

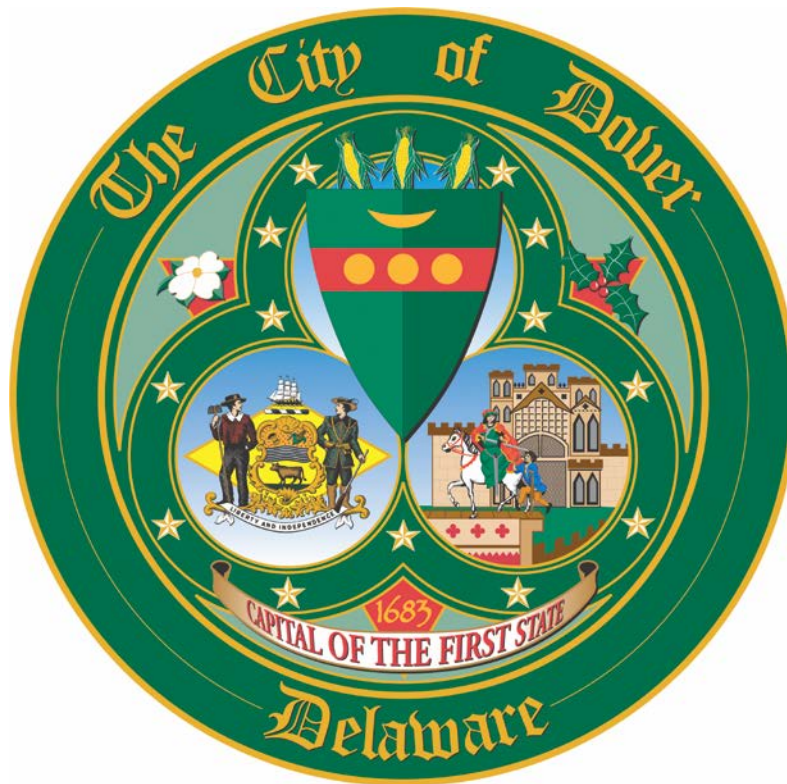
# ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

**FOR THE YEAR ENDED JUNE 30, 2013**



# **Comprehensive Annual Financial Report**

## **For the Fiscal Year Ended June 30, 2013**



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

## **Acknowledgements**

**The City of Dover's Comprehensive Annual Financial Report was prepared by the Finance Department.**

**Tracey Lisiecki,  
Financial Reporting & Accounting Manager**

**Margaret Teal, CPA  
Assistant Finance Director**

**Linda Gomes  
Administrative Assistant**

**Jeffrey Dill  
Accountant II**

**Karlett Walker  
Accountant II**

**Sharon Daniel  
Account Clerk II**

**Katie Heffington  
Payroll Specialist**

## **Special appreciation to:**

**Special appreciation is extended to Mr. Scott Koenig, City Manager and all personnel throughout the City for their continued support of the Finance Department.**

# **CITY OF DOVER, DELAWARE**

## **Comprehensive Annual Financial Report**

### **For the Year Fiscal Ended June 30, 2013**

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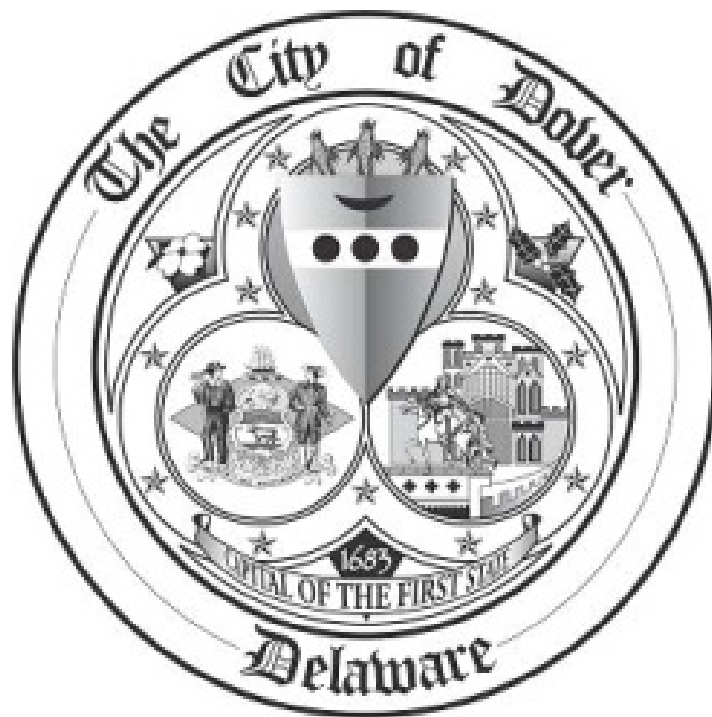
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# **INTRODUCTORY SECTION**



**THIS SECTION CONTAINS THE FOLLOWING:**

**LETTER OF TRANSMITTAL**

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

**LIST OF ELECTED OFFICIALS**

**LIST OF APPOINTED OFFICIALS**

**LIST OF COMMISSIONS & COMMITTEES**

**ORGANIZATION CHART**

**VISION**





December 20, 2013

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

Ladies and Gentlemen:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Dover for the fiscal year ended June 30, 2013. This report is published to comply with the provisions of Article IV, Section 46 of the City Charter. It is also intended to provide financial data to the tax and ratepayers, bondholders, trustees, banks, federal and state agencies and the financial community at large.

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

The financial statements in this report have been audited by SB & Company, LLC, an independent firm of certified public accountants as required by Section 46 of the City Charter. SB & Company, LLC has provided an unqualified opinion on the City of Dover financial statements for the year ended June 30, 2013. The independent public accountant's report is located at the front of the financial section of this report.

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

### **THE REPORTING ENTITY AND ITS SERVICES**

The City of Dover was incorporated in 1829 under a Charter granted by the General Assembly. Dover is the Capital of the State of Delaware and is located in the central part of the state. It is home to the State Governor's office, legislative offices, and is the County seat for Kent County. The City currently occupies a land area of 23 square miles and serves a population of approximately 36,492.

Dover's governing body is composed of a Mayor and nine Council Members, with one Council Member elected by Council to serve as Council President. Two members of City Council are elected from each of the four districts; the ninth Council member of Council and the Mayor are elected at-large. On February 6, 2012, the City's Charter was amended to extend the term lengths of the Mayor and Council from two years to four years. Beginning with the municipal election scheduled for May 2013, elected officials will serve four-year staggered terms. The Council is responsible for all matters of policy and is the authority for levying taxes, securing revenues, authorizing expenditures of City funds and incurring City debts. The City of Dover operates under a Council – Manager form of government.

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

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

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

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

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

## **ECONOMIC CONDITION AND FUTURE GROWTH**

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in central Delaware. Development activity in the Capital City continued to be slow during Fiscal Year 2013, consistent with the economic trends seen nationwide and recent prior years; however there seems to be an increase in construction and economic activity.

Residential growth continues to occur at a slow pace, and major institutions and government agencies continue to expand to meet the demands of a growing regional population and

economy. Commercial corridor areas of U.S. Routes 13 and 113 and DE Route 8 have continued to be the center of commerce in Dover, and in the past year progress has been made in expanding commercial services in this area. Efforts to revitalize the traditional urban core of downtown Dover have continued, and the State has funded capital improvements to improve this area with a plaza, streetscape, and parking lot project.

Total value of construction was estimated at \$51.7 million during the first eleven months of Fiscal Year 2013. This is a slight decrease from the \$65 million in construction value during Fiscal Year 2012; however, it is noted that the value of the new Dover High School contributed to the large construction value of the prior year. The City of Dover issued 3,350 business licenses in the first 11 months of Fiscal Year 2013, an increase over the prior year. Building permits issued during this period totaled 979 which was a decline from the previous year. The City of Dover Planning Office processed 29 new development applications (site plans, subdivisions and conditional uses) and two rezoning applications during the reporting period, which is a slight decrease from the prior fiscal year. The City also processed two annexation requests during Fiscal Year 2013, which represent the first annexation activity since 2009.

Growth and development trends during Fiscal Year 2013 are further discussed and summarized below:

### **POPULATION GROWTH**

The 2010 U.S. Decennial Census, which was conducted in April 2010, found that 36,047 people reside in Dover. The Delaware Population Consortium estimates, the City of Dover's population as of July 1, 2012 was 36,492. This change represents a 1.2% population increase over the decennial Census.

### **RESIDENTIAL DEVELOPMENT**

A total of 33 new residential housing starts were recorded during the first eleven months of Fiscal Year 2013, which represents a slight decrease from the 56 during the prior fiscal year. Construction activity resumed in Clearview Meadows and Patriot Village, and steady build-out continued in Emerald Point and Lexington Glen. However, a number of abandoned and incomplete subdivisions continued to be the focus of staff during Fiscal Year 2013. The City began action to call the letters of credit for the Village of Westover Phase VI and the Village of Cannon Mill to complete the infrastructure in these subdivisions. The Village of Cannon Mill remains unresolved. Additionally, construction activity ceased in the Eden Hill Residential District, and the undeveloped portion of the subdivision is in foreclosure. This is expected to be a focus of staff as the new fiscal year begins.

The apartment market was strong in Fiscal Year 2013, as the Blue Hen Apartments have seen full occupancy. DoveView, which had sat vacant and incomplete for three years, was purchased and renamed The Grande. The first two buildings of the Grande, a 55 and over community, opened in late 2012, and the City issued a building permit for the third and final building in May 2013.

### **DOWNTOWN DOVER REDEVELOPMENT**

Efforts to revitalize Downtown Dover remained strong, with the completion of capital projects along North Street between State Street and Governors Avenue with \$3 million in funds allocated by the State of Delaware. The community plaza, consolidated parking lot, and

streetscape project are now open to the public. Plans are underway to convert the site of a former dangerous building at the southeast corner of North Street and Governors Avenue to a pocket park. Renovations continued and are nearly complete on the building at 22-24 West Loockerman Street. These renovations include improvement of the facades on both Loockerman Street and North Street, and tenant fit-out for the location of EZ Pass offices in the building. The spirit of downtown remained strong, with First Friday festivities, and a number of other special events, celebrations and parades held throughout the year.

The Bayard Plaza opened in early 2013 at the southwest corner of Loockerman Street and Governors Avenue. Bayard Plaza includes 48 apartments and the Bayard Pharmacy on the first floor.

### **INSTITUTIONAL DEVELOPMENT**

Institutional development has continued during fiscal year 2013. The historic Kent County Courthouse renovation project was completed. The new Dover Public Library opened on September 20, 2012. The Wesley College Streetscape project was completed, and Wesley College also acquired the Frear Federal Building and is preparing for renovations to the building so that the college's nursing program can be housed there. Significant progress was made on the construction of the Dover High School, which is expected to open in fall 2014. Delaware State University and Delaware Technical and Community College also continued with renovations on their campuses.

