

GENERAL FUND

GENERAL FUND

ORIGIN, PURPOSE, AND ISSUES

The General Fund is the operating fund of the City and is used to account for all revenues and expenditures accounted for in the designated funds. This fund contains those City departments that provide traditional municipal services but which do not generate sufficient fee-for-service revenues to be self-supporting and are, therefore, financed principally by various tax liens and nonspecific fund transfers. The variety and diversity of the departments included in the fund results in the title – General. The General Fund receives fees under Intrafund Service Receipts. Allocations are based on documented calculations for services rendered.

REVENUE HIGHLIGHTS

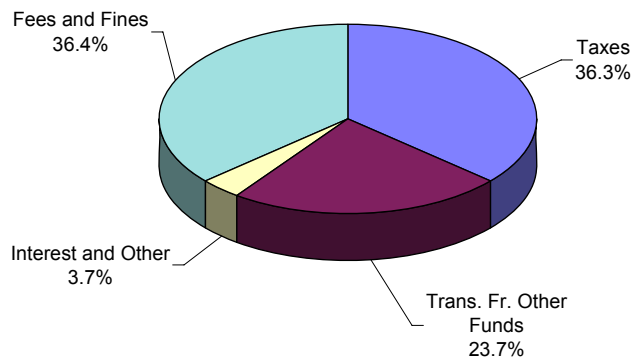
- Property taxes are valued at 100 percent of appraised value. The tax rate used for Fiscal Year 2007 remains at \$.33 for every \$100 of assessed value. Property values were reassessed in Fiscal Year 2005. The Council set the Fiscal Year 2006 rate at \$.33 per \$100 of assessed value. Assessed value is projected to be \$2.5 billion – an increase of 2.71 percent over 2006 billed assessed value. The increase is attributed to growth and corrections to our tax records.
- Interest earnings are projected to increase 54.6 percent. This is a result of better interest rates on our investments.
- Transfer tax revenues were revised higher in Fiscal Year 2006 to \$2.9 million. This reflects our actual revenue streams. Fiscal Year 2007 revenue is also budgeted at \$2.9 million.
- Civil Traffic Penalties are projected upward from revised estimates in Fiscal Year 2006. This projection was made to reflect current revenue.
- Police Related Grants are projected downward to reflect the expiration of the Weed & Seed grant. Police Related Grants revenue is decreasing overall as reimbursement for the four officers hired under the Universal Hiring Grant is phased out. The Universal Hiring Program Grant will provide \$18,000. The Federal Grant for two School Resource Officers is \$68,000. According to our contract with Capital School District, the City should receive \$38,285 from the school district.
- Homeland Security Grants (\$69,650) have been requested for a Fire Marshal Investigation Van and Trailer. There is a corresponding expense associated with the grants. If no money is received from grants, the van and trailer will be deferred.
- Transfers from the Water/Wastewater Fund (\$535,000) were held at Fiscal Year 2006 levels. This is in an effort to retain more revenues in the Water/Wastewater Fund for improvements to the water and wastewater distribution systems. The transfer from the Water/Wastewater Fund is equal to approximately 4.5 percent of the Fund's revenue. The reduction is also part of an effort to reduce the General Fund's dependency on the revenue funds. The Electric Fund transfer was also maintained at Fiscal Year 2006 levels. This is also an effort to retain more revenues in the Electric Revenue Fund to minimize the impact of our power costs on our customers. The transfer from the Electric Fund is equal to approximately 6.5 percent of the Fund's revenue.
- Recreation related grants reflect a \$300,000 donation from Kent County for the John W. Pitts Recreation Center. Miscellaneous revenue contains \$50,000 donation from Dover Downs.
- The Fiscal Year 2006 revised carry forward balance exceeds the eight percent balance requirement by \$1,651,437. In the Fiscal Year 2007 proposed budget, the carry forward balance meets the necessary eight percent fund balance requirement and exceeds it by \$49,921.
- The Contingency Fund balance equals \$665,125 and meets the required two percent (\$664,629) of operating revenues. We propose transferring excess contingency funds to the OPEB Reserve (\$100,000) and the Library Fund (\$100,000).

The General Fund is financed principally by various tax liens, franchise taxes, license and permit fees, fines, fund transfers, and miscellaneous revenue sources. Taxes are the largest single source of revenue for the General Fund. Property taxes and transfer taxes are 36.2 percent of the General Fund's revenue. Fees and fines make up 22.45 percent of the revenue in the General Fund. This consists of police fines and business licenses and permits. Transfers from other funds contribute 24 percent of revenue to the General Fund. These transfers are from the Electric Revenue Fund (\$5,700,000), the Water/Wastewater Fund (\$535,000), Municipal Street Aid, and Civil Traffic Penalties. Intrafund Service Fees or fees for services from other funds contribute 15 percent to General Fund revenue.

The operating revenues total \$37.4 million. This represents a 5.6 percent increase from Fiscal Year 2006. Revenues, excluding prior year balances, are projected to increase three percent over Fiscal Year 2006 revenues. We propose to carry \$2.7 million to next year as a beginning balance.

GENERAL FUND REVENUE

Fiscal Year 2006-2007



OPERATING EXPENSE HIGHLIGHTS

- Increased costs are budgeted citywide for health care and pension. Base rates for health care rose approximately six percent.
- Pension rates as a percentage of salary rose approximately 3.81 percent to 27.4 percent. Our lump sum contribution to the police pension plan remains at \$95,000. These increases resulted in increased costs to all funds of \$417,893 (health) and \$674,527 (pension).
- This budget transfers \$250,000 to the City's OPEB Reserve. Although this is not yet a requirement, it is prudent to begin funding this liability.
- This budget transfers \$401,951 to the City's Unfunded Pension Liability.
- A three percent increase is budgeted in Fiscal Year 2007 for the IUE bargaining units as per their contract.
- An increase is budgeted citywide for non-bargaining employees in this budget. Increases will be based on performance under the new Pay-For-Performance plan adopted by Council in Fiscal Year 2004. See the Pay-For- Performance section of this budget for further details.
- A one percent cost of living adjustment is budgeted for retirees in the City's general pension plan.
- Four and one half new positions are proposed for the General Fund.
 - One police officer is budgeted in the Police Department for a Quality of Life Task Force. This completes the Task Force as planned.
 - Two positions are requested for Customer Service – an Account Clerk I and an Account Clerk III. These positions are the first new positions for this department since 1996. Staffing was actually

- decreased in 2000 by .5 FTE, yet this division has taken on the added responsibilities of tax billing and collections, the recycling program, and an additional customer base of nearly ten percent.
- With the anticipation that the Human Resources Department will begin handling all risk management, vehicle/equipment insurance, and registration of all vehicle and equipment purchases for the City of Dover by June 2007, the Human Resources Department will need the addition of one full-time staff member. The City Clerk's Office currently handles these duties. The Human Resources Department currently has one part-time employee. This position would be eliminated. The full-time employee would assume the new responsibilities as well as the duties the part-time clerk in Human Resources currently completes.
- An Administrative Assistant is added for the Tax Office. This position will handle the day-to-day management of the office and will allow existing staff to work in the field.
- There are also two promotions. The Central Services division is reclassifying the purchasing agent to a Contract and Procurement Manager. The Public Works Office Assistant position is being reclassified to an Administrative Assistant position.
- Attrition has been budgeted in larger departments. This was accomplished by reducing salaries by one to two percent.
- A transfer of \$350,000 has been budgeted for transfer to the Parkland/Recreation Reserve. This represents the Kent County donation (\$300,000) and the Dover Downs donation (\$50,000).

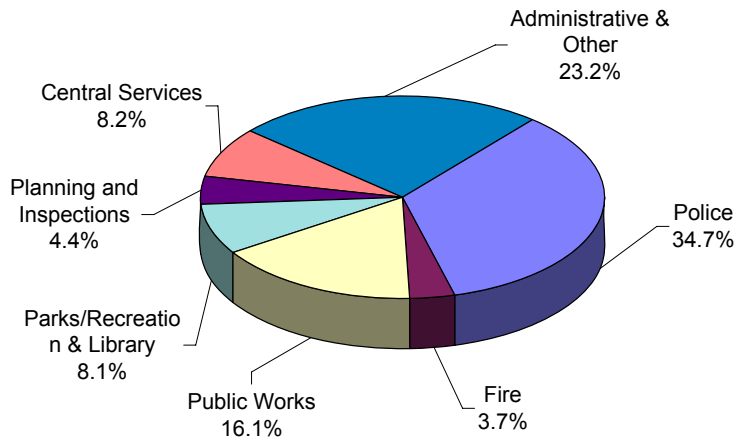
MAJOR GENERAL FUND CAPITAL PROJECTS FOR FISCAL YEAR 2007

- Work toward a West Side Recreation Center will continue during Fiscal Year 2007. Planning, specification, design, and construction documents are planned for completion during Fiscal Year 2007. This is fully funded from grants and the Parkland Fund. This will involve \$964,000 being transferred from the Parkland Fund to the General Fund for this purpose.
- A citywide Voice Over Internet Protocol (VoIP) phone system implementation continues. In Fiscal Year 2006, \$130,000 was budgeted to develop specification requirements, create a Request for Proposal, and acquire the system. The request for proposals revealed that \$130,000 was insufficient to acquire the system. An additional \$320,000 has been budgeted to acquire the system. Once implemented, the system is forecasted to save \$12,000 per year based on elimination of 50 Centrex phone lines.
- The annual contribution to Robbins Hose Co. is included per the revised schedule from Fiscal Year 2006. The Fiscal Year 2007 contribution includes payments for capital equipment of \$196,000 and \$60,000 for the mortgage on Station #2. Robbins Hose has requested an additional project be funded. Robbins Hose needs to replace communications equipment and radios. Replacement of the equipment will ensure reliability. Currently it is difficult to find replacement parts or acquire service for the system. The cost of the project is estimated to be \$400,000.
- A five-year project that began in Fiscal Year 2003 to replace existing playground equipment at five parks with age-appropriate equipment that is accessible to all children continues. The project projects spending \$57,000 in Fiscal Year 2007. The Parks and Recreation Department is requesting a new stagemobile to replace its current one that is 15 years old.
- The Police Department is planning an upgrade of their Heating, Ventilation, and Air-Conditioning Control System (\$69,324). This project involves the replacement of the current Trane Tracer 100 computer system that controls the heating, ventilation, and air-conditioning system with a simpler, non-proprietary system. The Police Department is also continuing to replace carpet (\$21,879) on the first floor of the Police station that is bubbling up and creating a safety hazard. \$30,000 has been budgeted to repair the front steps of the Police Station. The steps have been continuing to deteriorate despite continued efforts to repair them, and they are a safety concern.

- The Street and Alley Program for Fiscal Year 2007 will rehabilitate approximately five percent of the street and alley network at an estimated cost of \$1 million. This program identifies maintenance costs for 76.57 miles of streets and 15.24 miles of alleys. The City’s contribution from the General Fund is budgeted at \$350,000 with \$1 million funding from the Community Transportation Fund. \$60,000 has been budgeted for Concrete Construction and Replacement.
- Citywide vehicle and equipment replacement is projected to be approximately \$1.1 million for Fiscal Year 2007. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.
- General Fund vehicle and equipment replacement is projected to be approximately \$796,675 for Fiscal Year 2007. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

GENERAL FUND EXPENDITURES

Fiscal Year 2006-2007



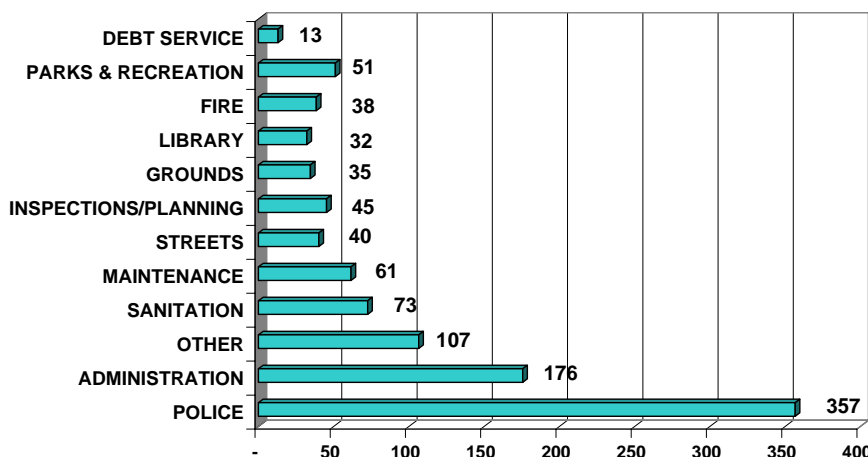
Direct services to customers are 68.6 percent of expenditures in the General Fund. Direct services include Police; Fire; Public Services/Public Works; Planning and Inspections; and Parks, Recreation, and Library. The City continues to put emphasis on public safety – 40.9 percent of direct services expenditures are for public safety.

The remainder of the expenditures are related to support, administrative, debt service, and reserves such as Mayor, City Council, City Manager, Central Services (vehicle maintenance, purchasing), City Clerk, Customer Services, Finance, Human Resources, and Information Technology.

