investment policy authorizes investment of City funds in U.S. Government Securities, fully-insured or fully-collateralized Certificates of Deposit with federally insured institutions, the State investment pool, and Repurchase Agreements.

Utility rates are reviewed annually to ensure that they will generate revenues adequate to cover operating expenses, meet the legal requirements of bond covenants, and allow adequate capital replacement.

## OPERATIONAL STRUCTURE

Each operational fund is comprised of departments which are major organizational units of the City. Each department has overall management responsibility for one or more divisions. For all departments, a departmental vision; major programs, objectives, and measures; and strategic objectives and measures are presented. A line item listing of expenses is included along with a personnel summary and organization charts by functions and staffing.

# CITY OF DOVER

## 2004/05 BUDGET CALENDAR

07/01/03 - 08/29/03	<ul style="list-style-type: none"> <li>• FY 04 Budget Implementation</li> <li>• Department Heads training on objectives and measures formulation</li> </ul>
09/02/03 - 10/01/03	Department Heads formulate objectives and measures
10/01/03	Distribute budget packets at kick-off meeting
10/01/03 - 10/31/03	Work plan draft prepared (Major Program objectives and measures, Strategic Objectives - draft budget)
10/31/03	All written materials back to Administrative Services
11/14/03 - 11/26/03	Final review of draft work plan by Budget Team (draft budget)
12/08/03	Draft work plan presented to Council (draft budget)
12/15/03	<ul style="list-style-type: none"> <li>• 2005-2007 budget proposals submitted to HTE budget system</li> <li>• Entry lockout occurs for those levels</li> <li>• Salary budget packet distributed</li> </ul>
12/15/03 - 02/02/04	Assemble draft budget for review
01/14/04	<ul style="list-style-type: none"> <li>• Salary budget packet returned to Administrative Services</li> <li>• 2004 Revised budget submitted to HTE System; Entry lockout occurs</li> </ul>
02/02/04 - 02/13/04	Review draft budget with department heads
02/13/04 - 02/27/04	Revenue review
02/13/04 - 04/16/04	Review and assemble final draft
04/08/04	Review final draft with City Manager
05/03/04	Final draft to Council
05/12/04	Tentative Department Goals and Objectives review meetings (pending Council approval)
05/18/04	Tentative CIP review meetings (pending Council approval)
05/19/04 - 05/20/04	Tentative Budget review meetings as needed (pending Council approval)
06/14/04	Electric public hearing and first reading
06/28/04	Second reading; final adoption
07/01/04	Budget goes into effect

# COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNDESIGNATED FUND BALANCES ALL GOVERNMENTAL FUND TYPES

Fiscal Year 2005 Budget with Comparison to Fiscal Year 2004 Estimate  
(For Budgetary Purposes Only)

	GOVERNMENTAL FUND TYPES		TOTAL GOVERNMENTAL FUNDS	
	GENERAL FUND	SPECIAL REVENUE	2005 BUDGET	2004 ESTIMATE
<b>REVENUES</b>				
FINES AND POLICE REVENUE	948,740	0	948,740	948,300
LIBRARY REVENUE	330,700	0	330,700	329,045
BUSINESS LICENSES/PERMITS	2,255,373	0	2,255,373	2,029,661
MISCELLANEOUS CHARGES	2,239,223	0	2,239,223	2,185,104
PROPERTY TAX	7,396,454	0	7,396,454	7,205,850
TRANSFER TAX	1,400,000	0	1,400,000	1,340,000
INTEREST EARNED	150,000	15,614	165,614	178,384
INTRAFUND SERVICE RECEIPTS	4,898,863	0	4,898,863	4,011,344
GRANTS RECEIVED	1,890,000	1,394,170	3,284,170	3,058,936
TRANSFERS FROM OTHER FUNDS	6,561,024	873,857	7,434,881	7,136,016
<b>TOTAL REVENUES</b>	<b>28,070,377</b>	<b>2,283,641</b>	<b>30,354,018</b>	<b>28,422,640</b>
<b>EXPENDITURES</b>				
GENERAL ADMINISTRATION	5,984,236	0	5,984,236	4,791,577
PARKS AND RECREATION	1,659,336	0	1,659,336	1,490,456
PUBLIC SAFETY	11,241,800	0	11,241,800	11,644,253
PUBLIC WORKS	7,262,503	0	7,262,503	5,877,109
DEBT SERVICE	440,372	0	440,372	685,739
TRANSFER TO RETIREMENT HEALTH CARE	600,000	0	600,000	630,746
RETIREEES HEALTH CARE	646,627	0	646,627	582,638
PROGRAM EXPENDITURES	0	2,560,162	2,560,162	3,053,033
DEVELOPMENT PROJECTS	460,000	0	460,000	460,000
<b>TOTAL EXPENDITURES</b>	<b>28,294,874</b>	<b>2,560,162</b>	<b>30,855,036</b>	<b>29,215,551</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(224,497)</b>	<b>(276,521)</b>	<b>(501,018)</b>	<b>(792,911)</b>
FUND BALANCE - BEGINNING	2,478,863	854,194	3,333,057	4,125,968
<b>FUND BALANCE - ENDING</b>	<b>2,254,366</b>	<b>577,673</b>	<b>2,832,039</b>	<b>3,333,057</b>