### **RETAIL/COMMERCIAL DEVELOPMENT**

The retail sector remained slow during Fiscal Year 2013, as is consistent with the national economic slowdown and the trend of recent years. Redevelopment of the former Superfresh store in Greentree Shopping Center is well underway, and Redeners Supermarket is expected to open in August 2013. The long-awaited Grotto Pizza opened in Dover in May 2013 following an extensive renovation of the former Atlantic Bookstore site and building. Plans are still underway to redevelop the former Wal-Mart site, but no progress has been made to date. Construction of a Dick's Sporting Goods at the Dover Mall is underway, with plans to open in fall 2013. While commercial growth has been slow, these improvements seem to indicate that the commercial sector is rebounding.

### **INDUSTRIAL DEVELOPMENT**

The Dover economy derives considerable benefits from a variety of large industrial and manufacturing companies including Kraft Foods, Procter and Gamble, Energizer/Playtex Family Products, and Berry Van Lines, as well as numerous small- to mid-sized industrial entities. Planning continued on development of the Garrison Oak Technical Park, including progress on the development of the Garrison Energy Center, a 618 MW dual cycle gas power plant.

### **OFFICE DEVELOPMENT**

Dover's dominance as the place for business office locations downstate has continued; however, the market appears to be saturated with office space at this point in time. The recently completed State Street Commons remains vacant; however, the Silver Bullit, which had been abandoned, is now complete and occupied.



## **INFRASTRUCTURE**

The City has several large water and sewer projects underway to upgrade pump stations, distribution and transmission mains. These projects will improve water quality and reduce the inflow/infiltration in our sewer system. The City continues to upgrade the electric transmission and distribution system with systematic upgrades to substations and the transfer of overhead distribution lines to underground lines in the electric territory subdivisions. The City and the State has several transportation projects underway. The Garrison Tract infrastructure build out consisting of water, wastewater, storm water, and streets got underway in Fiscal Year 2013 and is expected to be completed in early 2015.

### ***Summary***

Dover continues to be affected by the nation's economic downturn; however, key construction projects continue to move forward. The large institutional presence of Bayhealth, the State, and the colleges and universities helps to strengthen the City's economy. The development of the Garrison Tract with the Dover Sun Park and the completion of the Calpine project will also serve to increase the City's economy. Dover remains a center for commerce, services and residential communities. As the economy rebounds, Dover is well positioned to support continued growth.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

The City completed the construction of the 42,000 square foot regional library in September 2012 as planned. The City is now underway with the infrastructure build out of the Garrison Oak Technology Park "GOTP" which will service as a technology and industrial park. The design of the GOTP subdivision includes fifteen parcels of which two are occupied and one is under contract. The Dover Sun Park has occupied one of the parcels since 2010 and the Calpine 305 megawatt electric generating station is currently under construction.

The City Council continues its focus on replacing or upgrading old infrastructure in order to improve the quality and reliability of our utility systems. In fiscal year 2013, \$3.1 million of water and wastewater capital improvements were completed. This included the completion of the Route 13 water main two-pump station replacements and several sewer mains relined as planned in our inflow infiltration removal program.

The electric utility completed capital improvements of \$3.3 million in fiscal year 2013. The major initiatives completed by our Transmission and Distribution crews were the completion of the Frazier substation, system upgrades to capacitors, lighting, and upgrades to 69kv switches. The infrastructure and lighting for the new Dover High School and several new services were also completed. The City's plant operator, North American Energy Services, completed the replacement of the industrial water wastewater system at the McKee Run generating plant. The Unit 3 Generator repairs were completed as well as stack repairs and the air heater expansion joint. Also completed was Units 1 & 2 stack repairs. The Unit 3 turbine inspection began in fiscal year 2012 and will continue through fiscal year 2014 at a projected total cost of \$1.6 million.

The City maintains a five-year Capital Investment Plan which serves as its planning and budgeting tool to program upgrades and replacements to its equipment, facilities, and

infrastructure. As part of this process, operating expenses are identified and funding sources are determined. Managers are required to rank capital expenditures by criticality based on the impacts on customer service and revenue losses. The fiscal year 2013/2014 Capital Investment Plan includes \$2.0 million for vehicles and equipment and \$23.4 million of infrastructure and utility improvement projects. The Capital Investment Plan is presented to City Council each year during the budget workshops and the final plan is approved by City Council along with the annual budget.

## **FINANCIAL POLICIES AND FINANCIAL PLANNING**

Unassigned fund balances in the General Fund (11.8%) fall within the policy guidelines of a minimum of 8% and maximum of 12% of revenues as approved by City Council in the City of Dover Financial policies. The water, wastewater, and electric utilities have the same policy requirement for their budget balances. If the balances fall below 8%, the City Manager is required to submit budgets to bring the balances up to minimum within three years. The current budget balances as of June 30, 2013 for the utilities are water (14.3%) and wastewater (5.4%). The water and wastewater utilities are accounted for in the same fund and have a combined budget balance of 8.6%. The electric utility ended the year with a budget balance less than the 8.0% at 7.3%. This was attributed to higher than projected transmission cost from the regional transmission provider (PJM) that serves Dover's utility. The fiscal year 2014 budget will be adjusted to address the shortfall.

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

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dover, Delaware for its comprehensive annual financial report (CAFR) for the fiscal year ended

June 30, 2012. This was the twenty-eighth (28) consecutive year that the City of Dover has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Finance Department extends our thanks to you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I also express my appreciation to the many City employees for their assistance and cooperation during the year in preparation of this report. My appreciation is extended to Mrs. Ann Marie Townshend, City Planner for her assistance with the preparation of the local economy section and Ms. Traci McDowell, City Clerk and their staff for their continued support of the Finance Department. Special appreciation is extended to the employees of the Finance Department, whose pride and dedicated service continues to make this report and each year a success.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Donna S. Mitchell".

Donna S. Mitchell, CPA  
Controller/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Dover  
Delaware**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

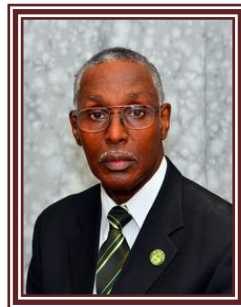
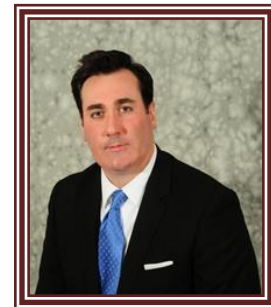
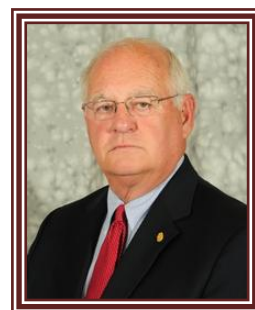
**June 30, 2012**

Executive Director/CEO

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Introductory Section



***Mayor Carlton Carey***



***City Council Members***

***1<sup>st</sup> row:***

***Council President & Councilman At large Timothy A. Slavin, First District: Beverly C. Williams and James L. Hutchison, Sr.***

***2<sup>nd</sup> row:***

***Second District: William F. Hare and Adam M. Perza, Third District: David L. Bonar and Sean Lynn.***

***3<sup>rd</sup> row:***

***Fourth District: David L. Anderson and Wallace R. Dixon***

**CITY OF DOVER, DELAWARE**

**List of Elected Officials**

**June 30, 2013**

	<b><u>Length of Services</u></b>	<b><u>Term Expires</u></b>
<b><i>Mayor</i></b>		
Carleton E. Carey, Sr.	6 Years	May 2015
<b><i>City Council</i></b>		
At-Large		
Timothy A. Slavin	1 Month	May 2017
<b><i>First District</i></b>		
Beverly C. Williams	11 Years	May 2015
James L. Hutchison, Sr.	2 Years	May 2017
<b><i>Second District</i></b>		
William F. Hare	2 Years	May 2017
Adam M. Perza	1 Year	May 2015
<b><i>Third District</i></b>		
David L. Bonar*	3 Years	May 2015
Sean M. Lynn	2 Years	May 2017
<b><i>Fourth District</i></b>		
Wallace R. Dixon	6 Months	May 2015
David L. Anderson	2 Years	May 2017

\* Council President

**CITY OF DOVER, DELAWARE**  
**List of Appointed Officials**  
**June 30, 2013**

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer – Traci A. McDowell	8 Years	27 Years
City Manager/Civil Defense Director – Scott D. Koenig	2 Years	23 Years
City Solicitor – Nicholas H. Rodriquez	45 Years	45 Years
Deputy City Solicitor – William W. Pepper	24 Years	24 Years
Council President – David L. Bonar	1 Month	3 Years
Assessor – Cheryl A. Russell	4 Years	21 Years
City Building Inspector - Ann Marie Townshend	1 Year	7 Years
City Planner – Ann Marie Townshend	7 Years	7 Years
Controller/Treasurer – Donna S. Mitchell	13 Years	13 Years
Fire Chief – Patrick W. West	6 Months	6 Months
Fire Marshal – David J. Truax	17 Years	22 Years
Police Chief – James E. Hosfelt	3 Years	24 Years

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Introductory Section

CITY OF DOVER, DELAWARE  
List of Commissions & Committees  
As of June 30, 2013

Board of Adjustment

Kishor C. Sheth, Chairman  
Arthur G. Ericson, Vice Chairman  
William Hufnal  
James N. Keller  
Richard Senato

Construction Code Board of Appeals

Adam M. Perza, Chairman  
Sean M. Lynn, Councilman  
Scott D. Koenig, City Manager

Election Board

William T. Garfinkel, Chairman  
Anita L. McDowell Boyer  
Lillie M. Johnson  
Goldie Legates  
Cherrita Matthews  
Traci McDowell

Historic District

Richard Scrafford, Chairman  
Charles A. Salkin, Vice Chairman  
George M. Fisher, IV  
Joseph McDaniel  
C. Terry Jackson

Human Relations Commission

Roy Sudler, Jr., Chair  
Justina Brewington  
Linda D. Hackett  
Richard Senato  
Dr. Phyllis Edamatsu  
Dawn Allen-Pyne  
Anlee Baccio-Walker  
Ellen O. Wasfi  
Faye White

Legislative, Finance & Administration

Sean M. Lynn, Chairman  
William F. Hare, Councilman  
Timothy A. Slavin, Councilman  
Michael G. Rushe  
Daniel Shevock

OPEB Board

Donna S. Mitchell, Chair  
William F. Hare, Councilman  
Beverly C. Williams, Councilwoman  
Scott D. Koenig, City Manager  
Kimberly Hawkins, Human Resources Director

Parks, Recreation & Community Enhancement

Wallace R. Dixon, Chairman  
Adam M. Perza, Councilman  
James L. Hutchison, Councilman  
M. Milford Caldwell, Jr.  
Ann Baker Horsey

Pension – Civilian

David L. Bonar, Chairman  
Sean M. Lynn, Councilman  
Scott D. Koenig, City Manager  
Donna S. Mitchell, Controller/Treasurer  
Lester Blakeman  
Kenneth Clendaniel  
Frances P. Hettinger

Pension – Police

Timothy Mullaney, Chairman  
David L. Bonar, Councilman  
Sean M. Lynn, Councilman  
Scott D. Koenig, City Manager  
James Hosfelt, Chief of Police  
Martin Stallings  
Jay Unterkofler

Planning Commission

Col. Robert D. Welsh, Chairman  
Fred Tolbert, Vice Chairman  
Michael J. Ambruso, Sr.  
John H. Baldwin, Sr.  
Edgar C. Cregar, Jr.  
Dean Holden  
Thomas Holt  
Dr. Bobby Jones  
Kathleen Still

Property Maintenance Code

Board of Appeals  
Scott D. Koenig, City Manager  
Heather D. Ennis  
Charles Martin

Safety Advisory & Transportation

James L. Hutchison, Chairman  
Adam M. Perza, Councilman  
Wallace R. Dixon, Councilman  
John J. Davis  
Thomas J. Keller, Jr.