The following chart displays cost per capita for City services. These costs are based on an estimated population of 34,288.

PROJECTED COST PER CAPITA BY FUNCTION

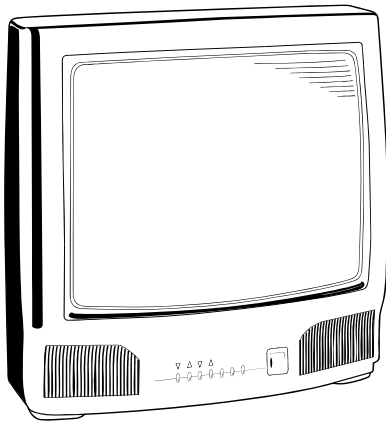
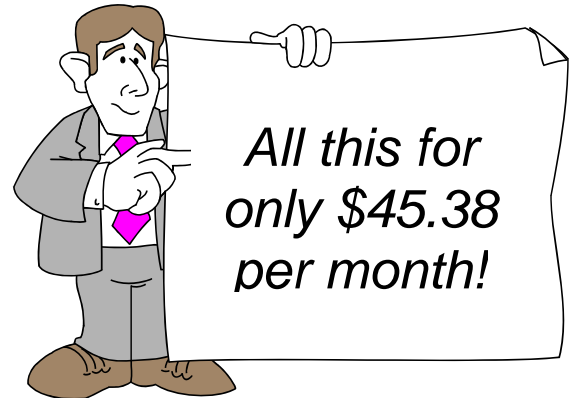
Fiscal Year 2006-2007



THE VALUE OF CITY SERVICES

Based on an average assessed home value of \$165,000, each household will pay \$544.50 in City taxes for the year, or \$45.38 per month, to support these City services:

- ✓ 24-hour police protection
- ✓ 24-hour 911 service
- ✓ library facilities
- ✓ 26 park facilities
- ✓ recreational programming for all age groups
- ✓ building inspection and permit services
- ✓ code enforcement services
- ✓ customer information and assistance
- ✓ comprehensive land-use planning
- ✓ housing assistance for targeted populations



In comparison, the cost of cable TV with standard service is \$51.65 per month or \$619.80 per year.

Your tax-supported City services are a great value!

For less than the comparable monthly cable television bill, City residents receive all their tax-supported services at an average cost of \$45.38* per month!

GENERAL FUND CASH RECEIPT SUMMARY

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	—	2,865,516	2,676,101	3,223,548	4,232,792	31.3%
FINES AND POLICE REVENUE	73	794,467	728,020	746,520	760,000	1.8%
911 FEE	73	64,137	64,000	64,000	64,000	0.0%
INTEREST TRANSFERS AND EARNINGS	72	139,444	150,000	187,565	290,000	54.6%
LIBRARY REVENUES	73	50,852	46,450	53,000	49,500	-6.6%
KENT COUNTY BOOK REIMBURSEMENT	73	295,800	375,000	340,000	350,000	2.9%
BUSINESS LICENSES	73	1,243,327	1,275,000	1,318,000	1,310,000	-0.6%
PERMITS AND OTHER LICENSES	73	1,007,765	871,400	1,118,500	1,000,000	-10.6%
MISCELLANEOUS CHARGES	73	55,310	44,650	103,416	93,054	-10.0%
POLICE EXTRA DUTY	73	303,195	377,720	270,000	350,000	29.6%
PROPERTY TAXES	72	7,370,318	8,161,808	8,806,471	9,148,680	3.9%
RECREATION REVENUE	73	101,296	95,500	95,500	95,500	0.0%
FRANCHISE FEE	74	395,821	360,000	409,748	410,000	0.1%
TRANSFER TAX	72	2,379,548	2,400,000	2,900,000	2,900,000	0.0%
TRASH FEES	73	905,481	1,074,560	1,074,560	1,088,540	1.3%
DSWA TRASH FEE REBATE	73	175,583	176,000	167,476	170,000	1.5%
RENT REVENUE - GARRISON FARM	73	28,213	28,213	28,213	28,213	0.0%
COURT OF CHANCERY FEES	74	710,380	540,000	710,000	710,000	0.0%
INTERNET REVENUE	73	17,205	20,000	12,000	10,000	-16.7%
CURBSIDE RECYCLING	73	-	-	10,000	24,000	140.0%
INTRAFUND SERVICE RECEIPTS WATER/WASTEWATER	74	932,708	1,139,901	1,097,747	1,176,357	7.2%
INTRAFUND SERVICE RECEIPTS ELECTRIC	74	3,536,040	3,741,085	3,834,113	3,869,378	0.9%
<u>GRANTS:</u>						
POLICE RELATED	73	352,964	160,000	190,000	43,000	-77.4%
DOWNTOWN AMENITIES	—	25,000	-	-	-	0.0%
STATE GRANT - TRAIL MAINTENANCE	—	2,400	-	-	-	0.0%
CAPITAL SCHOOL DISTRICT REVENUE	—	-	-	112,282	106,285	-5.3%
RECREATION GRANTS	—	-	-	300,000	300,000	0.0%
INSURANCE AGENCY FIRE SAFETY GRANT	—	-	-	4,500	5,500	22.2%
MISC GRANT REVENUE	—	7,500	100,000	100,000	-	-100.0%
HOMELAND SECURITY GRANT	—	-	-	213,581	69,650	-67.4%
SALE OF LAND	—	13,000	-	59,850	-	-100.0%
<u>TRANSFERS FROM:</u>						
MUNICIPAL STREET AID	73	792,242	792,000	659,704	660,000	0.0%
CIVIL TRAFFIC PENALTIES	74	258,837	500,000	902,000	950,000	5.3%
WATER/WASTEWATER	74	848,016	535,785	535,785	535,000	-0.1%
ELECTRIC	74	5,463,008	5,716,956	5,716,956	5,700,000	-0.3%
BOND RESERVE	74	1,040	-	-	-	0.0%
PARKLAND RESERVE	74	-	-	125,000	964,800	671.8%
TOTALS		31,136,413	32,150,149	35,490,035	37,464,249	5.6%

GENERAL FUND EXPENSE SUMMARY

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
DEPARTMENT EXPENSES:						
CITY CLERK	293	301,129	361,757	361,757	308,362	-14.8%
COUNCIL	275	125,827	127,754	127,754	119,218	-6.7%
TAX ASSESSOR	361	301,445	168,400	181,766	273,777	50.6%
FIRE	308	911,534	969,254	964,479	1,299,787	34.8%
PUBLIC SERVICES - GROUNDS MAINTENANCE	355	989,042	1,045,638	1,054,384	1,168,150	10.8%
LIBRARY	326	909,005	1,010,851	973,332	1,087,627	11.7%
RECREATION	325	617,624	645,406	815,675	1,728,179	111.9%
PUBLIC SERVICES -PLANNING	346	202,516	256,846	218,371	338,564	55.0%
PUBLIC SERVICES- INSPECTIONS	347	898,687	1,022,441	961,472	1,191,003	23.9%
POLICE	337	10,003,442	10,757,794	10,676,416	11,639,643	9.0%
POLICE EXTRA DUTY	336	468,581	452,280	395,000	425,000	7.6%
PUBLIC SERVICES - STREETS	357	1,237,428	1,301,050	1,353,472	1,359,197	0.4%
PUBLIC SERVICES - SANITATION	356	1,940,866	2,335,873	2,320,034	2,453,231	5.7%
CITY MANAGER	281	358,401	462,205	615,149	642,239	4.4%
INFORMATION TECHNOLOGY	318	741,812	962,192	976,670	941,400	-3.6%
FINANCE	303	598,639	677,994	670,050	715,733	6.8%
PUBLIC SERVICES - ADMINISTRATION	353	306,773	321,002	334,843	317,485	-5.2%
FACILITIES MANAGEMENT	287	958,764	944,818	860,166	1,402,610	63.1%
PUBLIC SERVICES - ENGINEERING AND INSPECTION	354	253,299	298,451	294,326	312,126	6.0%
CENTRAL SERVICES	286	755,866	876,287	714,792	759,832	6.3%
FLEET MAINTENANCE	288	581,689	656,947	668,367	676,695	1.2%
CUSTOMER SERVICES	298	1,072,083	1,119,930	961,159	1,036,712	7.9%
HUMAN RESOURCES	313	271,823	325,114	324,909	399,475	22.9%
MAYOR	269	96,131	109,239	111,875	114,661	2.5%
DEPARTMENT SUBTOTALS		24,902,406	27,209,523	26,936,218	30,710,706	14.0%
OTHER EXPENSES:						
DEBT SERVICE	—	440,372	435,247	435,247	441,232	1.4%
TRANSFER TO OPEB	386	600,000	150,000	250,000	250,000	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	—	-	-	-	262,455	0.0%
TRANSFER TO PENSION COLA	—	-	-	-	139,749	0.0%
TRANSFER TO WORKERS COMP	384	16,000	-	-	-	0.0%
TRANSFER TO CONTINGENCY	69	-	34,000	-	8,007	0.0%
TRANSFER TO CAPITAL ASSET RESERVE	68	-	150,000	150,000	-	-100.0%
DSWA RECYCLING PROGRAM	—	-	-	10,000	24,000	140.0%
COPIER EXPENSE	—	4,863	-	-	-	0.0%
INSURANCE	—	431,871	465,980	465,980	465,980	0.0%
RETIRES HEALTH CARE	—	590,587	732,555	644,624	763,982	18.5%
STREET LIGHTS	—	534,682	533,000	533,000	746,200	40.0%
IT EMERGENCY PREPAREDNESS PLAN	—	-	100,000	100,000	-	-100.0%
HOMELAND SECURITY GRANT	—	-	-	213,581	-	-100.0%
TRANSFER TO PARKLAND/RECREATION RESERVE	387	374,970	-	1,508,593	350,000	-76.8%
TRANSFER TO LIBRARY RESERVE	388	-	-	-	583,500	0.0%
UNCOLLECTIBLES - TRASH AND OTHER	—	10,000	10,000	10,000	10,000	0.0%
TRANSFER TO INVENTORY RESERVE	—	7,114	-	-	-	0.0%
CURRENT YEAR BALANCE	—	3,223,548	2,329,844	4,232,792	2,708,438	-36.0%
OTHER EXPENSES SUBTOTALS		6,234,007	4,940,626	8,553,817	6,753,543	-21.0%
TOTALS		31,136,413	32,150,149	35,490,035	37,464,249	5.6%

* SEE DETAIL EXPLANATIONS OF EXPENDITURES IN EACH DEPARTMENT FOR FURTHER INFORMATION.

GENERAL CAPITAL ASSET REPLACEMENT FUND

ORIGIN AND PURPOSE

This fund was established in 2002 for the purpose of providing funds for the replacement and expansion of the City's long-term assets (i.e., infrastructure, buildings).

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the General Fund.

CASH RECEIPTS ESTIMATE

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
BEGINNING BALANCE	164,272	164,969	167,558	326,228	94.7%
INTEREST EARNINGS	3,286	4,949	8,670	14,680	69.3%
TRANSFER FROM GENERAL FUND	-	150,000	150,000	-	-100.0%
TOTALS	167,558	319,918	326,228	340,908	4.5%

EXPENSE SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
CARRY FORWARD TO NEXT YEAR	167,558	319,918	326,228	340,908	4.5%
TOTALS	167,558	319,918	326,228	340,908	4.5%

GENERAL CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established by Council action to serve as a "rainy day" source of funds in case of a General Fund emergency.

SOURCE OF FUNDS

Transfer from the General Fund

COMMENTS

The General Contingency Fund must equal two percent of the current year operating revenues for the General Fund or \$664,629. The City will transfer \$8,007 to the contingency fund to meet this requirement. The interest is retained in the fund. Only City Council can authorize expenditures from the fund.

CASH RECEIPTS ESTIMATE

	2004/05 ACTUAL	2005/06 BUDGET	(For Informational Purposes Only)		%CHANGE 2006/07
			2005/06 REVISED	2006/07 BUDGET	
BEGINNING BALANCE	788,109	554,952	800,862	820,209	2.4%
INTEREST EARNINGS	12,753	16,843	19,347	36,909	90.8%
TRANSFER FROM GENERAL FUND	-	34,000	-	8,007	0.0%
TOTALS	800,862	605,795	820,209	865,125	5.5%

EXPENSE SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	(For Informational Purposes Only)		%CHANGE 2006/07
			2005/06 REVISED	2006/07 BUDGET	
TRANSFER TO OPEB	-	-	-	100,000	0.0%
TRANSFER TO LIBRARY FUND	-	-	-	100,000	0.0%
CARRY FORWARD TO NEXT YEAR	800,862	605,795	820,209	665,125	-18.9%
TOTALS	800,862	605,795	820,209	865,125	5.5%

DEPARTMENT ALLOCATIONS

Beginning in Fiscal Year 2004, all previously classified Intergovernmental Service Fund divisions except Construction (classified as a Water/Wastewater division) are budgeted in the General Fund. This eliminated the Intergovernmental Service Fund.

These allocations were derived from detailed calculations and are a truer representation of services rendered and reimbursed.