The projected fund balance in the General Fund for June 30, 2005, of \$2,254,366 is eight percent of General Fund operating revenues excluding the carry forward balance. This amount is in compliance with established financial policies. We believe these guidelines will assist us in our efforts to be fiscally responsible. We believe the decrease in fund balance is a result of the carry forward of unfinished projects in Fiscal Year 2004 and their re-budgeting in Fiscal Year 2005. Special Revenue Fund balance appears to be decreasing slightly due to completion of carried forward projects from the previous year in the Community Transportation Improvement Fund.

# COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNDESIGNATED FUND BALANCES ALL PROPRIETARY FUND TYPES

Fiscal Year 2005 Budget with Comparison to Fiscal Year 2004 Estimate  
(For Budgetary Purposes Only)

	PROPRIETARY FUND TYPE		TOTALS	
	WATER/ WASTEWATER	ELECTRIC REVENUE	2005 BUDGET	2004 ESTIMATE
<b>REVENUES</b>				
CHARGES FOR SERVICES	9,683,185	61,750,713	71,433,898	66,635,591
MISCELLANEOUS SERVICES/INCOME	1,393,732	666,885	2,060,617	9,690,934
BOND ISSUE PROCEEDS	1,175,000	0	1,175,000	1,600,000
INTEREST EARNED	40,000	195,000	235,000	338,495
<b>TOTAL REVENUES</b>	<b>12,291,917</b>	<b>62,612,598</b>	<b>74,904,515</b>	<b>78,265,020</b>
<b>EXPENDITURES</b>				
WATER/WASTEWATER SERVICES	2,830,226	0	2,830,226	2,787,501
GENERAL ADMINISTRATION	0	760,759	760,759	770,225
PURCHASE POWER	0	40,555,237	40,555,237	37,361,136
TRANSMISSION/DISTRIBUTION	0	2,963,771	2,963,771	2,745,002
ENGINEERING	0	1,714,592	1,714,592	1,523,298
METERING	0	281,577	281,577	273,269
UTILITY TAX	0	1,182,367	1,182,367	1,023,996
ALLOWANCE FOR UNCOLLECTIBLES	0	125,000	125,000	125,000
RETIREES HEALTH CARE	96,330	456,656	552,986	502,654
INTRAFUND SERVICE FEES	1,025,270	3,873,593	4,898,863	4,011,344
INVENTORY RESERVE	0	125,000	125,000	125,000
POST-RETIREMENT BENEFITS RESERVE	100,000	200,000	300,000	793,108
TRANSFER TO GENERAL FUND	848,016	5,463,008	6,311,024	5,532,664
CAPITAL ITEMS	2,619,340	2,357,790	4,977,130	13,850,511
IMPACT FEE RESERVE	147,860	0	147,860	147,860
KENT COUNTY SEWER ADJUSTMENT	3,600,000	0	3,600,000	3,703,731
TRANSFER TO CONTINGENCY	0	22,000	22,000	0
FUTURE CAPACITY RESERVE	0	2,000,000	2,000,000	0
RATE STABILIZATION FUND	0	1,410,824	1,410,824	491,922
INTEREST ON DEPOSITS	0	15,000	15,000	25,000
DEBT SERVICE	1,620,811	2,623,372	4,244,183	4,463,382
<b>TOTAL EXPENDITURES</b>	<b>12,887,853</b>	<b>66,130,546</b>	<b>79,018,399</b>	<b>80,256,603</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(595,936)</b>	<b>(3,517,948)</b>	<b>(4,113,884)</b>	<b>(1,991,583)</b>
FUND BALANCE - BEGINNING	2,821,946	7,669,399	10,491,345	12,482,928
<b>FUND BALANCE - ENDING</b>	<b>2,226,010</b>	<b>4,151,451</b>	<b>6,377,461</b>	<b>10,491,345</b>

The projected fund balance in the Water/Wastewater Fund for June 30, 2005, of \$2,226,010 is ten percent of Water/Wastewater Fund operating revenues excluding the carry forward balance. This amount is in compliance with established financial policies. We believe these guidelines will assist us in our efforts to be fiscally responsible. We believe the decrease in fund balance is a result of the carry forward of unfinished projects in Fiscal Year 2004 and their re-budgeting in Fiscal Year 2005. We are also experiencing an increase cost to Kent County Sewer Treatment which is causing a deficit in that account.