Utility

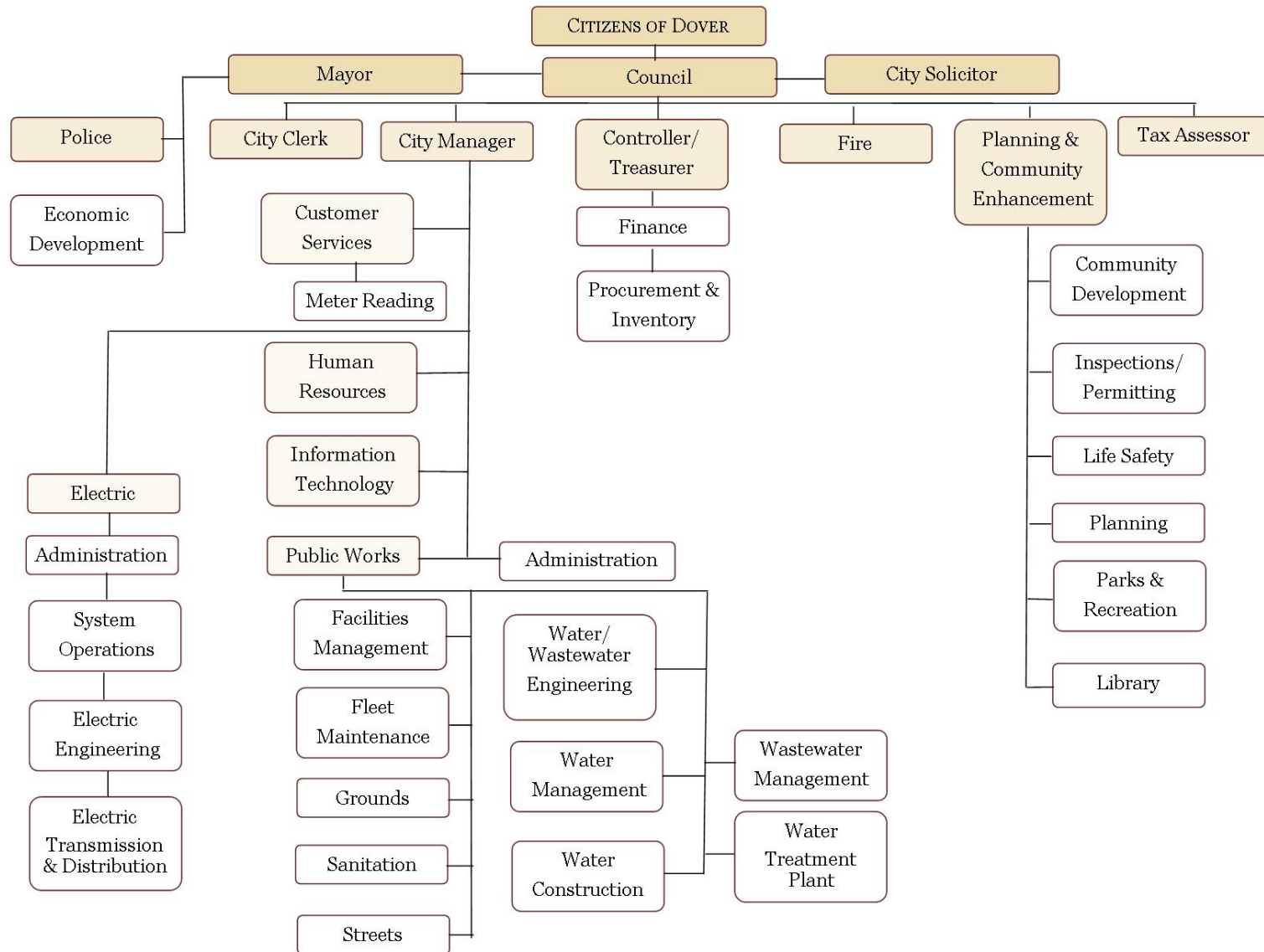
David L. Bonar, Chairman  
Adam M. Perza, Councilman  
Beverly C. Williams, Councilwoman  
Lester L. Blakeman  
Richard Snaman

Youth Advisory Committee

Kristen Dietz, Co President  
Dennis Hallock, II, Co-President  
Kenneth Anderson  
Chidinma Emenike  
Karly Jones  
Sonya Modi  
Valerie Provotorova  
Rachel Voak



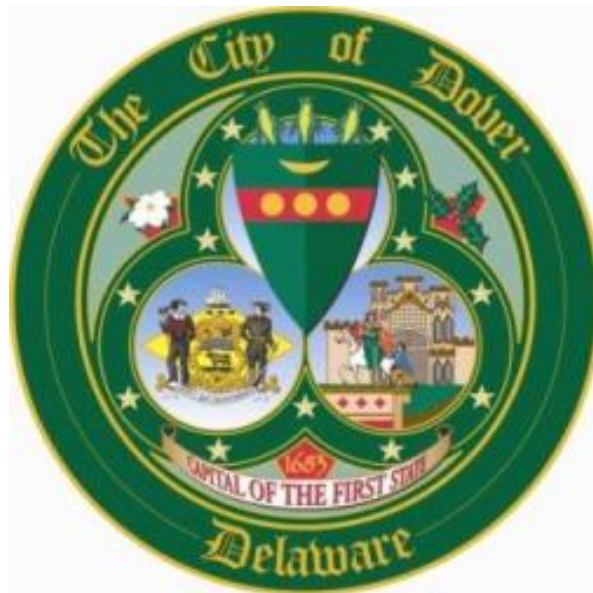
City of Dover  
Organization Chart  
Fiscal Year 2013



## The City of Dover, Delaware

### Vision

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



# FINANCIAL SECTION



**THIS SECTION CONTAINS THE FOLLOWING:**

**PART - A**  
**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

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

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

**PART - D**  
**REQUIRED SUPPLEMENTARY INFORMATION**

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



***FINANCIAL SECTION***

***PART - A***

***REPORT OF INDEPENDENT  
PUBLIC ACCOUNTANTS***



## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover (the City), as of June 30, 2013, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**SB & COMPANY, LLC**  
EXPERIENCE • QUALITY • CLIENT SERVICE

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the general fund – schedule of revenues, expenditures, and changes in fund balance – budget and actual, the governmental capital projects fund – schedule of revenues, expenditures and changes in fund balance – budget and actual and required supplemental schedules of funding progress and schedules of employer contributions for the Police and General Pension Plans Funds and the Other Post Employment Plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by identify designated accounting standard setter, such as the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and other budgetary information, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements and other budgetary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and other budgetary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*SB & Company, LLC*

Hunt Valley, Maryland  
December 11, 2013



***FINANCIAL SECTION***

***PART - B***

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



## **The City of Dover Management's Discussion and Analysis For the Year Ended June 30, 2013**

The City of Dover management offers readers of the City of Dover financial statements this narrative overview and analysis of the financial activities of the City of Dover for the fiscal year ended June 30, 2013. Readers are encouraged to consider the information included in Management's Discussion and Analysis along with additional information that we have presented in our letter of transmittal, which can be found on pages 1-7 of this report.

### **Financial Highlights**

Total assets of the City exceeded its liabilities by \$219.8 million (net position). Of this amount, \$34.7 million was reported as "unrestricted net position" which represents the amount available to meet the City's ongoing obligations to citizens and creditors. The general government reported a deficit of \$4.8 million and the business type activities, Water/Wastewater and Electric funds, reported \$39.5 million of positive unrestricted net position. The governmental activities have been negatively impacted by the net obligation for other post-employment benefits. The difference between the unrestricted amounts and the total net position is \$185.1 million, \$35.4 million is restricted primarily for debt and capital construction purposes and \$149.7 million is invested in capital assets net of related debt.

- The governmental activities remained consistent at \$49.6 million invested in capital assets, an increase in restricted net assets of \$0.2 million, as well as an increase of \$2.0 million in unrestricted net position resulting in a positive net change of \$2.2 million.
- The business-type activities experienced a \$1.8 million increase in investments in capital assets. An increase in restricted net position of \$0.9 million as well as an increase in unrestricted net position of \$5.5 million, resulting in a positive change in net position of \$8.2 million. The electric utility experienced significant savings in power supply cost over the past two years. As a result \$5.0 million was transferred to the rate stabilization reserve awaiting the completion of a cost of service study and proposed new electric rates.

### **Overview of the Financial Statements**

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

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

- The first two statements are *government-wide financial statements* (pages 37-38) that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements (pages 39-47) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental fund statements (pages 39-42) tell how general government services, like community services, planning, public safety, and public works, were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements (pages 43-45) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric Revenue and Water/Wastewater Funds.
  - The *Fiduciary fund* statements (pages 46-47) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee Pension plans and Other Postemployment Benefits plan and acts in an agency capacity for the Dover Downtown Partnership, Fourth of July Celebration Committee, and the Dover Library Foundation, none of which are considered to be component units of the City. All of the City's Fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City may not use these assets to finance its operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes (pages 51-90) that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information (pages 91-98) that further explains and supports the information in the financial statements. Other supplementary information includes details on non-major funds and other information that can be found on pages 101 through 125.

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

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

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

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City of Dover's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Net position is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's physical assets and infrastructure. The government-wide financial statements of the City are divided into two categories:

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

### **Fund Financial Statements**

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

The City has three kinds of funds:

- *Governmental Funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate page, which explains the relationship (or differences) between them.