SOURCE OF REVENUES

FUND 110 ALLOCATIONS FISCAL YEAR 2006 REVISED

	GENERAL	WATER/WASTEWATER	ELECTRIC
MAYOR	18.7%	16.2%	65.1%
COUNCIL	18.7%	16.2%	65.1%
CITY MANAGER	18.7%	16.2%	65.1%
CENTRAL SERVICES - WAREHOUSE	11.3%	6.3%	82.4%
FACILITIES MANAGEMENT	63.7%	5.2%	31.1%
FLEET MAINTENANCE	49.4%	22.0%	28.6%
CITY CLERK	18.7%	16.2%	65.1%
CUSTOMER SERVICES	15.4%	14.5%	70.1%
FINANCE/TREASURER	18.7%	16.2%	65.1%
HUMAN RESOURCES	70.3%	9.8%	19.9%
INSURANCE	35.7%	14.3%	50.0%
INFORMATION TECHNOLOGY	53.3%	13.6%	33.1%
GROUNDS	70.0%	5.0%	25.0%
PUBLIC WORKS - ADMINISTRATION	60.6%	39.4%	0.0%

DEPARTMENT ALLOCATIONS*(continued)***FUND 110 ALLOCATIONS
FISCAL YEAR 2007 PROJECTED**

	GENERAL	WATER/WASTEWATER	ELECTRIC
MAYOR	19.8%	15.9%	64.3%
COUNCIL	19.8%	15.9%	64.3%
CITY MANAGER	19.8%	15.9%	64.3%
CENTRAL SERVICES - WAREHOUSE	8.6%	7.1%	84.3%
FACILITIES MANAGEMENT	63.1%	5.4%	31.5%
FLEET MAINTENANCE	51.6%	18.1%	30.3%
CITY CLERK	19.8%	15.9%	64.3%
CUSTOMER SERVICES	19.2%	20.5%	60.3%
FINANCE/TREASURER	19.8%	15.9%	64.3%
HUMAN RESOURCES	70.9%	9.7%	19.4%
INSURANCE	36.6%	14.2%	49.2%
INFORMATION TECHNOLOGY	55.8%	13.6%	30.6%
PUBLIC WORKS - ADMINISTRATION	59.1%	40.9%	0.0%
GROUNDS	84.0%	4.0%	12.0%

GENERAL FUND REVENUES FISCAL YEAR 2007

REVENUE TYPE: PROPERTY TAX

CRITICAL ASSUMPTION: Property taxes are valued at 100 percent of appraised value. The tax rate is \$.33 for every \$100 of assessed value and remains unchanged. Revenues are projected to decrease. We believe this may be due to growth and better assessment practices in the Assessor's office.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
7,370,318	8,161,808	8,806,471	9,148,680	342,209	3.9%

REVENUE TYPE: TRANSFER TAX

CRITICAL ASSUMPTION: Real estate transfer taxes are one and a half percent of real estate transfer prices. They fluctuate with the real estate market. Revenue for Fiscal Year 2006 has been revised upward to reflect the current revenue. Revenues for Fiscal Year 2007 are projected to remain stable.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
2,379,548	2,400,000	2,900,000	2,900,000	0	0.0%

REVENUE TYPE: INTEREST

CRITICAL ASSUMPTION: Interest income is adjusted in Fiscal Years 2006 and 2007 to reflect current revenue streams. This revenue is dependent upon working capital availability and interest rates.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
139,444	150,000	187,565	290,000	102,435	54.6%

REVENUE TYPE: LICENSE, PERMIT, AND FINES

CRITICAL ASSUMPTION: Business licenses are cyclical with the economy and specifically with construction activity. Business License fees were increased in June 2004. Revenue in Fiscal Year 2006 is revised to increase over original estimates. This adjustment was made to reflect current revenue trends. In Fiscal Year 2007, revenue is projected to return to more normal levels.

Permit fees are sensitive to the economy with respect to the construction industry and individual property owners' disposable income. Also, collection is a function of enforcement. Most of the permit fees were increased in June 2004. Fiscal Year 2006 revenue was revised upward in anticipation of larger building permits. Fiscal Year 2007 revenue is revised downward to more normal levels.

2004-2005 Actual	2005-2006 Budget	2005-2006 Revised	2006-2007 City Manager Budget	2006-2007 Difference	% Change
2,251,092	2,146,400	2,436,500	2,310,000	-126,500	-5.2%

REVENUE TYPE: USER FEES AND OTHER

CRITICAL ASSUMPTION: These revenues are directly proportional to usage. Fiscal Year 2006 revenues are expected to increase over original estimates by \$566,422. This is primarily due to adjusting Civil Traffic Penalties upward \$402,000 and Court of Chancery Fees upward \$170,000. These adjustments were made to reflect current revenue streams. Revenues for Fiscal Year 2007 are expected to increase due to an increase from Civil Traffic revenues, a projected increase in Fines and Police revenue, and trash fee revenues increasing from growth in our customer base. Other revenue is expected to remain stable.

2004-2005 Actual	2005-2006 Budget	2005-2006 Revised	2006-2007 City Manager Budget	2006-2007 Difference	% Change
3,773,756	4,070,113	4,636,535	4,742,807	106,272	2.3%

REVENUE TYPE: GRANTS

CRITICAL ASSUMPTION: Revised revenue estimates for Fiscal Year 2006 project an increase of \$660,363 in grants over original estimates. This is primarily because the City received Homeland Security Grants it had not anticipated for projects and Recreation Grants for the John W. Pitts Recreation Center. In Fiscal Year 2007, grant revenue is expected to decrease \$395,928. This is primarily due to reduced amounts of Homeland Security Grants. The remaining grants revenue is declining as the Universal Hiring Grant for four police officers phases out. Municipal Street Aid funds are expected to remain stable.

2004-2005 Actual	2005-2006 Budget	2005-2006 Revised	2006-2007 City Manager Budget	2006-2007 Difference	% Change
387,864	260,000	920,363	524,435	-395,928	-43.0%

REVENUE TYPE: TRANSFERS

CRITICAL ASSUMPTION: Transfers from enterprise funds for Fiscal Year 2006 are expected to decrease from original estimates. This is due to less than budgeted receipts from Municipal Street Aid. These transfers are expected to increase in Fiscal Year 2007 by \$822,355. This is due to an additional transfer from the Parkland Reserve for work to begin on the John W. Pitts Recreation Center. Transfers from the utility funds in Fiscal Year 2007 are budgeted to remain approximately the same as budgeted in Fiscal Year 2006. This is part of an effort to reduce the General Fund's dependency on the utility funds. Transfer from the Water/Wastewater Fund (\$535,000) is approximately 4.5 percent of the Fund's revenue. The Electric Revenue Fund transfer (\$5,700,000) is equal to 6.5 percent of the Fund's revenue. No monies are projected to be transferred from the Capital Asset Replacement Fund.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
7,104,306	7,044,741	7,037,445	7,859,800	822,355	11.7%

REVENUE TYPE: FRANCHISE FEES

CRITICAL ASSUMPTION: The City collects a franchise fee from Comcast Cablevision and Cavalier each year. Fiscal Year 2006 revenues are projected to increase. This is to reflect current revenue. Fiscal Year 2007 revenue is projected to remain stable with revised Fiscal Year 2006 receipts.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
395,821	360,000	409,748	410,000	252	0.1%

REVENUE TYPE: INTRAFUND SERVICE RECEIPTS

CRITICAL ASSUMPTION: Beginning in Fiscal Year 2004, all previously classified Intergovernmental Service Fund divisions except Construction (classified as a Water/Wastewater division) were moved to the General Fund. This eliminated the Intergovernmental Service Fund.

Services provided by these divisions to the Electric Fund and Water/Wastewater Fund will be billed monthly on the basis of new allocations. Intrafund Service Receipts is added to account for the billed allocations. It is estimated that \$1,097,747 will be billed to the Water/Wastewater Fund for services and that \$3,834,113 will be billed to the Electric Fund in Fiscal Year 2006. It is estimated that in Fiscal Year 2007 \$1,176,357 will be billed to Water/Wastewater Fund for services and that \$3,869,378 will be billed to the Electric Fund.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
4,468,748	4,880,986	4,931,860	5,045,735	113,875	2.3%

CITY OF DOVER GENERAL FUND REVENUES AND OTHER FINANCING TREND DATA

LAST TEN FISCAL YEARS

Revenues:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Beginning Balance	\$1,474,492	\$1,430,011	\$1,973,939	\$2,252,671	\$2,810,398	\$2,827,370	\$380,166	\$2,266,936	\$2,890,843	\$2,865,516
Fines and Other Police Revenue	367,262	494,460	538,272	644,025	593,272	635,711	658,869	650,004	619,493	858,604
Franchise Fees	209,352	400,565	254,889	182,093	–	–	–	331,515	462,859	395,821
Right-of-Way Revenue	–	–	–	–	57,763	169,262	56,339	–	–	–
Court of Chancery Fees	–	–	–	–	–	–	–	–	559,260	710,380
Internet Revenue	–	–	–	–	–	–	10,613	17,903	20,779	17,205
Interest Earnings and Transfers	317,382	304,712	367,927	319,866	346,200	336,533	217,917	146,113	219,515	139,444
Library Revenue - General	39,998	44,763	42,645	47,375	36,332	34,601	33,536	42,251	37,357	50,852
Library Revenue - Co. Reimbursement	170,625	170,625	264,786	264,786	285,745	286,090	290,607	292,451	295,800	295,800
Library Trust Receipt	–	–	–	–	–	–	105,410	–	–	–
Licenses and Permits	1,140,117	1,299,799	1,403,271	1,595,404	1,514,171	2,141,937	1,888,673	1,934,820	2,017,287	2,251,092
Misc. Service Charges	150,880	89,651	124,221	192,292	128,749	215,266	49,991	98,447	55,184	55,310
Police Extra Duty Fees	107,186	100,073	115,130	173,977	194,381	345,324	389,503	393,601	307,426	303,195
Property Taxes	5,403,248	5,506,275	5,687,602	5,698,657	6,081,831	6,021,821	6,190,763	7,076,050	7,183,124	7,370,318
Recreation Revenue	58,312	67,910	85,115	89,115	94,181	88,460	88,865	92,699	102,483	101,296
Rent Revenue	–	–	–	–	–	65,610	15,250	28,214	28,214	28,213
Electric Fund Appropriation	3,720,000	3,975,000	3,975,000	3,975,000	3,975,000	3,975,000	3,975,000	4,525,000	4,701,664	5,463,008
Electric Imp. and Ext. Fund Appropriation	–	–	–	–	–	–	1,887,950	–	–	–
Water/Sewer Fund Appropriation	200,000	225,000	225,000	–	225,000	–	900,000	450,000	831,000	848,016
Senior Surrey Fees	(674)	(35)	–	–	–	–	–	–	–	–
Transfer Tax	684,706	921,517	931,731	1,163,148	1,205,779	987,753	1,207,241	2,663,963	1,627,172	2,379,548
Sanitation Fees	–	–	–	–	207,084	920,115	1,059,007	1,080,356	1,083,894	1,081,064
Transfer from Reserve	–	87,170	159,000	112,454	–	–	–	–	859,816	1,040
Sale of Land	–	290,000	–	–	–	–	–	66,263	2,800	13,000
Intrafund Service Receipts - Water/WW	–	–	–	–	–	–	–	–	846,864	932,708
Intrafund Service Receipts - Electric	–	–	–	–	–	–	–	–	3,151,045	3,536,040
Grants:										
Emergency Related	49,599	–	–	–	–	–	–	124,360	48,655	–
Municipal Street Aid	416,665	418,858	560,950	705,936	848,294	845,221	822,385	803,446	794,301	792,242
Police Department	155,186	259,883	201,212	194,208	369,219	114,270	96,611	–	248,070	611,801
Recreation Related	169,043	22,469	92,839	54,597	–	74,865	3,007	–	20,000	25,000
State Revenue Sharing/Other	–	–	455,682	5,119	337,964	–	–	21,203	–	–
Misc. Grant Revenue	–	–	–	–	–	–	–	–	1,258	9,900
Delaware River and Bay Authority	–	–	–	15,910	–	–	–	–	–	–
Downtown Amenities	–	–	–	–	–	253,983	–	–	–	–
DelDOT Enhancements	–	–	–	–	–	–	57,056	–	–	–
TOTAL REVENUES	\$14,833,379	\$16,108,706	\$17,459,211	\$17,686,633	\$19,311,363	\$20,339,192	\$20,384,759	\$23,105,595	\$29,016,163	\$31,136,413