The projected fund balance in the Electric Revenue Fund for June 30, 2005, of \$4,151,451 is five percent of Electric Revenue Fund operating revenues excluding the carry forward balance. This amount is in compliance with established financial policies. We believe these guidelines will assist us in our efforts to be fiscally responsible. We believe the decrease in fund balance is a result of the carry forward of unfinished projects in Fiscal Year 2004 and their re-budgeting in Fiscal Year 2005.

# COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNDESIGNATED FUND BALANCES ALL FUND SUMMARY

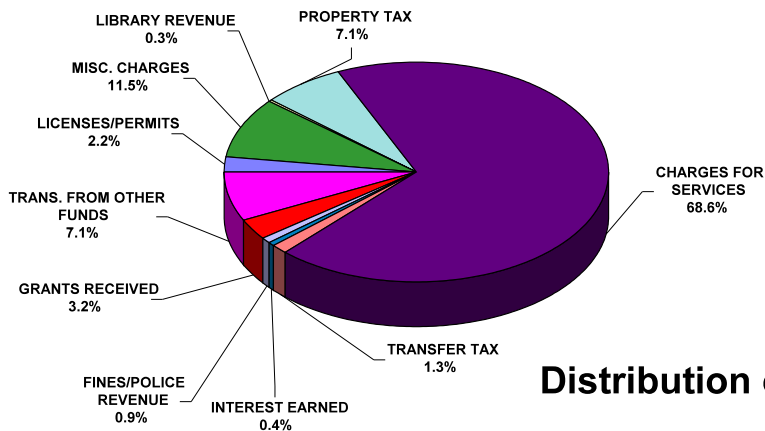
Fiscal Year 2005 Budget with Comparison to Fiscal Year 2004 Estimate  
(For Budgetary Purposes Only)

FUND SUMMARY TYPES		TOTALS	
GOVERNMENTAL FUND TYPES	PROPRIETARY FUND TYPES	2005 BUDGET	2004 ESTIMATE

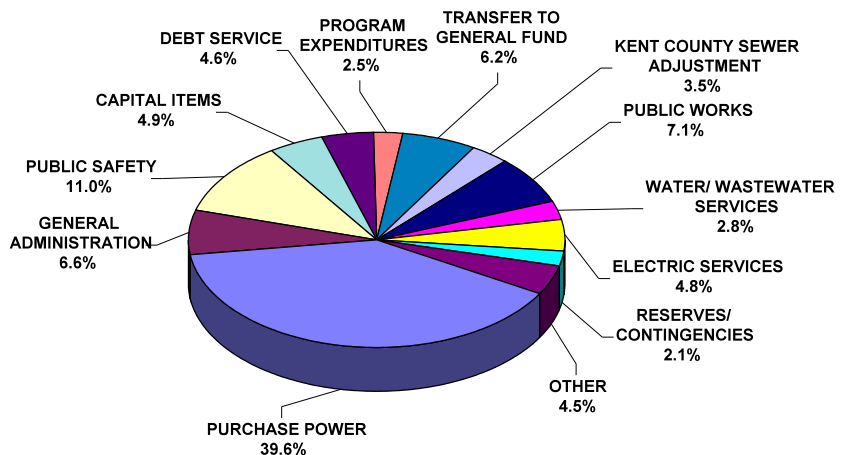
**REVENUES**

FINES AND POLICE REVENUE	948,740	0	948,740	948,300
LIBRARY REVENUE	330,700	0	330,700	329,045
BUSINESS LICENSES/PERMITS	2,255,373	0	2,255,373	2,029,661
MISCELLANEOUS CHARGES	2,239,223	2,060,617	4,299,840	11,876,038
PROPERTY TAX	7,396,454	0	7,396,454	7,205,850
TRANSFER TAX	1,400,000	0	1,400,000	1,340,000
INTEREST EARNED	165,614	235,000	400,614	516,879
INTRAFUND SERVICE RECEIPTS	4,898,863	0	4,898,863	4,011,344
GRANTS RECEIVED	3,284,170	0	3,284,170	3,058,936
TRANSFERS FROM OTHER FUNDS	7,434,881	0	7,434,881	7,136,016
BOND ISSUE PROCEEDS	0	1,175,000	1,175,000	1,600,000
CHARGES FOR SERVICES	0	71,433,898	71,433,898	66,635,591
<b>TOTAL REVENUES</b>	<b>30,354,018</b>	<b>74,904,515</b>	<b>105,258,533</b>	<b>106,687,660</b>