- Governmental Fund Balance classifications are reported to the extent to which they are constrained as promulgated by Governmental Accounting Standards Board Statement No. 54.
- The City's general fund is the only governmental fund considered to be a major fund under the requirements of Governmental Accounting Standards Board Statement No. 34.
- *Proprietary Funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
  - The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City's two enterprise funds are both considered major funds under the requirements of GASB Statement No. 34.
- *Fiduciary Funds* – The City is responsible for assets that because of a trust arrangement can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operation.

### **Financial Analysis of the City as a Whole**

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

The Net Position, of the City of Dover, as of June 30, 2012 and 2013 are as follows (presented in millions of dollars):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
<b>Assets</b>						
Non-Capital Assets	\$ 11.8	\$ 14.1	\$ 79.7	\$ 86.7	\$ 91.5	\$ 100.8
Capital Assets	51.7	54.1	135.7	135.7	187.4	189.8
Total Assets	63.5	68.2	215.4	222.4	278.9	290.6
<b>Liabilities</b>						
Current Liabilities	4.6	3.0	9.2	9.8	13.8	12.8
Non-Current Liabilities	15.5	19.7	40.1	38.3	55.6	58.0
Total Liabilities	20.1	22.7	49.3	48.1	69.4	70.8
<b>Net Position</b>						
Invested in Capital Assets, Net of Related Debt	49.6	49.6	98.3	100.1	147.9	149.7
Restricted	0.5	0.7	33.8	34.7	34.3	35.4
Unrestricted	(6.8)	(4.8)	34.0	39.5	27.2	34.7
Total Net Position	\$ 43.3	\$ 45.5	\$ 166.1	\$ 174.3	\$ 209.4	\$ 219.8

The Changes in Net Position, for the City of Dover, as of June 30, 2012 and 2013 are as follows (presented in millions of dollars):



	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 11.3	\$ 10.0	\$ -	\$ -	\$ 11.3	\$ 10.0
Water/Wastewater Charges for Services	-	-	13.8	13.4	13.8	13.4
Electric Charges for Services	-	-	93.5	90.7	93.5	90.7
Operating Grants and Contributions	2.6	2.9	-	-	2.6	2.9
Capital Grants and Contributions	6.3	2.1	0.5	-	6.8	2.1
<b>General Revenues</b>						
Property Taxes	11.1	11.1	-	-	11.1	11.1
Transfer Taxes	1.4	1.1	-	-	1.4	1.1
Earnings on Investments-Other	0.1	0.1	0.6	0.1	0.7	0.2
Total Revenues	32.8	27.3	108.4	104.2	141.2	131.5
<b>Expenses</b>						
General Government	2.0	2.3	-	-	2.0	2.3
Public Safety	17.6	18.0	-	-	17.6	18.0
Public Works	8.6	6.7	-	-	8.6	6.7
Library and Recreation	2.4	2.3	-	-	2.4	2.3
Community and Economic Development	0.8	1.1	-	-	0.8	1.1
Central Services	1.3	1.2	-	-	1.3	1.2
Financial Administration	3.0	3.0	-	-	3.0	3.0
Other Post-Employment Benefits	6.5	5.1	-	-	6.5	5.1
Interest Charges	0.1	0.1	-	-	0.1	0.1
Plus (less) Indirect Expense Allocation	(4.0)	(4.2)	4.0	4.2	-	-
Water/Wastewater	-	-	10.2	9.9	10.2	9.9
Electric	-	-	74.5	71.4	74.5	71.4
Total Expenses	38.3	35.6	88.7	85.5	127.0	121.1
Change in Net Position before Transfers	(5.5)	(8.3)	19.7	18.7	14.2	10.4
Transfers	8.3	10.5	(8.3)	(10.5)	-	-
Change in Net Position	2.8	2.2	11.4	8.2	14.2	10.4
Net Position, Beginning of Year	40.5	43.3	154.7	166.1	195.2	209.4
Net Position, End of Year	\$ 43.3	\$ 45.5	\$ 166.1	\$ 174.3	\$ 209.4	\$ 219.8

### **Governmental Activities**

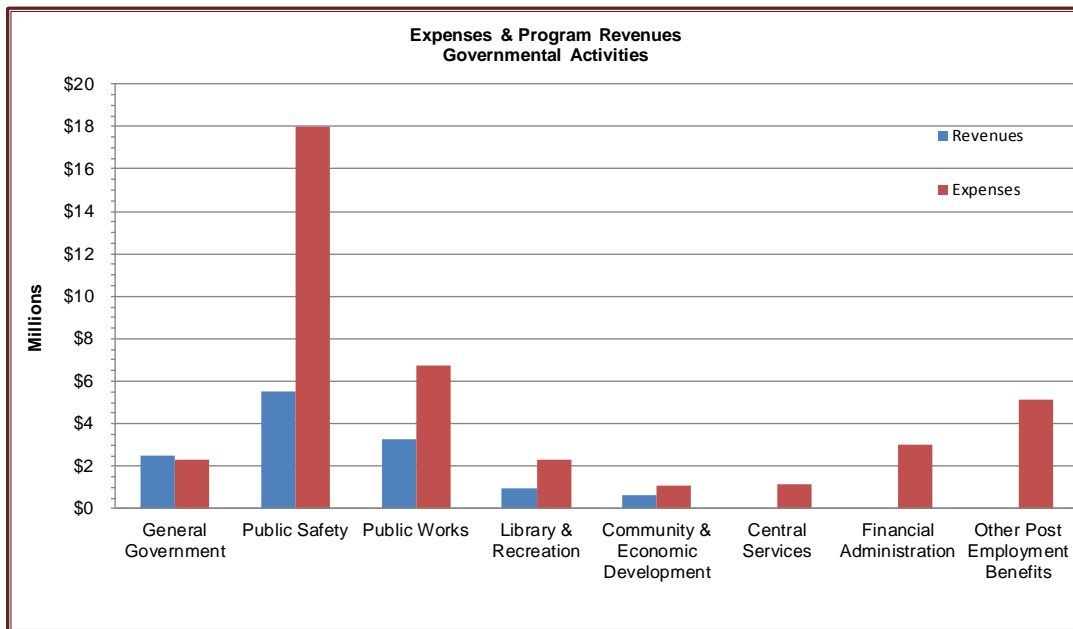
Governmental net position increased by \$2.2 million. Net revenues of \$27.2 million were less than the prior year by \$5.6 million.

The General Governmental Charges for services line item decreased by \$1.3 million from the prior year mainly due to a decrease in donations for the library which accounts for a decrease of \$1.8 million. This decrease was offset by increases in police extra duty fees, court of chancery fees and sanitation fees totaling \$0.9 million. Other sources of decreased revenues from the previous fiscal year are attributed to police fines, recreation income and licenses and permits received totaling \$0.3 million.

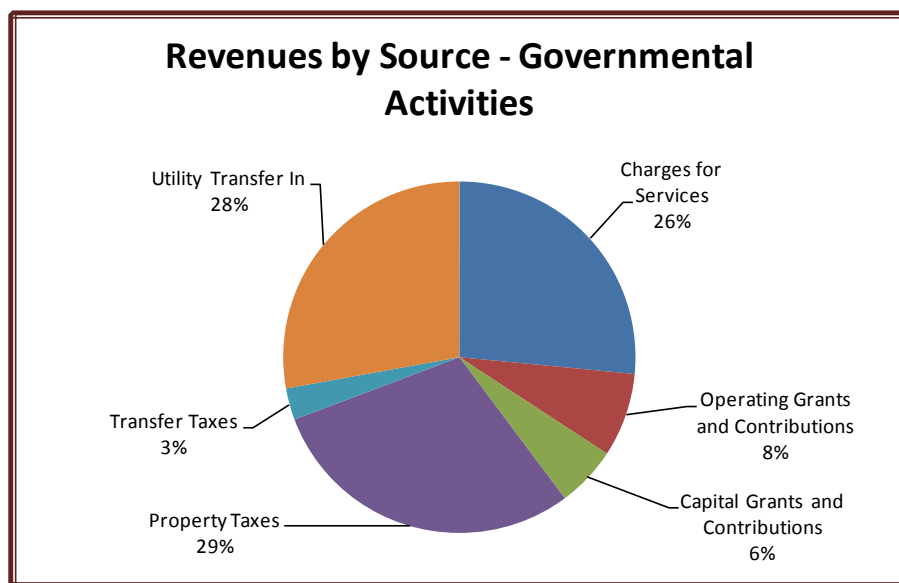
Expenses of \$35.6 million reflect an overall decrease of \$2.7 million from the prior year. Post-employment benefits and pension benefit costs decreased by \$1.4 million. Other decreases were to library and recreation, and central services. The increases to expense were in general government, public safety, community and economic

development. Transfers to the Governmental Funds from the Proprietary Funds increased \$2.2 million of which \$2.0 million was contributed towards infrastructure improvements at the Garrison Oak Technical Park. These improvements are required for the construction of the Calpine 305 megawatt electric generating facility.

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



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

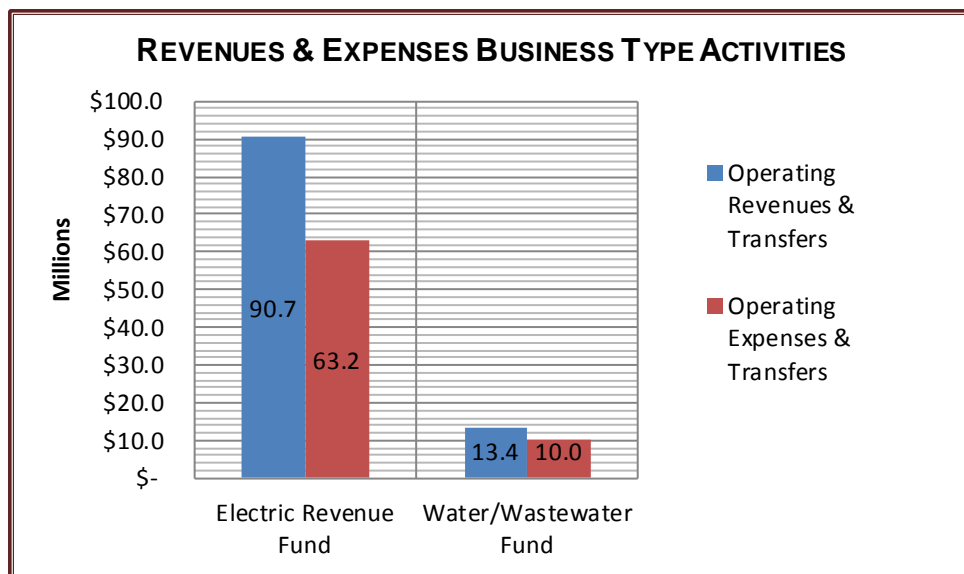


### **Business-Type Activities**

As noted earlier, the business-type activities saw a positive change in net position of \$8.2 million. Both utilities experienced a decrease in revenues which resulted in a combined net decrease of \$4.2 million. The utilities expenses when combined also decreased in total by \$3.2 million.