CITY OF DOVER
GENERAL FUND EXPENDITURES, OTHER USES TREND DATA
LAST TEN FISCAL YEARS

Expenditures:	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Facilities Management	\$195,501	\$211,520	\$244,256	\$232,706	\$249,224	\$251,784	\$338,644	\$388,957	\$871,691	\$958,764
City Clerk	77,535	96,146	106,051	76,918	80,892	96,564	105,075	103,961	243,852	301,129
City Manager	93,150	97,150	84,224	89,555	117,662	111,332	91,399	101,439	310,272	358,401
Information Technology	128,433	169,508	194,556	146,747	128,127	132,062	135,569	180,100	675,002	741,812
Grounds	408,121	417,779	197,941	196,315	229,654	246,111	267,376	295,385	952,009	989,042
Engineering	38,067	38,932	40,446	45,023	44,359	48,286	47,030	56,703	225,658	253,299
Finance	133,567	128,205	137,125	147,273	140,523	181,055	157,672	172,862	526,973	598,639
Fire	518,852	560,130	575,037	579,802	631,868	765,747	582,435	775,129	858,193	911,534
Comm. Services Admin.	123,334	115,587	491	-	-	-	-	-	-	-
Vehicle Maintenance	422,118	427,573	506,702	552,450	492,592	667,421	449,159	502,044	533,699	581,669
Mayor and Council	29,708	34,768	36,327	72,738	69,261	79,580	87,893	111,910	223,890	221,958
Fire Marshal	42,644	-	-	-	-	-	-	-	-	-
Parks and Recreation	201,694	280,819	389,207	365,043	380,175	394,915	413,409	482,936	486,789	617,624
Planning Commission	104,734	112,087	70,305	82,768	105,011	123,374	96,863	123,716	196,907	202,516
Police	5,791,912	6,238,664	7,111,440	7,084,608	7,504,239	8,082,681	8,646,777	9,016,043	9,952,938	10,472,023
Inspections	412,897	512,667	506,594	528,968	562,472	752,168	729,450	769,831	811,805	898,687
Public Works Admin.	60,514	62,841	65,086	68,108	71,091	74,125	81,657	78,312	273,982	306,773
Senior Surrey	1,452	-	-	-	-	-	-	-	-	-
Central Services Admin.	21,428	22,184	29,274	34,256	37,271	37,061	48,152	38,109	659,788	755,866
Streets	406,062	481,646	585,706	1,035,061	983,226	1,293,463	1,020,123	1,046,294	1,122,311	1,237,428
Tax Assessor	97,777	102,007	107,321	109,297	161,067	114,360	164,012	120,745	154,792	301,445
Sanitation	1,435,298	1,396,094	1,580,601	1,419,315	1,602,953	1,807,335	1,657,753	2,025,888	2,202,051	1,940,866
Library	642,921	684,390	698,001	765,926	742,208	779,665	759,169	791,726	910,126	909,005
Administrative Services	36,279	40,722	37,017	39,779	38,139	39,744	41,327	38,759	849,620	1,072,083
Human Resources	68,982	64,887	60,879	61,903	67,628	68,297	88,830	102,472	236,467	271,823
Insurance	123,508	112,193	116,043	83,535	123,649	113,220	105,400	128,127	523,069	431,871
Construction	79,811	95,739	106,651	90,587	112,622	138,867	78,830	85,304	-	-
Other Charges:										
Other Appropriations	73,414	71,017	56,500	56,500	75,013	126,282	79,352	183,831	1,456	-
Park Construction	275,674	85,817	57,006	54,822	73,895	-	-	-	-	-
Approp. to Street Lights	-	-	-	-	-	-	-	-	470,110	534,682
Approp./Capital Outlays	-	-	40,000	20,000	60,000	60,000	20,000	-	-	-
Internet Service	-	-	-	-	-	10,493	7,622	-	-	-
Copier Expense	-	-	-	-	-	-	-	-	-	4,863
N. Dover Athletic Comp.	-	-	-	-	-	40,000	-	-	-	-
Transfer/Contingency Fund	-	-	50,000	50,000	50,000	50,000	-	250,000	-	-
Transfers to Reserves	400,000	-	-	-	-	-	105,410	796,372	634,774	974,970
Transfers to Grant Funds	-	-	-	-	-	-	-	-	867	-
Approp. to Other Funds	200,000	280,000	400,000	269,331	243,810	329,234	-	6,515	-	-
Environmental Related	5,000	4,639	14,196	3,494	35,568	61,227	30,000	-	-	-
Emergency Expense	27,280	-	-	-	-	-	-	-	-	-
Acct. Rec. Uncollectibles	-	-	-	-	-	-	-	-	-	10,000
Inventory Write-Offs	-	-	-	-	-	-	-	-	14,256	7,114
Retiree Benefits	161,181	177,131	198,607	218,417	243,187	306,106	375,173	456,025	541,715	590,587
Police Pension	-	-	-	-	-	226,863	-	-	-	-
Workers Comp. Fund	-	-	-	-	-	-	616,449	296,914	-	16,000
Trash Container Expense	25,345	25,006	43,360	47,246	-	-	-	-	-	-
Consulting	9,783	33,543	68,627	11,099	51,561	150,000	-	-	-	-
Debt Service/Principal	345,000	360,000	375,000	390,000	405,000	425,000	445,000	465,000	485,000	330,000
Debt Service/Interest	203,155	350,848	322,100	304,514	282,905	301,625	244,813	223,543	198,509	110,372
Debt Svc/Bond Issue Costs	-	-	-	-	-	-	-	-	122,387	-
Debt Service/Bond Proceeds	-	-	-	-	-	-	-	-	(3,430,000)	-
Debt Svc/Pmt to Bond Agent	-	-	-	-	-	-	-	-	3,244,281	-
TOTAL EXPENDITURES	\$13,422,131	\$13,892,239	\$15,212,677	\$15,334,104	\$16,196,852	\$18,486,047	\$18,117,823	\$20,214,952	\$26,085,239	\$27,912,865

Source: City of Dover Financial Reports

Note: Prior to 1995, the format and details of this table differ from the financial statements. They reflect the City's procedures for budgetary purposes.

PROPERTY TAX REVENUES

The City Council levies and collects taxes according to the City Charter. The City's property tax is levied each year in June. If additional monies are required during the year, a public meeting of the electors of the City is held. At this meeting, resolutions are prepared stating explicitly any necessary additional sums. Resolutions must be put to a citywide vote and can only be approved through a majority vote.

All taxes are due to the City before July 31 of each year. For taxes not paid on or before July 31, a penalty of 1.5 percent (18 percent per annum) is charged for every month or fraction of a month after July 31.

In the months of February, May, August, and November, a quarterly tax billing is issued on new construction within the City that was not taxed in the annual assessment. These taxes must be paid within 30 days of billing. Unpaid taxes accrue a penalty of 1.5 percent per month.

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	Two years from date of billing

CITY OF DOVER PROPERTY ASSESSMENT PROJECT

ASSESSED VALUE BILLED 7/01/05

Assessment	\$2,452,317,700	
Less Senior Citizen Discounts	<u>20,047,500</u>	\$2,472,365,200

PROJECTED ASSESSMENT TO BE BILLED 7/01/06

Assessment	\$2,630,982,100	
Less Senior Citizen Discounts	<u>-20,850,000</u>	\$2,610,132,100

PROJECTED ASSESSMENTS

2005/06	\$2,630,982,100 plus 1.0 percent growth =	\$2,657,291,921
2006/07	\$2,657,291,921 plus 1.0 percent growth =	\$2,683,864,840

CITY OF DOVER PROJECTED PROPERTY TAX RECEIPTS ACCRUAL METHOD OF ACCOUNTING 7/01/06 - 6/30/07

Using a tax of \$0.33 per \$100 of assessment, the estimated gross 7/01/06 billing will be	\$8,613,436
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Penalties	59,720
Estimated Quarterly Billing	<u>80,000</u>

PROJECTED PROPERTY TAX RECEIPT SUBTOTAL

	\$8,753,156
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Pay in lieu of taxes	<u>395,524</u>
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Luther Towers \$25,865; State of Delaware \$333,473; Dover Housing \$18,186

PROJECTED PROPERTY TAX RECEIPT SUBTOTAL

	\$9,148,680
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1 cent of tax rate equates to \$261,013

Projected Dover Realty Transfer Tax Receipts

\$183,333,333 times 1.5% minus estimated exemptions	\$2,900,000
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NOTES

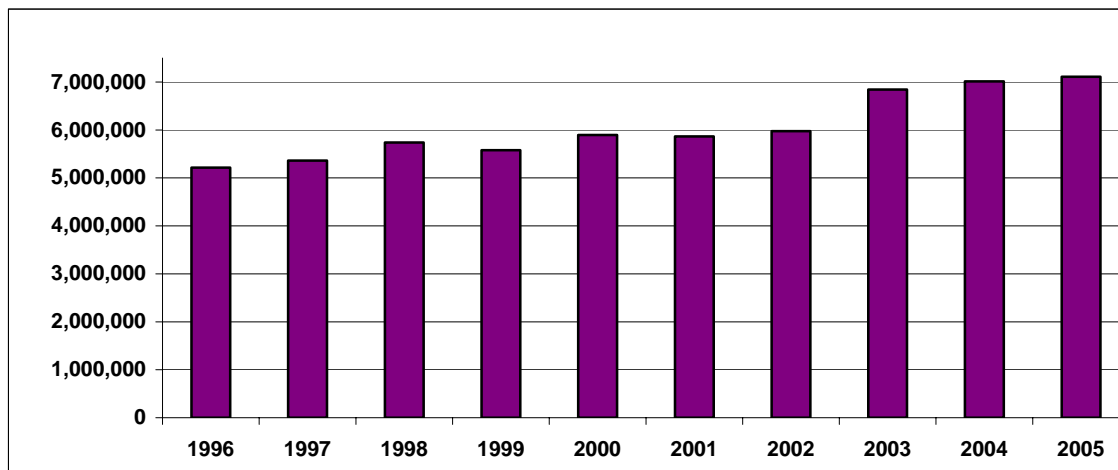
1. The records do not separate the collection of the previous years' taxes. However, the percentage of uncollected taxes for each period is less than five percent (5%).
2. Section 48 of the City of Dover Charter provides that the amount of money to be raised through property taxes shall not exceed two percent (2%) of the total taxable assessment.
3. The table at right includes receipt of property taxes and penalties. It excludes payments in lieu of taxes and farmland roll back taxes.

**CITY OF DOVER, DELAWARE
PROPERTY TAX LEVIES
AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	TOTAL TAX LEVY	COLLECTION
1996	5,215,995	5,340,920
1997	5,360,356	5,421,923
1998	5,738,198	5,687,602
1999	5,578,321	5,698,657
2000	5,894,545	6,081,831
2001	5,866,188	5,798,477
2002	5,974,417	5,989,474
2003	6,842,874	6,862,028
2004	7,011,906	7,015,366
2005	7,109,977	7,060,676

Source: City of Dover Financial Reports

PROPERTY TAXES LEVIED LAST TEN FISCAL YEARS



**CITY OF DOVER, DELAWARE
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

REAL PROPERTY

FISCAL YEAR	ASSESSED VALUE (60% OF APPRAISED VALUE	ESTIMATED ACTUAL VALUE
1996	781,715,500	1,302,859,200
1997	794,721,300	1,324,535,500
1998	810,141,900	1,350,236,500
1999	835,281,800	1,392,136,300
2000	859,585,100	1,432,641,900
2001	876,493,100	1,460,821,800
2002	903,205,600	1,505,342,700
2003	1,705,751,800	1,705,751,800
2004	1,734,815,100	1,734,815,100
2005	1,764,347,700	1,764,347,700

Source: Tax Assessor's Office, City of Dover

NOTES

1. The City of Dover assessed value is the actual taxable billing base. The amount of \$1,764,347,700 is excluding the exempt properties of \$830,863,000 and \$10,427,300 for Senior Citizens exemption.
2. There is no tax on personal properties. Therefore, no figures are presented.
3. In 2003, the City changed assessed values to 100 percent of estimated actual values from 60 percent. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.

**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 GENERAL FUND	KENT COUNTY	CAESAR RODNEY SCHOOL DISTRICT	VO-TECH SCHOOL DISTRICT	TOTAL
1996	0.685	0.265	0.720	0.115	1.785
1997	0.685	0.260	0.810	0.111	1.866
1998	0.685	0.260	0.860	0.107	1.912
1999	0.685	0.250	0.860	0.105	1.900
2000	0.685	0.250	0.884	0.073	1.892
2001	0.685	0.250	0.986	0.073	1.994
2002	0.685	0.250	1.030	0.095	2.060
2003	0.411	0.250	1.030	0.087	1.778
2004	0.411	0.250	1.161	0.087	1.909
2005	0.411	0.250	1.474	0.087	2.222

Sources: Tax Assessor's Office, City of Dover

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 two percent 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 percent of assessed value to 100 percent and accordingly lowered the tax rate in 2003.

**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 GENERAL FUND	KENT COUNTY	CAPITAL SCHOOL DISTRICT	VO-TECH SCHOOL DISTRICT	TOTAL
1996	0.685	0.265	0.853	0.115	1.918
1997	0.685	0.260	0.871	0.111	1.927
1998	0.685	0.260	0.871	0.107	1.923
1999	0.685	0.250	0.879	0.105	1.919
2000	0.685	0.250	0.936	0.073	1.944
2001	0.685	0.250	0.936	0.073	1.944
2002	0.685	0.250	1.022	0.095	2.052
2003	0.411	0.250	1.120	0.087	1.868
2004	0.411	0.250	1.173	0.087	1.921
2005	0.411	0.250	1.173	0.087	1.921

Sources: Tax Assessor's Office, City of Dover

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 two percent 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 percent of assessed value to 100 percent and accordingly lowered the tax rate in 2003.