### Distribution of Revenues - All Funds



### Distribution of Expenditures - All Funds



# COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNRESERVED FUND BALANCES ALL FUND SUMMARY

Fiscal Year 2005 Budget with Comparison to Fiscal Year 2004 Estimate  
(For Budgetary Purposes Only)

	FUND SUMMARY TYPES		TOTALS	
	GOVERNMENTAL FUND TYPES	PROPRIETARY FUND TYPES	2005 BUDGET	2004 ESTIMATE
<b>EXPENDITURES</b>				
GENERAL ADMINISTRATION	5,984,236	760,759	6,744,995	5,561,802
PARKS AND RECREATION	1,659,336	0	1,659,336	1,490,456
PUBLIC SAFETY	11,241,800	0	11,241,800	11,644,253
PUBLIC WORKS	7,262,503	0	7,262,503	5,877,109
DEBT SERVICE	440,372	4,244,183	4,684,555	5,149,121
TRANSFER TO INVENTORY RESERVE	0	125,000	125,000	125,000
CONTINGENCY	0	22,000	22,000	0
POST-RETIREMENT BENEFITS RESERVE	600,000	300,000	900,000	1,423,854
RETIREES HEALTH CARE	646,627	552,986	1,199,613	1,085,292
INTRAFUND SERVICE FEES	0	4,898,863	4,898,863	4,011,344
PROGRAM EXPENDITURES	2,560,162	0	2,560,162	3,053,033
DEVELOPMENT PROJECTS	460,000	0	460,000	460,000
WATER/WASTEWATER SERVICES	0	2,830,226	2,830,226	2,787,501
PURCHASE POWER	0	40,555,237	40,555,237	37,361,136
TRANSMISSION AND DISTRIBUTION	0	2,963,771	2,963,771	2,745,002
ENGINEERING	0	1,714,592	1,714,592	1,523,298
METERING	0	281,577	281,577	273,269
UTILITY TAX	0	1,182,367	1,182,367	1,023,996
ALLOWANCE FOR UNCOLLECTIBLES	0	125,000	125,000	125,000
TRANSFER TO GENERAL FUND	0	6,311,024	6,311,024	5,532,664
CAPITAL ITEMS	0	4,977,130	4,977,130	13,850,511
IMPACT FEE RESERVE	0	147,860	147,860	147,860
KENT COUNTY SEWER ADJUSTMENT	0	3,600,000	3,600,000	3,703,731
FUTURE CAPACITY RESERVE	0	2,000,000	2,000,000	0
RATE STABILIZATION FUND	0	1,410,824	1,410,824	491,922
INTEREST ON DEPOSITS	0	15,000	15,000	25,000
<b>TOTAL EXPENDITURES</b>	<b>30,855,036</b>	<b>79,018,399</b>	<b>109,873,434</b>	<b>109,472,154</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(501,018)</b>	<b>(4,113,884)</b>	<b>(4,614,902)</b>	<b>(2,784,494)</b>
FUND BALANCE - BEGINNING	3,333,057	10,491,345	13,824,402	16,608,896
<b>FUND BALANCE - ENDING</b>	<b>2,832,039</b>	<b>6,377,461</b>	<b>9,209,500</b>	<b>13,824,402</b>

The Council reviewed the proposed budget in May and 2004 and set June 14, 2004, for the Electric Public Hearing. Public comments on the budget were also taken on this date. The budget is made available at City Hall, Dover Public Library, and Weyandt Hall, which is located at 5 East Reed Street.

According to the ordinance, the proposed budget must go through two readings. After the budget's adoption, monthly financial reports are issued to monitor and control the budget during the fiscal year.

## **AMENDING THE BUDGET**

There are two ways of amending any individual budget. Although the budget is presented as a line item budget, Department Heads are permitted to change the breakdown within the materials and supplies and administrative groups of accounts (20, 30) as long as the total budgeted for that department is not exceeded. Department heads are not authorized to re-appropriate salary or capital items.

Through budget ordinance, the City Manager has the authority to make interdepartmental transfers of up to five percent as long as financial policies are adhered.

Any re-budgeting of available fund balances must have the approval of the City Council.