The water/wastewater utility had a positive change in net position of \$2.0 million. The utility experienced a decrease in operating income of \$0.4 million from the previous year. The decrease in operating income was primarily due to a decrease in water, sewer and impact fees, offset by increases in ground water adjustment fees and water tank space rent. The utility experienced a decrease in personnel and operating expenses of \$0.3 million. Non-operating expenses netted an increase as a result of a decrease in the fair value of the investments and decreased capital contributions.

The electric utility realized a positive change in net position of \$6.2 million. The utility experienced a decrease in operating revenues of \$2.8 million from the previous year as a result of a reduction in electric rates resulting from reduced power supply cost. Operating expenses decreased as well in total by \$3.2 million due to lower power supply cost and a \$0.5 million decrease in operating expenses. The decreases were offset by an increase in post-retirement benefits expense totaling \$0.6 million. Non-operating revenues and expenses reflect a negative result of \$1.3 million. Interest earned on both operating and reserve funds \$0.7 million were offset by the interest and fiscal charges of \$1.4 million and decrease in fair value of investments of \$0.6 million. Transfers to the General Fund increased to \$10.0 million from \$7.9 million in the preceding year including a \$2.0 million contribution towards infrastructure improvements at the Garrison Oak Technical Park.



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

### **Governmental Funds**

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

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

The combined fund balances of the City's governmental funds as of June 30, 2013, were \$8.9 million. This represented an increase of \$3.5 million during the year. Approximately 38% of the combined fund balances, \$3.4 million, constitutes unassigned fund balance, which is available to meet the City's current and future needs. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for operational spending because it is constrained by legally enforceable contracts, other governmental agreements and legislation, City Council resolution or it is not convertible to cash within a reasonable period of time. Further detail of fund balances is presented in the Notes to the Basic Financial Statements in Note 7.

The General Fund is the primary operating fund of the City, accounting for such activities as general government, public safety, public works, library and recreation, community and economic development, central services and financial administration. The General Fund balance as of June 30, 2013, was \$8.2 million, which represents an increase of \$3.3 million from the previous fiscal year. Both revenue and expenditures decreased due to completion of the new Library. The decrease in revenue was offset slightly by increases in revenues from Court of Chancery fees, property taxes and Sanitation fees and rebates. Library Services, which included expenditures for the library capital project in the prior year, decreased by \$8.0 million. Other expenditure decreases were in public works, recreational services, streets and sanitation services, garage and stores and street light expense. Expenditure increases were in general government, public safety and law enforcement, financial administration, insurance, retiree health care and employee pension.

### **Proprietary Funds**

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

As of June 30, 2013, the Water/Wastewater Fund has a net position of \$50.4 million, of which \$9.2 million is unrestricted. The fund's net position increased \$2.0 million during the year as explained on page 29. As of June 30, 2013, the Electric Fund has a net position of \$123.9 million, of which \$30.3 million is unrestricted. This fund

experienced an increase in net position of \$6.2 million during the year as explained on page 29.

### **General Fund Budgetary Highlights**

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

1. To amend the grant budgets, reserve accounts for the actual results of the prior fiscal year and to re-appropriate budget balances for ongoing capital projects.
2. To amend all carried forward budget balances for the major operating funds from the prior fiscal year, as well as program revenues and expenses based on the analyses provided by a mid-year review.

The General Fund financials in the Governmental Funds Balance Sheet (page 39) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 41) include both the General Fund operating activities and the Governmental Capital Project Fund activities.

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Basis) is included in Part D-Required Supplementary Information (page 93-94).

The Governmental Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis) is included in Part E- Supplementary Information (Page 104).

The Combining Statements – Combining General Fund Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund is included in Part E- Supplementary Information (pages 102-103)

The Final General Fund Budget incorporated the following changes to the Original Budget. The Budget Balance carried forward from the prior fiscal year was higher by \$1.1 million than was projected. Receipts had a net decrease of approximately \$0.1 million. The most significant increases were attributed to police extra duty fees, property taxes, Garrison Farm rent and Court of Chancery fees. The most significant reductions of revenue were in intrafund service fees, and civil traffic penalties.

Expenditures were revised to reflect an aggregate increase of \$0.3 million. Increases in transfers to the Police and Employee Pension funds accounted for most of the increased budget expense with slight increases in code enforcement, police and streets operations budgets. The increases were offset by decreases in fire, library, recreation, sanitation, customer services, vehicle maintenance and facilities management. The net result of these changes was a \$0.6 million increase in the revised budget balance over the Original Budget Balance (on a non-GAAP basis).

Actual revenues and other financing sources exceeded the final budgeted amounts in the General Fund for the current fiscal year. The more significant positive variances were in permits and other licenses, police extra duty fees and court of chancery fees and were offset by fines and police revenue, transfer tax, trash fees, miscellaneous grants and civil traffic penalties netting \$0.2 million over budgeted revenues. Expenditures were approximately \$0.5 million under budget as a result of several operating departments experiencing personnel savings. The General Fund budget balance carry forward was \$0.8 million higher than budgeted as a result of the above variances.

### Capital Asset and Debt Administration

At the end of the current fiscal year, the City's governmental and proprietary funds had invested \$54.1 million and \$135.7 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$2.4 million for governmental activities and the proprietary funds remained the same in total since the end of last fiscal year (presented in millions of dollars). Additional detailed data for all capital assets of the City is presented in the Notes to the Basic Financial Statements in Note 4.

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
<b>Depreciable Assets, Net</b>						
Buildings	\$ 7.0	\$ 26.3	\$ -	\$ -	\$ 7.0	\$ 26.3
Equipment	1.7	2.2	-	-	1.7	2.2
Vehicles	1.5	1.1	-	-	1.5	1.1
General Infrastructure	20.6	19.6	-	-	20.6	19.6
Utility, Plant, Buildings, and Infrastructure	-	-	130.5	131.7	130.5	131.7
Other	0.2	0.8	-	-	0.2	0.8
<b>Non-depreciable Assets</b>						
Land	3.9	4.0	1.6	1.6	5.5	5.6
Construction in Progress	16.8	0.1	3.6	2.4	20.4	2.5
	<u>\$ 51.7</u>	<u>\$ 54.1</u>	<u>\$ 135.7</u>	<u>\$ 135.7</u>	<u>\$ 187.4</u>	<u>\$ 189.8</u>

A summary of debt outstanding at June 30, 2012 and 2013 is as follows which represents an increase of \$4.1 million for the governmental funds and a decrease of \$1.8 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>
<b>Non-current liabilities</b>						
Liability for Compensated Absences	\$ 2.3	\$ 2.1	\$ 0.8	\$ 0.8	\$ 3.1	\$ 2.9
Bonds (Net of Discount/Issuance Cost)	2.1	4.5	38.9	37.0	41.0	41.5
OPEB Obligation	11.2	13.1	0.4	0.5	11.6	13.6
	<u>\$ 15.6</u>	<u>\$ 19.7</u>	<u>\$ 40.1</u>	<u>\$ 38.3</u>	<u>\$ 55.7</u>	<u>\$ 58.0</u>

Additional detailed data for all debt of the City is presented in the Notes to the Basic Financial Statements in Note 5.

The City Charter limits the amount of general obligation debt the City can issue in any one year to .25% of the taxable assessed value of real property within the City. The aggregate of amounts borrowed for which the full faith and credit of the City is pledged cannot exceed 5% of assessed value of real property within the City boundaries. The City has used 2.8% of its debt limit.

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

In Fiscal 2013 the City started to see a slight uptick in residential housing and commercial development. The City developed the fiscal year 2014 budget in accordance with the City's financial policies ensuring all budgets are balanced and reserve requirements were adhered to. The following changes over fiscal year 2013 were incorporated into the fiscal year 2014 budget.

- All vacant positions from 2013 were reviewed. Only those considered critical were budgeted to be filled, resulting in a reduction of three full-time and two part-time
- Negotiations with the collective bargaining units to include a 15% across the board cost sharing on all health care plans
- A 3% raise was included for non-bargaining employees
- Benefit rate changes were included for health care, pension, OPEB and worker's compensation resulting in an overall budget increase of \$445,000
- No discretionary increases in operating expenses
- Funded the capital investment plan with a commitment to providing dollars for necessary infrastructure and utility improvements

The General Fund revenues are projected to increase by 1.6% and expenditures increasing by 3.5%. The net increase was made up by revising the fiscal year 2013 budget balance due to salary savings through attrition and debt service savings. All current rates and fees will be maintained in fiscal year 2014. The capital investment plan for fiscal year 2014 will be financed with a \$1.3 million transfer from the General Fund and \$80,000 from capital reserves and grants.

The Water/Wastewater Fund overall revenues decreased 1.4% and expenses decreased 5.3%. The revenue decrease is related to customer usage as property owners are being more conservation and weather has been milder. Expense



reductions are a result of the usage reductions and capital projects that have reduced the County treatment fees. Transfers to the capital project fund were reduced in accordance with the plans for water projects. Water rates and wastewater rates will remain the same as the prior fiscal year. The City continues to maintain competitive water and wastewater rates within the State of Delaware. The capital investment plan for fiscal year 2014 will be financed with \$2.5 million of operating income and \$390,000 from impact fee reserves.

Once again in fiscal year 2013, the City contracted with Burns & McDonnell to update the Electric Cost of Service study so as to incorporate into the budget lower rates due to the decline in power supply cost. The Electric Fund overall revenues decreased 11.3% and expenses decreased by 10.8% to coincide with cost of service decreases. The Electric Fund will also be utilizing a \$5.4 million transfer from the rate stabilization reserve in order to maintain the required budget balance. The City anticipates a negative 1.5% growth rate attributed to demand response programs being implemented by large customers and conservation measures on the part of other commercial and residential customers. Capital projects are budgeted to be financed with a \$5.5 million transfer from operating income.