**CITY OF DOVER
PRINCIPAL TAX PAYERS
JUNE 30, 2005**

TAX PAYER	TYPE OF BUSINESS	ASSESSED VALUATION	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop., Inc.	Race Track, Video Lottery, Hotel	\$87,257,700	4.95%
Dover Mall LP	Shopping Center	45,018,200	2.55%
Kraft Foods	Manufacturer - Food	31,425,800	1.78%
Dover Wipes Company	Manufacturer - Paper Products	21,992,200	1.25%
Playtex Manufacturing	Manufacturer - Personal Care Products	14,421,800	0.81%
Woodmill Capital Advisors LLC	Apartments (Woodmill Apartments)	12,367,200	0.70%
Clara-Ridgley Properties	Manufacturer - Intimate Apparel	11,382,800	0.65%
Von Croy Rudolph	Silver Lake Apartments	10,418,300	0.59%
K.W. Lands GP	Hotels	10,085,100	0.57%
Dover South Coast Partnership	Retail (North Dover Shopping Center)	9,777,500	0.55%
First State Power	Power Generator - NRG	9,209,700	0.52%
McKee Business Park	Warehouse	<u>8,821,700</u>	<u>0.50%</u>
TOTAL		\$271,998,000	15.42%
Sources: Tax Assessor's Office, City of Dover			

NOTE

Total taxable assessed valuation is \$1,764,347,700.

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
1996	27,630	781,715,500	8,015,000	1,050,000	6,965,000	0.89%	252.08
1997	27,630	791,506,600	7,505,000	900,000	6,605,000	0.83%	239.05
1998	27,630	810,141,900	6,980,000	750,000	6,230,000	0.77%	225.48
1999	27,630	830,930,700	6,440,000	600,000	5,840,000	0.70%	211.36
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%	138.95
2003	32,043	1,705,751,800	4,100,000	—	4,100,000	0.24%	127.59
2004	32,043	1,734,815,100	3,805,000	—	3,805,000	0.22%	118.75
2005	⁽²⁾ 32,043	⁽³⁾ 1,764,347,70	3,475,000	—	3,475,000	0.20%	108.45

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 \$830,863,000 and exemption for senior citizens of \$10,427,300.
4. In 2003, the City changed assessed values to 100 percent of estimated actual value from 60 percent. In doing so, the tax rate was lowered from \$.685 to \$.411 to stay revenue neutral.

WATER/WASTEWATER FUND

WATER/WASTEWATER IMPROVEMENT AND EXTENSION FUND

WATER/WASTEWATER FUND

ORIGIN, PURPOSE, AND ISSUES

The Water/Wastewater Fund accounts for all operating activities necessary to provide water and wastewater services. This includes, but is not limited to, administration, operations maintenance, financing, and related debt service. The operations of the three funds are financed and operated in a manner similar to private business enterprises where expenses of providing services are recovered primarily through user charges. Summaries of the funds can be found on Pages 85 through 94. Activities of the Water and Wastewater divisions can be found in the Water/Wastewater section of the Budget on Pages 363 through 371. This fund was established to provide production and distribution of potable water and the transmission and treatment of wastewater.

The Water/Wastewater Fund totals \$13.2 million. This represents a 1.3 percent decrease from Fiscal Year 2006. Services provided to the Water Fund from the General Fund are allocated fees called Intrafund Service Fees. Allocations are based on documented calculations for services rendered. Allocations for each division can be found on the allocation table on Page 70.

In 1991, the Water/Wastewater Improvement and Extension Fund was established to account for the capital improvements necessary to operate the services. A Fund Summary for this Fund follows the Water/Wastewater Fund Summary. This fund receives revenues from revenue bonds and the Water/Wastewater Fund. Details about projects from this Fund are found in the Water/Wastewater division descriptions on Pages 363 through 371.

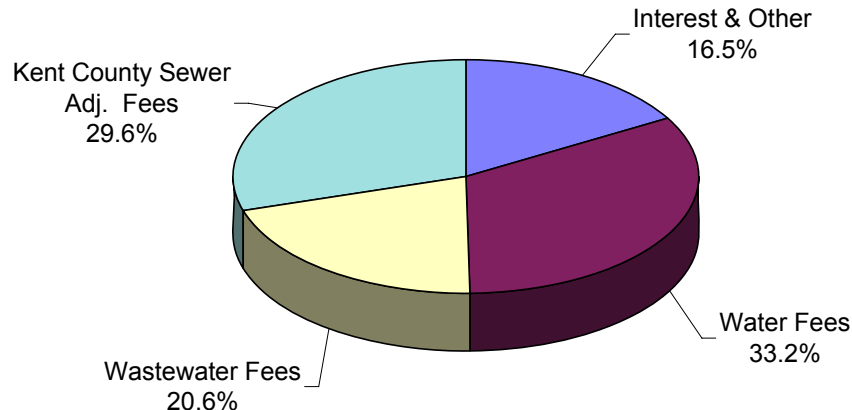
- During Fiscal Year 2006, the Water/Wastewater Fund has continued to face two major issues. The first issue, and the one of which most are aware, is brown water. The City began experiencing brown water shortly after chlorination began by mandate of the State of Delaware. The City began receiving brown water complaints in December 2002. Eliminating the brown water has been recognized by the Water Department as its highest priority. The department developed a ten-point plan to remedy the problem, and money has been budgeted to implement the infrastructure phase of the plan. In Fiscal Year 2006 the Division Street Water Main replacement project was initiated. This replaced old eight-inch and 14-inch cast iron pipe with a new 16-inch pipe. Replacing this pipe was an important part of the City's program to eliminate brown water. In Fiscal Year 2005, the Water Department retained the services of Black and Veatch, a consulting firm, to conduct a water quality study on the water system to assist in identifying specific areas of the City's water system that may need to be upgraded or replaced to address quality concerns. The results of this study became at the end of Fiscal Year 2006 and will allow the Department to update the action plan to remedy the problem and to improve long-term planning for the system. We will begin implementation of some of the projects identified by the study in Fiscal Year 2007.
- The second issue involves the increased costs to Kent County for sewer treatment. A major causal factor includes a meter replacement at Kent County pumping station #3. The meter change-out at Kent County pumping station #3 replaced an aged sewer meter that was registering lower sewer flows from the City than actually occurred. The new meter more accurately measures the City's quantity of sewer flow in this collection basin and, therefore, costs have increased significantly. The City also experienced very wet years in Fiscal Years 2004 and 2005. This elevated the groundwater table which caused the City wastewater collection system to experience significant infiltration in its lines. Inflow/infiltration has resulted in higher volumes of wastewater to be transported to Kent County for treatment. This higher volume is unmetered and, therefore, the City cannot recover the costs through direct billing of our customers.
- In Fiscal Year 2006, the City contracted with a video pipe inspection company to clean, video inspect, smoke test, and provide digital reports of any problems detected in the sanitary sewer system. Testing began in the Fairview area of Dover and will continue to include Division Street, Loockerman Street, and the St. Jones River interceptor. Once the information is reviewed, repairs will be implemented. The City has also aggressively inspected properties in an effort to eliminate illegal connections from roof drains, yard drains and sump pumps to the sanitary sewer system. These illegal connections result in increased inflow into the sanitary sewer system. Currently this effort has resulted in eliminating ten illegal connections.

- Inflow/Infiltration and the meter replacement at Station #3 have resulted in a projected deficit by the end of Fiscal Year 2006 for Kent County Sewer Adjustment charges of \$1.6 million and \$1.7 million by year end of Fiscal Year 2007.

REVENUE HIGHLIGHTS

- Fiscal Year 2007 Water and Wastewater revenues are projected to decrease 3.5 percent over Fiscal Year 2006 revenues. This decrease is attributed to decreases in impact fees projections. The City has been experiencing a decline in our industrial base, and overall water demand for this type of service has decreased. In an effort to stabilize our revenues, a \$1.25 customer charge was added for both Water and Wastewater in Fiscal Year 2006.

WATER/WASTEWATER FUND - REVENUE Fiscal Year 2006-2007



OPERATING EXPENSE HIGHLIGHTS

The Operating Budget totals \$11.7 million.

- We propose to carry \$1.4 million from the Water/Wastewater Fund as a beginning balance into Fiscal Year 2007 from Fiscal Year 2006. A current year balance of \$1.5 million is proposed to carry forward to Fiscal Year 2008. It exceeds the required ten percent of revenues.
- The Contingency Fund balance equals \$243,035 and exceeds the required two percent (\$236,630) by \$6,405. An excess balance of \$395,000 is budgeted to be transferred to the Capital Asset Reserve.

This Water/Wastewater Fund budget includes the following:

- The transfer to the General Fund remains approximately the same as Fiscal Year 2006 and is proposed to be \$535,000. The transfer is equal to approximately 4.5 percent of the Fund's revenue. This is in an effort to retain more revenues in the Water/Wastewater Fund for improvements to the water and wastewater distribution systems. The reduction is also part of an effort to reduce the General Fund's dependency on the revenue funds. Transfers are based on the availability of funds in the transferring fund and a need in the General Fund.
- An appropriation of \$551,701 is made to the Water/Wastewater Improvement and Extension Fund for Water capital improvements.

- An appropriation of \$115,272 is made to the Water/Wastewater Improvement and Extension Fund for Wastewater capital improvements.
- An appropriation of \$300,000 is made to the Capital Asset Reserve for future improvements to the water and wastewater distribution systems.
- This budget transfers \$50,000 to the City's unfunded OPEB Reserve. Although this is not yet a requirement, it is prudent to begin funding this liability.
- This budget transfers \$50,225 to the Unfunded Pension Liability and provides \$39,850 for a cost of living adjustment for general pension retirees.
- No new positions are added to the Water/Wastewater Fund budget.

MAJOR WASTEWATER FUND PROJECTS FOR FISCAL YEAR 2007

- The Meter Reading Technology Upgrade project continues. Both Water and Wastewater have budgeted \$387,500 each for further implementation of this project. This project will convert approximately 2,200 touch read water meters to radio reading technology and will significantly increase meter reading efficiency by reducing manpower costs over the long run.
- The Inflow/Infiltration Removal Project will identify and correct areas in the sanitary sewer collection system that are deteriorating and allowing groundwater to enter the sanitary sewer system through cracked pipes and/or joints. In addition, video investigation will help identify sump pump connections to the system which will have to be removed by individual property owners. The project is expected to span the next five years and cost approximately \$650,000 with \$100,000 being spent each of the next five years.
- The U.S. Rt. 13 East Sanitary Sewer Interceptor will construct approximately 5,700 linear feet of 18-inch diameter gravity sewer from the entrance road to Dover Downs, Inc. to the Schwartz Pumping Station. The proposed gravity sewer will allow the City to abandon the existing Schwartz Pumping Station immediately adjacent to U.S. Rt. 13 rather than reconstruct it. The project is estimated to cost \$850,000 and will be funded from the Impact Fee Reserve.

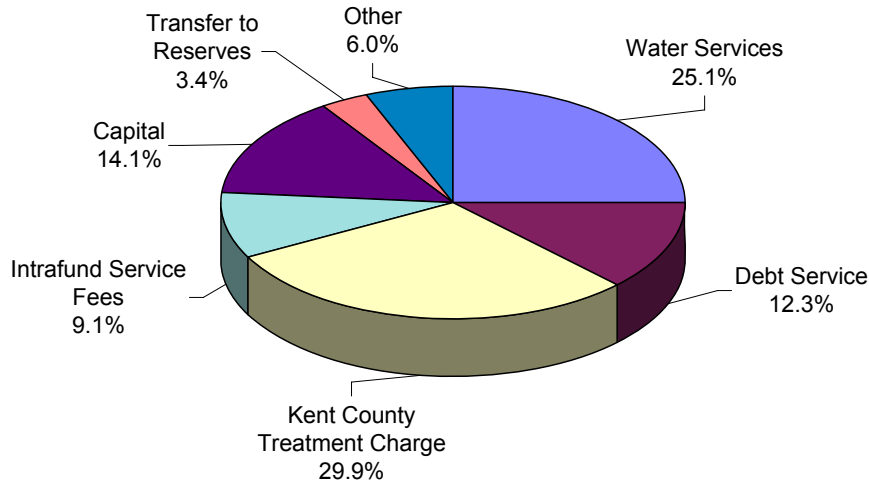
MAJOR WATER FUND PROJECTS FOR FISCAL YEAR 2007

- Brown water mitigation will facilitate the replacement and relining of the old unlined cast iron water pipe network within the City's water distribution system. The unlined pipe is the source of our brown water complaints. Relining and/or replacing these lines will reduce the severity of the problem. This is a multi-year project. The project is expected to continue for at least the next five years spending a minimum of approximately \$1.2 million. The Fiscal Year 2007 budget is \$200,000.
- A replacement well is planned for the Cheswold Well (#8). This project will drill a replacement well to return production capacity to previous levels. The current well's condition has deteriorated to a point of keeping the well off-line. The new well will meet growth demands and existing fire flow requirements. \$175,000 is budgeted for this project.
- Water/Wastewater Fund vehicle and equipment replacement is projected to be approximately \$171,402 for Fiscal Year 2007. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

Approximately 55 percent of the expenses in the Water/Wastewater budget are for the production and distribution of potable water and the transmission and treatment of wastewater. The Water/Wastewater Fund pays 9.1 percent of expenses in Intrafund Service Fees to the General Fund for services it receives from the General Fund. The remaining expenses cover transfers, reserves, and debt payments.

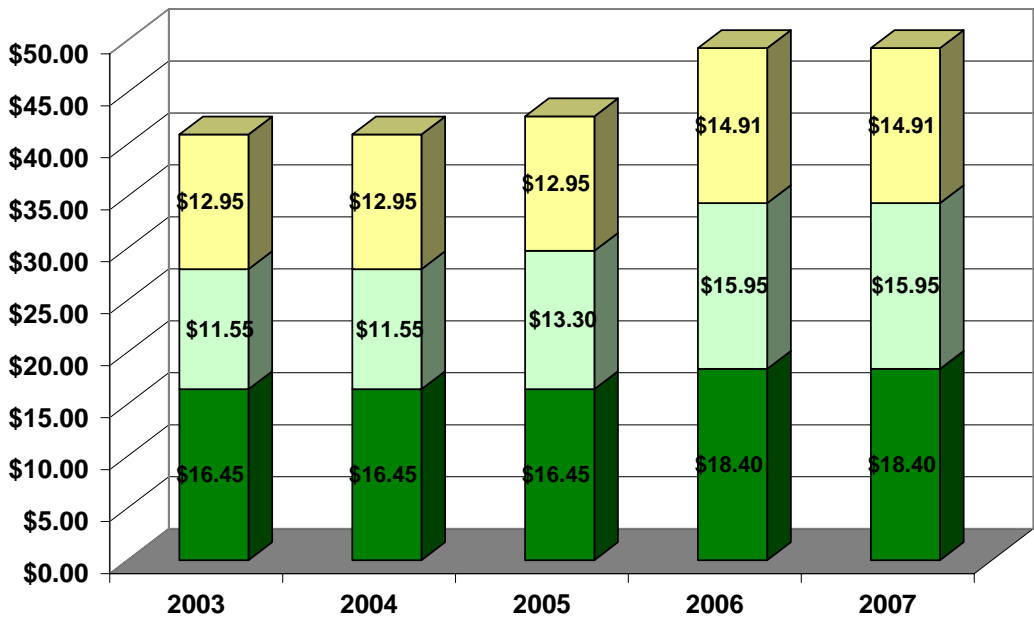
WATER/WASTEWATER FUND - EXPENDITURES

Fiscal Year 2006-2007



AVERAGE RESIDENTIAL WATER BILL

Fiscal Year Comparison 2002-2006



Based on 7,000 gallon bill.

■ Water □ Wastewater □ Sewer Adjustment

WATER/WASTEWATER FUND

REVENUES

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
BASE REVENUE:						
PRIOR YEAR BALANCE - WATER	—	1,542,627	2,107,546	1,935,331	2,065,305	6.7%
PRIOR YEAR BALANCE - WASTEWATER	—	558,309	1,006,363	786,706	968,218	23.1%
PRIOR YEAR BALANCE - KCSA	—	(1,085,930)	(1,411,416)	(1,587,113)	(1,642,113)	3.5%
WATER FEES	91	3,791,254	4,120,930	4,316,000	4,222,500	-2.2%
WASTEWATER FEES	91	2,719,577	3,191,760	2,745,000	2,618,250	-4.6%
WASTEWATER ADJUSTMENT FEES	91	2,611,290	3,047,178	3,760,000	3,761,010	0.0%
WATER TANK SPACE LEASING	91	264,927	303,000	327,094	303,000	-7.4%
IMPACT FEES	91	1,229,737	665,000	950,000	750,000	-21.1%
STATE REIMBURSEMENT	91	42,830	-	-	-	0.0%
MISCELLANEOUS SERVICE FEE	91	95,069	41,950	104,750	98,750	-5.7%
TRANSFER FROM CONTINGENCY	91	60,420	-	-	-	0.0%
TRANSFER TO KCSA FROM WASTEWATER	91	-	643,770	-	-	0.0%
INTEREST EARNINGS	91	38,516	40,000	58,249	78,000	33.9%
TOTALS		11,868,626	13,756,081	13,396,017	13,222,920	-1.3%

Note: Beginning Fiscal Year 1998/99 the Water, Wastewater, and Sewer Adjustment Fund are accounted for as separate funds.

* SEE REVENUE ESTIMATES OF THIS BOOKLET FOR FURTHER EXPLANATION.

WATER/WASTEWATER FUND

EXPENSE SUMMARY

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
DEPARTMENT EXPENSES:						
WATER CONSTRUCTION	369	497,581	538,366	540,669	569,216	5.3%
WATER DEPARTMENT	370	734,501	927,211	755,361	962,106	27.4%
WATER TREATMENT PLANT	371	651,996	649,662	711,415	796,627	12.0%
WASTEWATER DEPARTMENT	368	715,992	797,329	753,782	835,162	10.8%
METER READING	299	54,970	56,816	61,416	67,077	9.2%
KENT COUNTY TREATMENT CHARGE	—	3,470,312	3,834,000	3,815,000	3,853,000	5.9%
RETIREEES HEALTH CARE	—	108,705	142,983	117,511	151,220	28.7%
INTRAFUND SERVICE FEES	—	932,743	1,101,076	1,097,747	1,176,357	7.2%
DIRECT EXPENDITURE SUBTOTALS		7,166,800	8,047,443	7,852,901	8,410,765	7.1%
OTHER EXPENSES:						
DEBT SERVICE - WATER	—	767,339	935,546	932,754	922,832	-1.1%
DEBT SERVICE - WASTEWATER	—	752,183	668,620	671,412	660,244	-1.7%
DEBT SERVICE ARBITRAGE REBATE	—	5,773	-	-	-	0.0%
TRANSFER TO:						
GENERAL FUND FROM WATER	66	424,008	267,893	267,893	267,500	-0.1%
GENERAL FUND FROM WASTEWATER	66	424,008	267,892	267,892	267,500	-0.1%
KENT COUNTY CHG FROM WASTEWATER	—	-	643,770	-	-	0.0%
WATER IMPROVEMENT AND EXTENSION	92	374,927	693,525	693,525	551,701	-20.4%
WASTEWATER IMPROVEMENT AND EXTENSION	92	105,595	389,642	389,642	115,272	-70.4%
OPEB (POST-RETIREMENT BENEFITS) RESERVE	386	100,000	50,000	50,000	50,000	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	—	-	-	-	50,225	0.0%
TRANSFER TO PENSION COLA	—	-	-	-	39,850	0.0%
IMPACT FEE RESERVE	—	613,069	-	278,588	89,756	-67.8%
CAPITAL ASSET RESERVE	93	-	600,000	600,000	300,000	-50.0%
CURRENT YEAR BALANCE WATER	—	1,935,331	1,853,993	2,065,305	1,976,441	-4.3%
CURRENT YEAR BALANCE WASTEWATER	—	786,706	892,225	968,218	1,254,937	29.6%
CURRENT YEAR BALANCE KCSA	—	(1,587,113)	(1,554,468)	(1,642,113)	(1,734,103)	5.6%
OTHER EXPENSES SUBTOTALS		4,701,826	5,708,638	5,543,116	4,812,155	-13.2%
TOTALS		11,868,626	13,756,081	13,396,017	13,222,920	-1.3%

* SEE DETAIL EXPLANATION OF EXPENDITURES IN EACH DEPARTMENT FOR FURTHER INFORMATION.

WATER/WASTEWATER FUND REVENUES FISCAL YEAR 2007

REVENUE TYPE: DIRECT USER FEES

CRITICAL ASSUMPTION: Revenues from user fees have been revised down to reflect a transfer from Wastewater to the Wastewater Adjustment Fees to cover the increased cost of Wastewater Adjustment Fees from Kent County. The amount transferred is based on the estimated revenue raised from the rate increases over the past two years (45 cents per Tgal). The estimated amount transferred for Fiscal Year 2006 is \$660,150. We project that \$668,250 will be transferred in Fiscal Year 2007. Because of a decline in our industrial base, overall water demand has decreased.

<u>2004-2005 Actual</u>	<u>2005-2006 Budget</u>	<u>2005-2006 Revised</u>	<u>2006-2007 City Manager Budget</u>	<u>2006-2007 Difference</u>	<u>% Change</u>
6,510,831	7,312,690	7,061,000	6,840,750	-220,250	-3.12%

REVENUE TYPE: INTEREST AND OTHER

CRITICAL ASSUMPTION: Interest revenue for Fiscal Year 2006 is revised to reflect better-than-projected interest rates. Interest revenue for Fiscal Year 2007 is expected to drop slightly. Water tank space leasing is anticipated to remain stable in Fiscal Year 2007. We have been notified that one of our leases will be terminated.

<u>2004-2005 Actual</u>	<u>2005-2006 Budget</u>	<u>2005-2006 Revised</u>	<u>2006-2007 City Manager Budget</u>	<u>2006-2007 Difference</u>	<u>% Change</u>
441,342	384,950	490,093	479,750	-10,343	-2.11%

REVENUE TYPE: IMPACT FEES

CRITICAL ASSUMPTION: In Fiscal Year 2006, impact fees are adjusted upward to reflect increased development, but levels are expected to be less in Fiscal Year 2007. The cost per EDU remained at \$1,900 in Fiscal Year 2006. No change is planned in Fiscal Year 2007. The revenue from impact fees is used to pay debt service first, and the balance not needed is transferred to a reserve where it is used to pay for extensions of sewer service.

<u>2004-2005 Actual</u>	<u>2005-2006 Budget</u>	<u>2005-2006 Revised</u>	<u>2006-2007 City Manager Budget</u>	<u>2006-2007 Difference</u>	<u>% Change</u>
1,229,737	665,000	950,000	750,000	-200,000	-21.1%

REVENUE TYPE: KENT COUNTY SEWER ADJUSTMENT FEES

CRITICAL ASSUMPTION: This revenue is a pass-through item and relates to the charge from Kent County and the level of usage. The fee for wastewater treatment remains at \$2.13/thousand gallons in Fiscal Year 2007. The increase in Fiscal Year 2006 is due to transferring \$660,150 from Wastewater revenues. We project that \$668,250 will be transferred in Fiscal Year 2007. These transfers are made to cover the increased costs from Kent County not covered in the Wastewater Adjustment Rate.

<u>2004-2005 Actual</u>	<u>2005-2006 Budget</u>	<u>2005-2006 Revised</u>	<u>2006-2007 City Manager Budget</u>	<u>2006-2007 Difference</u>	<u>% Change</u>
2,611,290	3,047,178	3,760,000	3,761,010	1,010	0.03%

WATER/WASTEWATER IMPROVEMENT AND EXTENSION FUND

ORIGIN AND PURPOSE

This fund was established in 1991 for the purpose of providing long-term financing of the expansion and improvement of the water/wastewater system.

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the Water/Wastewater Fund.

COMMENTS

The projects included in this fund are detailed in the Water/Wastewater Fund budget. This fund reflects only projects funded from the Water/Wastewater Operating Fund.

CASH RECEIPTS

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
PRIOR YEAR BALANCE - WATER	342,930	159,363	912,294	44,148	-95.2%
PRIOR YEAR BALANCE - WASTEWATER	619,578	428,730	1,025,074	258,767	-74.8%
PRIOR YEAR BOND PROCEED BALANCE SERIES 2003	542,214	-	-	-	0.0%
PRIOR YEAR BOND PROCEEDS - WASTEWATER	903,455	-	-	-	0.0%
TRANS FR WATER/WASTEWATER FOR WATER	374,927	693,525	693,525	551,701	-20.4%
TRANS FR WATER/WASTEWATER FOR WASTEWATER	105,595	389,642	389,642	115,272	-70.4%
TRANSFER FROM IMPACT FEE RESERVE	-	500,000	1,170,551	850,000	-27.4%
TRANSFER FROM CAPITAL ASSET RESERVE -WATER	-	-	321,000	-	-100.0%
MISCELLANEOUS RECEIPTS	50,000	-	-	-	0.0%
DEVELOPER CONTRIBUTIONS	-	300,000	108,767	-	-100.0%
STATE GRANTS/REIMBURSEMENTS	-	-	83,452	-	-100.0%
INTEREST INCOME	8,184	-	-	20,000	0.0%
TOTALS	2,946,883	2,471,260	4,704,305	1,839,888	-60.9%

EXPENSE SUMMARY

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
WATER	389,503	597,903	1,893,391	562,025	-70.3%
WASTEWATER	595,281	1,366,773	2,287,399	1,221,215	-46.6%
WATER METER READING	-	-	-	5,648	0.0%
WATER TREATMENT PLANT	-	-	33,630	31,000	-7.8%
WATER CONSTRUCTION	24,731	103,119	78,203	-	-100.0%
TRANSFER TO IMPACT FEE RESERVE	-	-	108,767	-	-100.0%
CURRENT YEAR BALANCE - WATER	912,294	203,385	44,148	10,000	-77.3%
CURRENT YEAR BALANCE - WASTEWATER	1,025,074	200,000	258,767	10,000	-96.1%
TOTALS	2,946,883	2,471,180	4,704,305	1,839,888	-60.9%

WATER/WASTEWATER CAPITAL ASSET RESERVE FUND

ORIGIN AND PURPOSE

This fund was established in 2002 for the purpose of providing funds for the replacement and expansion of the City's long-term assets (i.e., infrastructure, buildings).