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

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

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



# ***FINANCIAL SECTION***

## ***PART - C***

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

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



**City of Dover**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,207,381	\$ 4,743,549	\$ 6,950,930
Investments	7,916,257	25,859,966	33,776,223
Receivables, Net	1,477,009	8,393,521	9,870,530
Internal Balances	207,510	(207,510)	-
Due from Other Governments	143,363	-	143,363
Inventory, at Cost	147,650	3,923,489	4,071,139
Prepaid Items	69,463	51,279	120,742
Restricted Cash and Cash Equivalents	1,619,543	8,146,564	9,766,107
Restricted Investments	18,252	27,902,862	27,921,114
Net Pension Asset	297,885	6,722,506	7,020,391
Net OPEB Asset	-	1,169,269	1,169,269
Land and Construction in Progress	4,076,042	4,049,402	8,125,444
Capital Assets, Net of Depreciation	49,979,976	131,683,597	181,663,573
Total Assets	<u>68,160,331</u>	<u>222,438,494</u>	<u>290,598,825</u>
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	1,613,267	6,941,229	8,554,496
Unearned Revenue	1,210,549	232,427	1,442,976
Customer Deposits	-	2,022,159	2,022,159
Other	156,984	677,104	834,088
Non-Current Liabilities			
Due within One Year	1,444,753	3,108,830	4,553,583
Due in more than One Year	5,115,314	34,727,258	39,842,572
Due in more than One Year - OPEB	13,112,314	449,016	13,561,330
Total Liabilities	<u>22,653,181</u>	<u>48,158,023</u>	<u>70,811,204</u>
<b>Net Position:</b>			
Net investment in capital assets	49,577,021	100,079,972	149,656,993
Restricted for:			
Capital Projects	85,867	34,665,736	34,751,603
Public Safety	216,344	-	216,344
Other Purposes	419,471	-	419,471
Unrestricted	(4,791,553)	39,534,763	34,743,210
Total Net Position	<u>\$ 45,507,150</u>	<u>\$ 174,280,471</u>	<u>\$ 219,787,621</u>

The notes to financial statements are an integral part of this statement.

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Financial Section - Basic Financial Statements - Part C

**City of Dover**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs</b>								
Governmental Activities								
General Government	\$ 2,287,391	\$ (813,346)	\$ 2,463,437	\$ 50,000	\$ -	\$ 1,039,392	\$ -	\$ 1,039,392
Public Safety	17,989,463	-	4,240,847	1,256,113	-	(12,492,503)	-	(12,492,503)
Public Works	6,716,039	(616,555)	2,624,877	663,953	161,698	(2,648,956)	-	(2,648,956)
Library and Recreation	2,313,048	-	656,001	276,863	1,945,746	565,562	-	565,562
Community and Economic Development	1,116,804	(176,838)	-	667,767	-	(272,199)	-	(272,199)
Central Services	1,184,169	(729,353)	-	-	-	(454,816)	-	(454,816)
Financial Administration	3,029,048	(1,906,218)	-	-	-	(1,122,830)	-	(1,122,830)
Other Post Employment Benefits	5,119,778	-	-	-	-	(5,119,778)	-	(5,119,778)
Interest Charges	114,785	-	-	-	-	(114,785)	-	(114,785)
Total Governmental Activities	<u>39,870,525</u>	<u>(4,242,310)</u>	<u>9,985,162</u>	<u>2,914,696</u>	<u>2,107,444</u>	<u>(20,620,913)</u>	<u>-</u>	<u>(20,620,913)</u>
Business Type Activities								
Water/Wastewater	9,858,866	1,046,492	13,387,706	-	-	-	2,482,348	2,482,348
Electric	71,399,767	3,195,818	90,685,693	-	-	-	16,090,108	16,090,108
Total Business Type Activities	<u>81,258,633</u>	<u>4,242,310</u>	<u>104,073,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,090,108</u>	<u>16,090,108</u>
Total Primary Government	<u>\$ 121,129,158</u>	<u>\$ -</u>	<u>\$ 114,058,561</u>	<u>\$ 2,914,696</u>	<u>\$ 2,107,444</u>	<u>\$ (20,620,913)</u>	<u>\$ 18,572,456</u>	<u>\$ (2,048,457)</u>
<b>General Revenues</b>								
Taxes								
Property Taxes						11,126,395	-	11,126,395
Transfer Taxes						1,107,686	-	1,107,686
Earnings on Investments						36,793	112,402	149,195
Total General Revenues						12,270,874	112,402	12,383,276
Transfers						10,491,718	(10,491,718)	-
Total General Revenues and Transfers						<u>22,762,592</u>	<u>(10,379,316)</u>	<u>12,383,276</u>
Changes in Net Position						2,141,679	8,193,140	10,334,819
Net Position Beginning						43,365,471	166,087,331	209,452,802
Net Position Ending						<u>\$ 45,507,150</u>	<u>\$ 174,280,471</u>	<u>\$ 219,787,621</u>

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Governmental Fund Balance Sheet**  
**June 30, 2013**

	General Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,824,267	\$ -	\$ 1,824,267
Restricted Cash and Cash Equivalents	858,086	761,457	1,619,543
Investments	6,564,730	-	6,564,730
Restricted Investments	18,252	-	18,252
Receivables, net			
Accounts	1,208,735	1,304	1,210,039
Taxes	262,970	-	262,970
Due from Other Funds	452,808	56,110	508,918
Due from Other Governments	-	143,363	143,363
Prepaid Items	58,213	-	58,213
Inventory, at Cost	147,650	-	147,650
Total Assets	<u>\$ 11,395,711</u>	<u>\$ 962,234</u>	<u>\$ 12,357,945</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 1,028,037	\$ 103,181	\$ 1,131,218
Unearned Revenue	1,210,549	-	1,210,549
Due to Other Funds	216,385	85,023	301,408
Other	156,984	-	156,984
Total Liabilities	<u>2,611,955</u>	<u>188,204</u>	<u>2,800,159</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	577,437	60,236	637,673
Total Deferred Inflows of Resources	<u>577,437</u>	<u>60,236</u>	<u>637,673</u>
<b>Fund Balances:</b>			
Non-Spendable	227,457	-	227,457
Restricted	131,237	590,445	721,682
Committed	936,899	-	936,899
Assigned	3,519,012	123,349	3,642,361
Unassigned	3,391,714	-	3,391,714
Total Fund Balances	<u>8,206,319</u>	<u>713,794</u>	<u>8,920,113</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,395,711</u>	<u>\$ 962,234</u>	<u>\$ 12,357,945</u>

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2013**

Amounts reported for governmental activities in the statement of net position (page 37) are different because:

Total fund balances for governmental funds (Page 39)	\$ 8,920,113
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	54,056,018
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Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	637,673
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The net pension asset resulting from contributions in excess of the annual required contribution (police and employee) is not a current financial resource, and, therefore, is not reported in the governmental funds.

Police Pension Plan	106,065	
General Pension Plan	191,820	297,885

An internal service fund (page 44) is used by the City to charge the cost of the workers' compensation fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,267,842
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position.

Compensated absences represent amounts accrued for sick leave for those employees who are vested and accrued vacation for all employees.

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

Current-		
General Obligation Bonds	(430,000)	
Compensated Absences	(1,014,753)	
	(1,444,753)	
Long-Term-		
General Obligation Bonds, net of discount	(4,048,997)	
Compensated Absences	(1,066,317)	
Net OPEB Obligation	(13,112,314)	
	(18,227,628)	(19,672,381)
Total net position of governmental activities		\$ 45,507,150

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**For the Year Ended June 30, 2013**

	General Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>			
Fines	\$ 612,193	\$ 299,811	\$ 912,004
Library Revenue- General	64,584	-	64,584
Library Revenue County Reimbursement	406,481	-	406,481
Licenses and Permits	2,548,913	-	2,548,913
Sanitation Fees and Rebates	2,624,877	-	2,624,877
Recreation	-	40,446	40,446
Miscellaneous Services	2,470,200	-	2,470,200
Property Taxes	11,225,834	-	11,225,834
Transfer Taxes	-	1,107,686	1,107,686
Grants Received	2,719,977	2,399,112	5,119,089
Court of Chancery Fees	917,700	-	917,700
Investment Income	43,799	1,399	45,198
<b>Total Revenues</b>	<b>23,634,558</b>	<b>3,848,454</b>	<b>27,483,012</b>
<b>Expenditures</b>			
Current:			
General Government	1,107,122	-	1,107,122
Library Services	5,240,504	273,713	5,514,217
Public Safety and Law Enforcement	17,688,100	360,542	18,048,642
Public Works	1,565,442	192,963	1,758,405
Recreational Services	651,341	-	651,341
Streets and Sanitation Services	2,990,430	-	2,990,430
Financial Administration	909,877	-	909,877
Garage and Stores	431,542	-	431,542
Insurance	241,395	-	241,395
Retiree Health Care	1,620,600	-	1,620,600
Employee Pension	1,693,500	-	1,693,500
Community and Economic Development	223,110	716,856	939,966
Street Lights	878,760	-	878,760
Debt Service:			
Principal Retirement	296,003	-	296,003
Interest and Fiscal Charges	73,071	-	73,071
Bond Issuance Costs	1,029	-	1,029
<b>Total Expenditures</b>	<b>35,611,826</b>	<b>1,544,074</b>	<b>37,155,900</b>
Excess (deficiency) of Revenues over Expenditures	<b>(11,977,268)</b>	<b>2,304,380</b>	<b>(9,672,888)</b>
<b>Other financing Sources (Uses)</b>			
Proceeds from Sale of Bonds	2,648,500	-	2,648,500
Transfers in	12,666,208	-	12,666,208
Transfers out	-	(2,174,490)	(2,174,490)
Total other Financing Sources (Uses)	<b>15,314,708</b>	<b>(2,174,490)</b>	<b>13,140,218</b>
Net Change in Fund Balances	<b>3,337,440</b>	<b>129,890</b>	<b>3,467,330</b>
Fund Balances at Beginning of Year	<b>4,868,879</b>	<b>583,904</b>	<b>5,452,783</b>
Fund Balances at End of Year	<b>\$ 8,206,319</b>	<b>\$ 713,794</b>	<b>\$ 8,920,113</b>

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

Amounts reported for governmental activities in the statement of activities (page 38) are different because:

Net change in fund balances--total governmental funds (Page 41)	\$ 3,467,330
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Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalization of net capital asset expenditures including CIP	4,872,122	
Loss on assets transferred in and not fully depreciated	(19,139)	
Current Year depreciation and amortization	(2,524,904)	2,328,079

Governmental funds report the repayment of principal of general long-term debt as an expenditure but the repayment reduces the liability in the statement of net position.	296,003
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Changes in other assets are not available to pay for current period expenditures and therefore are not reported as revenues in the funds.	(196,430)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Implementation of GASB 65 (elimination of bond issue costs)	(40,685)	
2012 Library Construction Loan Proceeds	(2,648,500)	(2,689,185)

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

Decrease in compensated absences	199,054	
Decrease in net pension asset - Police Plan	(92,285)	
Increase in net pension asset - General Pension Plan	127,094	
Increase in net OPEB obligation - General Fund	(1,932,772)	(1,698,909)

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

Change in net position of governmental activities (Page 38)	634,791
	\$ 2,141,679

The notes to financial statements are an integral part of this statement.



**City of Dover**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2013**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Water/ Wastewater Fund</b>	<b>Electric Revenue Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,801,914	\$ 2,941,635	\$ 4,743,549	\$ 383,114
Investments	7,858,347	18,001,619	25,859,966	1,351,527
Receivables, Net	918,428	7,475,093	8,393,521	4,000
Due from Other Funds-Charges	50,989	131,005	181,994	-
Inventory	81,271	3,842,218	3,923,489	-
Prepaid Items	-	51,279	51,279	11,250
Total Current Assets	<u>10,710,949</u>	<u>32,442,849</u>	<u>43,153,798</u>	<u>1,749,891</u>
Non-Current Assets:				
Restricted Assets				
Cash	1,383,690	6,762,874	8,146,564	-
Investments	3,890,328	24,012,534	27,902,862	-
Net Pension Asset	479,537	6,242,969	6,722,506	-
Net OPEB Asset	-	1,169,269	1,169,269	-
Land and Construction in Progress	1,252,427	2,796,975	4,049,402	-
Capital Assets, Net of Depreciation	45,537,043	86,146,554	131,683,597	-
Total Non-Current Assets	<u>52,543,025</u>	<u>127,131,175</u>	<u>179,674,200</u>	<u>-</u>
Total Assets	<u>63,253,974</u>	<u>159,574,024</u>	<u>222,827,998</u>	<u>1,749,891</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	1,137,186	5,804,043	6,941,229	482,049
Due to Other Funds - Charges	116,852	272,652	389,504	-
Deferred Revenue	-	232,427	232,427	-
Accrued Interest Payable	74,327	602,777	677,104	-
Customer Deposits	-	2,022,159	2,022,159	-
Revenue Bonds Payable	706,083	2,150,000	2,856,083	-
Liability for Compensated Absences	76,444	176,303	252,747	-
Total Current Liabilities	<u>2,110,892</u>	<u>11,260,361</u>	<u>13,371,253</u>	<u>482,049</u>
Non-Current Liabilities:				
Net OPEB Obligation	449,016	-	449,016	-
Revenue Bonds Payable	10,220,634	23,960,000	34,180,634	-
Liability for Compensated Absences	95,211	451,413	546,624	-
Total Non-Current Liabilities	<u>10,764,861</u>	<u>24,411,413</u>	<u>35,176,274</u>	<u>-</u>
Total Liabilities	<u>12,875,753</u>	<u>35,671,774</u>	<u>48,547,527</u>	<u>482,049</u>
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	37,246,443	62,833,529	100,079,972	-
Restricted for Capital Construction	3,890,328	30,775,408	34,665,736	-
Unrestricted	9,241,450	30,293,313	39,534,763	1,267,842
Total Net Position	<u>\$ 50,378,221</u>	<u>\$ 123,902,250</u>	<u>\$ 174,280,471</u>	<u>\$ 1,267,842</u>

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Water/ Wastewater Fund</b>	<b>Electric Revenue Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Operating Revenues</b>				
Charges for Services	\$ 11,043,071	\$ 88,331,196	\$ 99,374,267	\$ -
Miscellaneous Services/Income	2,344,635	2,354,497	4,699,132	1,214,013
Total Operating Revenues	13,387,706	90,685,693	104,073,399	1,214,013
<b>Operating Expenses</b>				
Water/Wastewater Services	7,174,128	-	7,174,128	-
General Administrative	1,175,225	4,470,795	5,646,020	433,214
Power Supply	-	55,681,251	55,681,251	-
Transmission/Distribution	-	3,267,698	3,267,698	-
Engineering	-	1,107,231	1,107,231	-
Metering	-	219,010	219,010	-
Systems Operations	-	544,405	544,405	-
Utility Tax	-	1,443,853	1,443,853	-
Depreciation	1,705,809	4,621,501	6,327,310	-
Contractual Services	-	-	-	33,700
Taxes	-	-	-	29,114
Retirees Pension	231,385	1,115,765	1,347,150	-
Retirees Health Care	261,019	696,500	957,519	-
Self Insurance-Workers' Compensation	-	-	-	74,789
Total Operating Expenses	10,547,566	73,168,009	83,715,575	570,817
Operating Income	2,840,140	17,517,684	20,357,824	643,196
<b>Non-Operating Revenues (Expenses)</b>				
Interest Earned:				
Operating Funds	114,833	190,469	305,302	-
Reserve Funds	87,675	506,771	594,446	12,459
Net Decrease in Fair Value of Investments	(172,357)	(614,989)	(787,346)	(20,864)
Interest and Fiscal Charges	(369,131)	(1,432,779)	(1,801,910)	-
Gain on Sale of Assets	11,339	5,203	16,542	-
Total Non-Operating Revenue (expenses)	(327,641)	(1,345,325)	(1,672,966)	(8,405)
Income before Contributions and Transfers	2,512,499	16,172,359	18,684,858	634,791
Transfers In	-	8,282	8,282	-
Transfers Out	(500,000)	(10,000,000)	(10,500,000)	-
Total transfers	(500,000)	(9,991,718)	(10,491,718)	-
Change in Net Position	2,012,499	6,180,641	8,193,140	634,791
Total Net Position--Beginning	48,365,722	117,721,609	166,087,331	633,051
Total Net Position--Ending	\$ 50,378,221	\$ 123,902,250	\$ 174,280,471	\$ 1,267,842

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Water Wastewater Fund</b>	<b>Electric Revenue Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers	\$ 13,273,867	\$ 89,805,855	\$ 103,079,722	\$ -
Payments to Suppliers (including Purchased Power)	(5,704,873)	(61,388,679)	(67,093,552)	(137,603)
Payments to Employees	(1,735,265)	(4,235,494)	(5,970,759)	-
Payments of Personnel Related Costs	(755,970)	(1,614,454)	(2,370,424)	1,152,388
Internal Activity--Payments from (to) Other Funds	(16,544)	-	(16,544)	14,459
Other Receipts (Payments) including Claims Paid	(281,241)	(7,634,455)	(7,915,696)	(363,919)
Net Cash Provided by Operating Activities	<u>4,779,974</u>	<u>14,932,773</u>	<u>19,712,747</u>	<u>665,325</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers Out	(500,000)	(10,000,000)	(10,500,000)	-
Transfers in	-	8,282	8,282	-
Net Cash Used for Noncapital Financing Activities	<u>(500,000)</u>	<u>(9,991,718)</u>	<u>(10,491,718)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and Construction of Capital Assets	(2,983,446)	(3,301,960)	(6,285,406)	-
Proceeds from Capital Debt	637,239	-	637,239	-
Bond Issuance Costs	(6,597)	(1,050)	(7,647)	-
Principal Paid on Revenue Bond Maturities	(687,229)	(2,110,000)	(2,797,229)	-
Interest Paid on Capital Debt	(251,180)	(1,233,804)	(1,484,984)	-
Net Cash Used for Capital and Related Financing Activities	<u>(3,291,213)</u>	<u>(6,646,814)</u>	<u>(9,938,027)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	114,833	190,469	305,302	-
Redemption of Investment Securities	1,500,000	2,000,000	3,500,000	(741,502)
Purchase of Investment Securities	(2,509,828)	(4,815,151)	(7,324,979)	(8,308)
Interest on Restricted Cash	87,675	506,771	594,446	-
Net Cash Used for Investing Activities	<u>(807,320)</u>	<u>(2,117,911)</u>	<u>(2,925,231)</u>	<u>(749,810)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	181,441	(3,823,670)	(3,642,229)	(84,485)
Balances--Beginning of the Year	3,004,163	13,528,179	16,532,342	467,599
Balances--End of the Year	<u>\$ 3,185,604</u>	<u>\$ 9,704,509</u>	<u>\$ 12,890,113</u>	<u>\$ 383,114</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 2,840,140	\$ 17,517,684	\$ 20,357,824	\$ 643,196
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	1,705,809	4,621,501	6,327,310	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Receivables	(62,922)	(837,711)	(900,633)	15,564
(Increase)/Decrease in Due from Other Funds	(50,917)	(106,415)	(157,332)	-
(Increase)/Decrease in Inventory	(13,482)	21,316	7,834	-
(Increase)/Decrease in Prepaid Items	477	(36,297)	(35,820)	-
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(278,415)	(45,452)	(323,867)	6,565
Increase/(Decrease) in Deferred Revenue	622,489	15,090	637,579	-
Increase/(Decrease) in Due to Other Funds	-	(53,440)	(53,440)	-
Increase/(Decrease) in Customer Deposits	(11,544)	(87,446)	(98,990)	-
Increase/(Decrease) in Liability for Compensated Absences	-	117,728	117,728	-
Increase/(Decrease) in NPO/NPA for Pension	(12,680)	(35,350)	(48,030)	-
Increase/(Decrease) in NPO/NPA for OPEB	41,019	(6,158,435)	(6,117,416)	-
Net Cash Provided by Operating Activities	<u>\$ 4,779,974</u>	<u>\$ 14,932,773</u>	<u>\$ 19,712,747</u>	<u>\$ 665,325</u>
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ (172,357)	\$ (614,989)	\$ (787,346)	\$ (20,864)
Deferred charges expensed	\$ (111,354)	\$ (224,975)	\$ (336,329)	\$ -

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

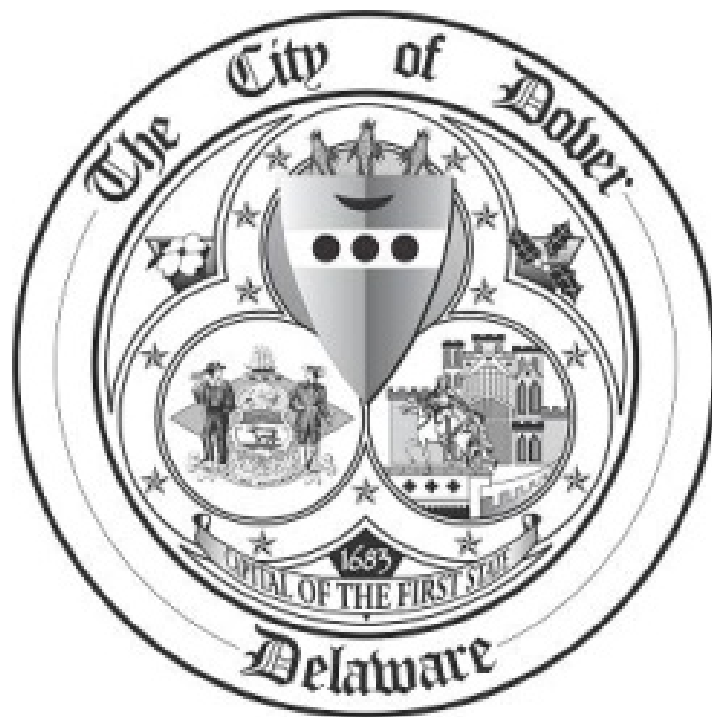
	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,855,270	\$ 486,852	\$ 265,431
Investments at Fair Value - Mutual Funds	33,442,789	13,141,621	-
Receivables	-	-	50,771
Prepaid Items	-	-	45
Total Assets	<u>41,298,059</u>	<u>13,628,473</u>	<u>316,247</u>
<b>Liabilities</b>			
Accounts Payable	-	1,250	83,155
Due to Agencies	-	-	233,092
Total Liabilities	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 316,247</u>
<b>Net Position</b>			
Net Position Held in Trust for Retirement Benefits	<u>\$ 41,298,059</u>	<u>\$ 13,627,223</u>	

The notes to financial statements are an integral part of this statement.