SOURCE OF FUNDS

Appropriations for projects included in this fund are received from the Water/Wastewater Fund.

CASH RECEIPTS ESTIMATE

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
BEGINNING BALANCE	2,417	2,366	2,417	293,564	12045.8%
INTEREST EARNINGS	-	74	12,147	27,604	127.2%
TRANSFER FROM WATER/WASTEWATER FUND	-	600,000	600,000	300,000	0.0%
TRANSFER FROM WATER/WASTEWATER CONTINGENCY	-	-	-	395,000	-50.0%
TOTALS	2,417	602,440	614,564	1,016,168	65.3%

EXPENSE SUMMARY

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
TRANSFER TO WATER/WASTEWATER I & E FUND	-	-	321,000	-	-100.0%
CARRY FORWARD TO NEXT YEAR	2,417	602,440	293,564	1,016,168	246.1%
TOTALS	2,417	602,440	614,564	1,016,168	65.3%

WATER/WASTEWATER CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established in Fiscal Year 1985 to serve as a "rainy day" source of funds in case of a water/wastewater emergency.

SOURCE OF FUNDS

Transfer from the Water/Wastewater Fund

COMMENTS

The Water/Wastewater Contingency Fund must equal two percent of the current year operating revenues or \$236,630. Interest is retained in the fund. Only the City Council can authorize expenditures from the fund. An excess balance of \$395,000 is budgeted to be transferred to the Capital Asset Reserve.

CASH RECEIPTS ESTIMATE

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	588,877	425,752	600,655	613,495	2.1%
INTEREST EARNINGS	11,778	12,840	12,840	24,540	91.1%
TOTALS	600,655	438,592	613,495	638,035	4.0%

BUDGET SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
TRANSFER TO CAPITAL ASSET RESERVE	-	-	-	395,000	0.0%
CURRENT YEAR BALANCE	600,655	438,592	613,495	243,035	-60.4%
TOTALS	600,655	438,592	613,495	638,035	4.0%

ELECTRIC FUND ELECTRIC IMPROVEMENT AND EXTENSION FUND RESERVE FUNDS

ELECTRIC REVENUE FUND

ORIGIN, PURPOSE, AND ISSUES

This fund was established to provide electric energy to the greater Dover community. The Electric Revenue Fund accounts for all operating activities necessary to provide electric service. This includes, but is not limited to, administration, energy procurement, transmission and distribution, engineering services, financing, and related debt service. The operations of the Electric Revenue Fund are financed and operated in a manner similar to private business enterprises where expenses of providing services are recovered primarily through user charges. Summaries of the funds are found on Pages 95 through 107. Activities of Electric Administration, Engineering, and Transmission and Distribution can be found in the Electric section of the budget on Pages 373 through 382.

The Electric Improvement and Extension Fund is required by the Electric Bond Covenants for the purpose of accounting for the long-term financing of the expansion and improvement of the electric system. The Fund Summary for this fund follows the Electric Fund Summary. Appropriations for this fund are received from the Electric Fund, Depreciation Reserve Fund, Future Capacity Fund, reimbursements from the State of Delaware for State-related projects, and revenue bonds. Details about projects from this Fund are found in the Administration, Engineering, and Transmission and Distribution descriptions on Pages 373 through 382.

The City of Dover established three reserve funds for the Electric Fund. These funds are the Electric Depreciation Reserve Fund, Future Capacity Fund, and Insurance Stabilization Fund. Each of these is described in greater detail on Pages 104, 105, and 106 respectively.

Beginning in Fiscal Year 2004, an Electric Rate Stabilization Fund was established to offset the costs of the power cost adjustment to our customers. The fund will receive transfers from Duke Contract revenue. Interest will be retained in the fund. This fund is described in greater detail on Page 107.

REVENUE HIGHLIGHTS

- Revenues are projected to cover the increased costs of purchased power. Wholesale power costs increased by 58 percent as our contract with Duke ended on June 30, 2006. Dover has now contracted with Pace Global Asset Management for power procurement and North American Energy Services (NAES) for operating and maintaining of Dover's power plant. Dover buys energy from the market. Our goal is to pay \$84 per megawatt hour for power. A transfer from the Rate Stabilization Fund is budgeted for \$5 million. This transfer is made to mitigate increases to our customers.

As a result of the end of our contract with Duke and the increase in wholesale power, Dover commissioned a rate study from Burns and McDonnell. Our last rate study was performed in 2003. The rate study examined issues of revenue adequacy, revenue responsibility, and revenue recovery. The rate study determined that Dover would require an annual system-wide rate revenue increase of 38 percent in July 2006. The increase was kept as low as possible by utilizing monies in the rate stabilization account and other reserves. All capital projects were paid from the depreciation reserve account.

A cost-of-service analysis was performed by developing system units of service, allocating operating and capital costs, developing unit costs of service, and assigning those costs to our customer classes.

COST OF SERVICE ANALYSIS

Description	Total System	Residential	Small Commercial 1 Phase	Small Commercial 3 Phase	Medium Commercial 1 Phase	Medium Commercial 3 Phase	Medium Commercial w/Reactive	Primary
Comparison of Revenues:								
Revenue Requirement	\$81,554,478	\$25,040,224	\$3,303,363	\$1,194,337	\$2,002,212	\$2,583,585	\$17,222,990	\$15,666,790
Gen. by Existing Rates	59,097,448	20,183,580	2,918,547	1,069,362	1,580,517	2,038,749	13,356,007	9,610,328
Dollar Difference	\$22,457,030	\$4,856,645	\$384,817	\$124,975	\$421,696	\$544,836	\$3,866,984	\$6,056,463
Rate Increase Required	38.00%	24.06%	13.19%	11.69%	26.68%	26.72%	28.95%	63.02%

Description	Total System	Water Pumping	Dover Air Force Base	Kraft	Procter & Gamble	Tilcon Primary	NRG
Comparison of Revenues:							
Revenue Requirement	\$81,554,478	\$2,970	\$7,442,390	\$4,516,465	\$1,852,385	\$617,301	\$109,465
Gen. by Existing Rates	59,097,448	1,169	4,296,176	2,465,617	939,628	446,169	191,600
Dollar Difference	\$22,457,030	\$1,802	\$3,146,214	\$2,050,848	\$912,757	\$171,132	(\$82,136)
Rate Increase Required	38.00%	154.15%	73.23%	83.18%	97.14%	38.36%	-42.87%

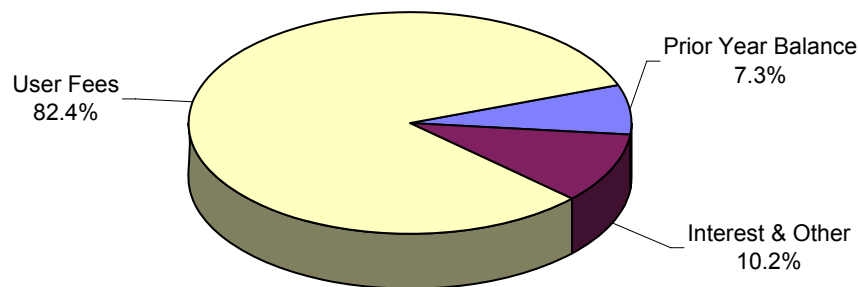
Our rates were developed to generate adequate revenues, to reflect the costs of providing service, to meet the City's objective of remaining competitive regionally, to eliminate seasonal rate differentials, and to consolidate rate classes. The residential kWh rate increased by approximately 24 percent. Some rate classes increased kWh rates by as much as 97 percent.

Effective July 1, 2006, City of Dover rates for residential customers are shown in the table below. We believe our rates remain competitive. It is our intention to provide our customers with the best value available.

MONTHLY RESIDENTIAL RATES	
Customer Charge	\$5.00
Energy per KWH	\$.1146

ELECTRIC FUND - REVENUE

Fiscal Year 2006-2007



OPERATING EXPENSE HIGHLIGHTS

- The transfer to the General Fund remains at \$5,700,000. The Electric transfer equals 6.5 percent of the Fund's revenue.
- We propose to carry \$4,974,107 from the Electric Fund as a beginning balance into Fiscal Year 2007 from Fiscal Year 2006. A current year balance of \$6,018,598 is projected to be carried forward from the Electric Fund as a beginning balance into Fiscal Year 2008. This meets our financial policy of having five percent of revenue minus fund balance as a fund balance.
- The Contingency Fund balance equals \$866,602. A transfer to the Rate Stabilization Fund of \$340,471 was budgeted.
- In an effort to reduce the impact of the rate increase to our customers, all capital projects are funded from the Depreciation Reserve Fund.

This Electric Fund budget includes the following:

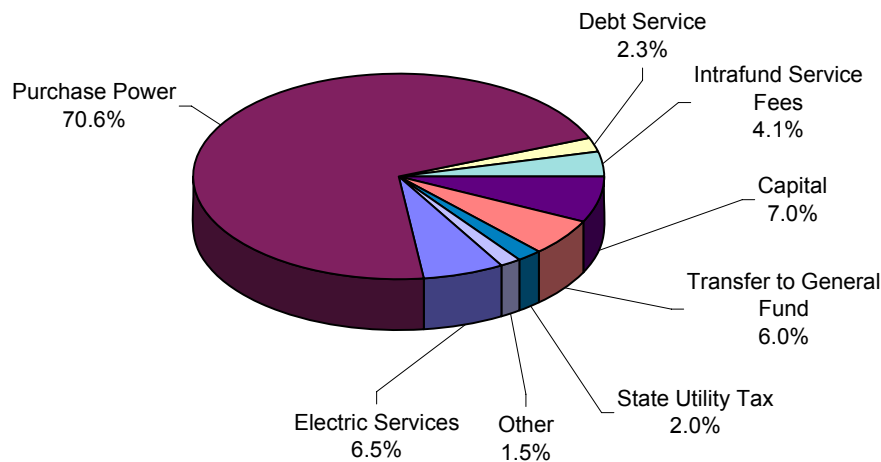
- The budget transfers \$100,000 to the City's OPEB Reserve for unfunded post-retirement benefits.
- The budget transfers \$89,271 to the Unfunded Pension Liability. \$500,000 is transferred to the Rate Stabilization Reserve.
- A 2.5 percent increase is budgeted for in Fiscal Year 2007 for the IBEW bargaining unit as per their contract.
- A one percent cost of living adjustment is budgeted for general pension retirees.
- An additional Meter Tech I is budgeted. An additional meter tech is needed because of the increased workload from the meter reading change out program and with anticipation of increased workload due to several large new developments including the privatization of the Dover Air Force Base housing and Eden Hill Farms.

MAJOR ELECTRIC FUND PROJECTS FOR FISCAL YEAR 2007

- The Fiscal Year 2007 capital budget proposes \$873,500 of new development upgrades to occur. This is an ongoing blanket project that provides for the purchase of materials to install new lines to new service locations.

- The Radio Read Meter Change Out program involves replacing all mechanical meters with radio read meters. This project will enable employees to read the entire electric system in just three days. Bills will be more accurate, there will be no need to estimate bills, and less testing will need to be done. This program will also eliminate access problems and workers compensation injuries such as debris, poison ivy, dog bites, etc. The project, which began in Fiscal Year 2005, is planned to be carried out through Fiscal Year 2010, spending a total of \$1.8 million. \$545,000 is budgeted for Fiscal Year 2006.
- The Lebanon Transformer project would replace the transformer at the Lebanon Substation as part of the long-range plan. Maintenance and repair costs on the 35 year-old transformer have increased over time. Its reliability has fallen below an acceptable level. The existing unit will not be capable of supplying the additional load of the Dover Air Force Base housing. The cost of replacement is estimated to be \$535,000.
- The Governors Avenue project is the State Project Road Improvement Project 20-045-02. DeIDOT will be making road improvements to Governors Avenue from Webbs Lane to Water Street. All poles and wires will be replaced with underground equipment. The State is requiring all utilities to relocate. This will benefit the City by providing reliability through buried lines. The cost is estimated to be \$1.8 million. The State of Delaware will reimburse the City for \$645,749.
- Planning and design work is budgeted for the 69 KV Feeders 3 and 4. This project would install 69 KV Feeders 3 and 4 from Cartanza Substation to the existing 69 KV loop. The 69 KV lines feed all the substations which, in turn, feed all the distribution circuits. If one line would fail due to weather, and/or accidents, 50 percent of the City would be without power. The project will be carried out in phases through 2011 and is estimated to cost \$14.6 million.
- A 69 KV line located at Dover Downs is planned for relocation. The line is old, and its current location poses a safety hazard to the public. This is estimated to cost \$700,628.
- Electric Fund vehicle and equipment replacement is projected to be approximately \$249,300 for Fiscal Year 2007. Before each vehicle is recommended for replacement, it is inspected by Fleet Maintenance.

ELECTRIC FUND - EXPENDITURES Fiscal Year 2006-2007



ELECTRIC REVENUE FUND

REVENUES

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
BASE REVENUE:						
PRIOR YEAR BALANCE	—	4,132,194	3,477,669	4,066,090	4,974,107	22.3%
DIRECT SALES TO CUSTOMER	101	54,843,536	57,157,712	57,157,712	81,578,240	37.7%
PURCHASE POWER ADJUSTMENT	101	4,294,232	6,561,106	6,561,106	-	-100.0%
UTILITY TAX	101	1,032,656	1,245,946	1,245,946	1,937,446	55.5%
MISCELLANEOUS REVENUE	101	480,596	496,000	698,012	584,900	-16.2%
RENT REVENUE	101	171,753	170,885	170,885	145,505	-14.9%
DUKE CONTRACT REVENUE	101	1,168,488	-	2,163,830	-	-100.0%
TRANSFER FROM RATE STABILIZATION	101	-	-	-	5,000,000	
INTEREST EARNINGS	101	92,976	105,000	257,896	420,000	62.9%
TOTALS		66,216,431	69,214,318	72,321,477	94,640,198	30.9%

ELECTRIC REVENUE FUND

EXPENSE SUMMARY

	REF PG # *	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
DEPARTMENT EXPENSES:						
PURCHASED POWER	—	39,631,302	42,636,070	42,636,070	67,329,000	55.0%
TRANSMISSION/DISTRIBUTION	382	2,813,700	3,202,268	3,052,780	3,282,637	7.5%
ELECTRICAL ENGINEERING	380	1,611,727	1,902,191	1,754,658	2,001,295	14.1%
ADMINISTRATION	379	809,876	623,646	747,126	562,322	-24.7%
METER READING	300	270,187	298,703	306,251	323,111	5.5%
UTILITY TAX	—	1,032,656	1,245,946	1,245,946	1,937,446	55.5%
ALLOW FOR UNCOLLECTIBLES	—	125,000	125,000	125,000	125,000	0.0%
RETIREES HEALTH CARE	—	424,900	527,487	458,583	526,400	14.8%
INTRAFUND SERVICE FEES	—	3,536,110	3,998,495	3,834,113	3,869,378	0.9%
DIRECT EXPENDITURE SUBTOTALS		50,255,458	54,559,806	54,160,527	79,956,589	47.6%
OTHER EXPENSES:						
<u>TRANSFER TO:</u>						
IMPROVEMENT & EXTENSION	102	2,600,000	2,829,840	2,829,840	-	-100.0%
GENERAL FUND	61	5,463,008	5,716,956	5,716,956	5,700,000	-0.3%
INTEREST ON DEPOSITS	—	28,356	25,000	25,000	25,000	0.0%
DEBT SERVICE*	—	2,427,031	2,640,257	2,200,257	2,149,048	-2.3%
POST-RETIREMENT BENEFITS RESERVE	386	200,000	100,000	100,000	100,000	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	—	-	-	-	89,271	0.0%
TRANSFER TO PENSION COLA	—	-	-	-	101,692	0.0%
RATE STABILIZATION RESERVE	106	1,168,488	-	2,314,790	500,000	-78.4%
WORKERS COMP FUND	384	8,000	-	-	-	0.0%
CURRENT YEAR BALANCE	—	4,066,090	3,342,459	4,974,107	6,018,598	21.0%
OTHER EXPENSES SUBTOTALS		15,960,973	14,654,512	18,160,950	14,683,609	-19.1%
TOTALS		66,216,431	69,214,318	72,321,477	94,640,198	30.9%

* Debt Service in Fiscal Year 2006 and 2007 has been reduced in order to return our bond reserve balances to normal levels.

ELECTRIC FUND REVENUES FISCAL YEAR 2007

REVENUE TYPE: DIRECT SALES

CRITICAL ASSUMPTION: Revenues for Fiscal Year 2006 were unchanged and reflect current trends. System kWh sales are expected to increase one percent in Fiscal Year 2007 from Fiscal Year 2006 estimates. Revenues are projected to cover the increased costs of purchased power. Utility tax is included in this revenue source. This revenue is offset by a utility tax expense. This is a tax collected from commercial entities in the State of Delaware and is paid to the State by utilities.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
60,170,424	64,964,764	64,964,764	80,618,702	15,653,938	24.1%

REVENUE TYPE: INTEREST AND OTHER

CRITICAL ASSUMPTION: Interest revenue for Fiscal Year 2006 is revised to reflect better than projected interest rates. Interest revenue for Fiscal Year 2007 is expected to continue at current rates. Rent revenue is budgeted down because we will not be renewing some leases. This revenue is offset by building operating expenses. Miscellaneous revenue is revenue received for general work requested by customers, penalties for late payments, and connection fees, etc. These revenues are expected to decline from Fiscal Year 2006. Revenue for Fiscal Year 2006 is revised higher due to receipt of the Duke Contract Revenue. This revenue is part of the City's contractual arrangement with Duke.

2004-2005 <u>Actual</u>	2005-2006 <u>Budget</u>	2005-2006 <u>Revised</u>	2006-2007 City Manager <u>Budget</u>	2006-2007 <u>Difference</u>	<u>% Change</u>
1,913,813	771,885	3,290,623	1,041,540	-2,249,083	68.3%

ELECTRIC IMPROVEMENT AND EXTENSION FUND

ORIGIN AND PURPOSE

This fund is required by the Electric Bond Covenants for the purpose of providing long-term financing of the expansion and improvement of the electric system.

SOURCE OF FUNDS

Appropriations for this fund are received from the Electric Revenue, Depreciation Reserve, Insurance Stabilization, Future Capacity Funds, and reimbursements from the State of Delaware.

COMMENTS

All projects in this fund are itemized in each fund budget.

CASH RECEIPTS

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	5,145,917	2,243,923	2,928,337	2,471,378	-15.6%
INTEREST EARNINGS	71,506	7,000	120,936	214,000	77.0%
RECEIPT FROM DEPRECIATION RESERVE	-	-	-	3,374,792	0.0%
HOMELAND SECURITY GRANT	-	-	39,500	-	-100.0%
STATE REIMBURSEMENT FOR PROJECTS	16,083	448,437	-	645,749	0.0%
TRANSFER FROM ELECTRIC	2,600,000	2,829,840	2,829,840	-	-100.0%
TOTALS	7,833,506	5,529,200	5,918,613	6,705,919	13.3%

EXPENSE SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
TRANSMISSION AND DISTRIBUTION	1,261,292	1,473,114	1,672,480	1,656,654	-0.9%
ELECTRICAL ENGINEERING	2,733,053	3,522,029	1,774,755	4,972,724	180.2%
ADMINISTRATION	-	-	-	16,300	0.0%
METER READING	-	-	-	60,241	0.0%
TRANSFER TO RATE STABILIZATION	910,824	-	-	-	0.0%
CURRENT YEAR BALANCE	2,928,337	534,057	2,471,378	-	-100.0%
TOTALS	7,833,506	5,529,200	5,918,613	6,705,919	13.3%

ELECTRIC CONTINGENCY FUND

ORIGIN AND PURPOSE

This fund was established by Council action to serve as a "rainy day" source of funds in case of an Electric Fund emergency.

SOURCE OF FUNDS

Transfer from the Electric Fund and Depreciation Reserve Fund

COMMENTS

The Electric Contingency Fund must equal one percent or \$896,661 of Electric Fund operating revenue. Interest is retained in the fund. Only City Council can authorize expenditures from the fund.

The fund was initially established by transferring money from the Depreciation Reserve Fund. Future funds will come from the Electric Fund.

CASH RECEIPTS ESTIMATE

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
BEGINNING BALANCE	1,101,614	1,121,921	1,123,647	1,155,094	2.8%
INTEREST EARNINGS	22,033	34,318	31,447	51,979	65.3%
TOTALS	1,123,647	1,156,239	1,155,094	1,207,073	4.5%

EXPENSE SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
TRANSFER TO RATE STABILIZATION FUND	-	-	-	340,471	0.0%
CARRY FORWARD TO NEXT YEAR	1,123,647	1,156,239	1,155,094	866,602	-25.0%
TOTALS	1,123,647	1,156,239	1,155,094	1,207,073	4.5%

ELECTRIC DEPRECIATION RESERVE FUND

ORIGIN AND PURPOSE

This fund was established in 1981 to provide funds for the replenishment of assets which wear out because of time, usage, or technical reasons. The amount of depreciation less the principal paid on the debt service in a given year is the funding level goal.

SOURCE OF FUNDS

This fund receives an appropriation from the Electric Revenue Fund as a transfer. Interest earned is also credited to this fund.

CASH RECEIPTS

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	15,018,941	15,445,706	15,319,320	15,720,450	2.6%
INTEREST EARNINGS	300,379	463,761	401,130	707,420	76.4%
TOTALS	15,319,320	15,909,467	15,720,450	16,427,870	4.5%

BUDGET SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
TRANSFER TO I & E FOR CAPITAL ITEMS	-	-	-	3,374,792	0.0%
CURRENT YEAR BALANCE	15,319,320	15,909,467	15,720,450	13,053,078	-17.0%
TOTALS	15,319,320	15,909,467	15,720,450	16,427,870	4.5%

FUTURE CAPACITY FUND

ORIGIN AND PURPOSE

This fund was established in 1982 to provide funds for such projects as capacity supply studies, load management programs, possible purchase of an additional unit, cooperative supply alternatives, and engineering or design work for a possible new unit. It was the original goal that this fund reach five million dollars by 1990.

SOURCE OF FUNDS

Funds are received from the Electric Revenue Fund as a transfer. Interest earnings remain in the fund.

CASH RECEIPTS

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	8,304,162	8,427,203	8,386,381	8,606,106	2.6%
INTEREST EARNINGS	82,219	252,816	219,725	344,244	56.7%
TOTALS	8,386,381	8,680,019	8,606,106	8,950,350	4.0%

BUDGET SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
CURRENT YEAR BALANCE	8,386,381	8,680,019	8,606,106	8,950,350	4.0%
TOTALS	8,386,381	8,680,019	8,606,106	8,950,350	4.0%

INSURANCE STABILIZATION FUND

ORIGIN AND PURPOSE

The City of Dover Electric Utility has several specialized insurance policies. These policies are budgeted in the Electric Revenue Budget. To provide for the funding of the deductibles in case of a claim, the City established an Insurance Stabilization Fund in June 1981. The goal is to maintain a minimum of \$400,000 in the fund.

SOURCE OF FUNDS

This fund receives an appropriation from the Electric Revenue Fund as needed. Interest earned is kept in the fund.

CASH RECEIPTS

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
PRIOR YEAR BALANCE	720,170	235,508	218,518	225,518	3.2%
INTEREST EARNINGS	4,285	7,000	7,000	8,768	25.3%
TOTALS	724,455	242,508	225,518	234,286	3.9%

BUDGET SUMMARY

	<u>2004/05</u> <u>ACTUAL</u>	<u>2005/06</u> <u>BUDGET</u>	<u>2005/06</u> <u>REVISED</u>	<u>2006/07</u> <u>BUDGET</u>	<u>%CHANGE</u> <u>2006/07</u>
TRANSFER TO ELECTRIC REVENUE CONTINGENCY	505,937	-	-	-	0.0%
CURRENT YEAR BALANCE	218,518	242,508	225,518	234,286	3.9%
TOTALS	724,455	242,508	225,518	234,286	3.9%

ELECTRIC RATE STABILIZATION FUND

ORIGIN AND PURPOSE

Beginning in Fiscal Year 2005, a rate stabilization fund was established to offset the costs of the power cost adjustment to our customers. This fund should carry a minimum of \$5,000,000. Any excess of this amount will be refunded to customers by reducing the rate of the power cost adjustment.

SOURCE OF FUNDS

The fund will receive transfers from the Electric Revenue Fund and Duke Contract revenue. Interest will be retained in the fund.

CASH RECEIPTS

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
PRIOR YEAR BALANCE	525,817	2,491,165	2,615,646	5,025,136	92.1%
RECEIPT FROM ELECTRIC REVENUE FUND	1,168,488	-	2,314,790	500,000	-78.4%
RECEIPT FROM ELECTRIC I&E FUND	910,824	-	-	-	0.0%
RECEIPT FROM ELECTRIC CONTINGENCY	-	-	-	340,471	0.0%
INTEREST EARNINGS	10,517	74,685	94,700	20,000	-78.9%
TOTALS	2,615,646	2,565,850	5,025,136	5,885,607	17.1%

BUDGET SUMMARY

	2004/05 ACTUAL	2005/06 BUDGET	2005/06 REVISED	2006/07 BUDGET	%CHANGE 2006/07
TRANSFER TO ELECTRIC	-	-	-	5,000,000	0.0%
CURRENT YEAR BALANCE	2,615,646	2,565,850	5,025,136	885,607	-82.4%
TOTALS	2,615,646	2,565,850	5,025,136	5,885,607	17.1%

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