**City of Dover**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2013**

	<b>Pension Trust Funds</b>	<b>OPEB Trust Fund</b>
<b>Additions:</b>		
Net Investment Income	\$ 2,543,986	\$ 728,829
City's Contribution-Payroll Based	310,963	1,403,935
City's Contribution-Lump Sum	9,972,500	2,537,100
Employee Contribution	233,097	-
State Insurance Premium Tax Proceeds	577,765	-
Other	1,942	78,743
Total Additions	<u>13,640,253</u>	<u>4,748,607</u>
<b>Deductions:</b>		
Benefit Payments	4,970,885	2,027,056
General Administration	26,809	7,500
Refund of Pension Contribution	80,813	-
Total Deductions	<u>5,078,507</u>	<u>2,034,556</u>
Change in Net Position	8,561,746	2,714,051
Net Position - Beginning	<u>32,736,313</u>	<u>10,913,172</u>
Net Position - Ending	<u><u>\$ 41,298,059</u></u>	<u><u>\$ 13,627,223</u></u>

The notes to financial statements are an integral part of this statement.



**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**  
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## **NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2013**

### **1. FINANCIAL REPORTING ENTITY**

#### **A. The City**

The City of Dover was incorporated in 1829 and is a municipal corporation governed by an elected mayor and a nine-member council. The accompanying financial statements present the financial position and operating results for fiscal year ended June 30, 2013.

#### **B. Reporting Entity**

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in Accounting Principles Generally Accepted in the United States of America (GAAP). The criterion used is that set forth by Statement of Governmental Accounting Standards number 14 and as updated by GASB 61 which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon this criterion, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

##### *Included within the reporting entity:*

The City provides many services as follows - police protection, street maintenance, sanitation, recreation, library, community development, public improvements, planning, safety inspections, electric generation and distribution, water and wastewater services, legislative services and general administration, including employee benefits. These functions are part of the City's daily operations and therefore are not legally separate component units.

##### *Not included within the reporting entity:*

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

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

### **2. SIGNIFICANT ACCOUNTING POLICIES**

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

## **A. Basis of Presentation**

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

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

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

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

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

The City reports the following major governmental fund:

### **General Fund**

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

The City reports the following major proprietary funds:

*Water/Wastewater Fund*

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

*Electric Revenue Fund*

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

The City reports the following non-major funds:

*Internal Service Fund*

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

*Special Revenue Funds*

The City has ten Special Revenue Funds to account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Fiduciary Funds*

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

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

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

The City acts as the receiving and paying agent for the Downtown Dover Partnership, Fourth of July Celebration Committee, and Dover Library Foundation.

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

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

All Governmental Funds are accounted for using the modified accrual basis of accounting

and the current financial resources measurement focus. Their revenues are recognized when they become measurable and available as net current assets.

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

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

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

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

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

Operating income reported in the proprietary fund financial statements includes revenue and expenses related to the continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales and services.

Principal operating expenses are the costs of providing goods and services, which include purchased power, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **C. New Pronouncements**

GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", effective for periods beginning after December 15, 2011, establishes guidance for accounting and financial reporting for service concession arrangements often referred to as public-private partnerships or public-public partnerships. At the current time, the City has no service concession arrangements.

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus: an amendment of GASB Statements No. 14 and No. 34, effective for periods beginning after June 15, 2012, modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units, and certain disclosure requirements. At the current time, the City has no component units.

GASB Statement, No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB, and AICPA Pronouncements", effective for periods beginning after December 15, 2011, codifies into GASB accounting and financial reporting standards the "legacy" standards from the private sector. The City implemented this new requirement for the Fiscal Year 2013 audited financial statements.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", effective for periods beginning after December 15, 2011, establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position along with related note disclosures. The City implemented this new requirement for the Fiscal Year 2013 audited financial statements.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", effective for periods beginning after December 15, 2012, specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. The City implemented this new requirement for the Fiscal Year 2013 audited financial statements.

GASB Statement No. 66, "Technical Corrections – 2012: an amendment of GASB Statements No. 10 and No. 62", effective for periods beginning after December 15, 2012 was implemented in the Fiscal Year 2013 audited financial statements.

GASB Statement No. 67, "Financial Reporting for Pension Plans: an amendment of GASB Statement No. 25", effective for periods beginning after June 15, 2013, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements.

The above GASB statements have no material effect on the financial position of the City.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27", effective for periods beginning after June 15, 2014, replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements.

The above GASB statement will have a material effect on the financial position of the City.

#### **D. Capital Assets and Long-Term Liabilities**

Capital assets used in Governmental Fund type operations (general capital assets) are accounted for in the government-wide financial statements rather than in the funds. Public domain ("infrastructure") general capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized in the government-wide financial statements along with other general capital assets. The capitalization threshold for the City's assets is \$5,000. Personal computers and related hardware valued under \$5,000 are manually controlled by the Information Technology Department. All capital assets are valued at historical cost and donated assets are shown at a fair market value as of the date of donation. Depreciation has been provided on general capital assets and is shown in Note 4. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20	-	50	years
Infrastructure	20	-	50	years
Vehicles	4	-	7	years
Equipment, Furniture & Fixtures	5	-	15	years

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

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is shown in Note 4 of this section. Depreciation in the proprietary funds has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are presented below:

Buildings, Mains & Plant	25	-	90	years
Improvements	10	-	20	years
Equipment	5	-	15	years
Vehicles	4	-	7	years

#### **E. Budget Procedures**

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

The General Governmental Capital Projects Fund provides for separate budgets to cover the planning and control of capital items for the governmental programs. The financial transactions of this fund are included in the financial statements of the General Fund. The Electric Improvement and Extension Fund and the Water/Wastewater Improvement and Extension Fund are sections of each utility enterprise. These sections are required



by bond resolutions. Separate budgets for these funds cover the planning and control of only the capital items of the utilities. The financial transactions of these funds are included in the financial statements of the Electric Revenue Fund and the Water/Wastewater Fund.

The City prepares the budget for the General Fund revenues on a modified accrual basis. The expenditures are accounted for when the purchase orders are issued. The budget and actual schedule (in the legal budget format (non-GAAP), adopted by the City) for the General Fund, the City's major governmental fund, is presented in the required supplementary information section of this report.

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 Combining General Fund Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund as well as the budget and actual schedules of the other funds are also presented in the supplementary information section of this report because they are "not required."

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

## **F. Major Transfers**

The Electric Revenue Fund and Water/Wastewater Fund annually transfer a budgeted portion of their revenues to the General Fund. In this fiscal year transfers were also made from the Realty Transfer Tax Fund, Municipal Street Aid Fund, Electronic Red Light Safety Program (ERLSP) Fund, State Department of Transportation (D.O.T.) Fund, and Police Grant Fund to the General Fund. The purpose of these transfers is to provide routine subsidies to the General Fund for operating functions, capital project expenditures and debt service requirements.

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

## **G. Inventories and Prepaid Items**

Both inventories and prepaid items are accounted for using the consumption method. Inventories are treated as operational expenditures at the time of use rather than at the time of purchase for both the governmental and proprietary funds. Prepaid expenses are reflective of insurance policies and commitments due on July 1 for the following fiscal year.

The warehouse inventories, consisting mostly of parts and supplies, are maintained on a perpetual inventory basis. Inventories of all funds are valued at cost and net of reserves, utilizing a weighted moving average method of valuation. The City maintains inventory reserves to charge off any damaged or obsolete items.

The Electric Revenue Fund maintains fuel inventory for the generating assets on a perpetual basis and utilizes the weighted moving average method of valuation.

#### **H. Cash and Investments**

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

#### **I. Accounts Receivable**

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

General Fund	\$154,086
Water/Wastewater Fund	108,234
Electric Revenue Fund	386,346

#### **J. Restricted Assets**

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

Restricted assets as of June 30, 2013 total \$37,687,221 including cash and cash equivalents of \$9,766,107 and \$27,921,114 in investments. Of this amount, \$1,637,795 is attributed to governmental activities and \$36,049,426 is attributable to business-type activities.

#### **K. Unbilled Service Receivables**

The City follows a policy of billing for services in accordance with billing cycle procedures. All known services rendered are billed and incorporated in the books at the end of the fiscal year. Billing information which is unreported by June 30, 2013, by the operating departments is billed and accounted for in the month the information is received.

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

The City has elected to recognize bond discounts and issuance cost in governmental funds, as well as the proprietary funds, as a current period expense in accordance with GASB 65. As of June 30, 2013 the unamortized bond discounts and issuance costs held by the General fund and the Proprietary funds have been expensed



## **M. Deferred inflows of resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, demolitions, general billings, grass cutting, police extra-duty, and State grants.

## **N. Fund Balances and Net Position**

Governmental fund balances are reported based on a hierarchy of constraints on the nature or specific purpose to which the funds can be spent. The classifications of fund balance are as follows:

- The Non-spendable fund balance classification includes amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- The Restricted fund balance classification includes amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- The Committed fund balance classification includes amounts that can be used only for specific purposes determined by the formal action of a City ordinance which is approved by City Council majority vote the highest level of decision-making authority.
- The Assigned fund balance classification includes amounts authorized and established by City Council. The City's Financial Policies as adopted by City Council includes the purpose and description of all classes of fund balance. Modifications require City Council approval.

The city considers restricted, committed, or assigned amounts to have been spent when a related expenditure is incurred. Proprietary funds report net position in three categories:

- 1) Invested in capital assets net of related debt;
- 2) Restricted
- 3) Unrestricted

Fund balances and net position are further explained in Note 7.

## **O. Estimates**

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

### 3. DEPOSITS AND INVESTMENTS

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

*Custodial credit risk – deposits.* The bank collateralizes the City of Dover's deposits over and above those covered by the \$250,000 FDIC Insurance limit with specific securities, which are 'marked to market' daily against the aggregate balances. The market value of the collateral is at a minimum of or equal to 102% of the amount of applicable deposits. Collateral consists solely of either full faith and credit obligations of the United States Government or fixed rate obligations of agencies or instruments of the United States Government.

On June 30, 2013, the carrying amount of unrestricted cash totaled \$6,950,930 and the bank cash balances totaled \$6,339,903. The carrying amount of restricted cash totaled \$9,766,107 and the bank cash balances on restricted accounts totaled \$9,795,432. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary fund deposits of \$8,607,553 are excluded.

#### B. Investments

The City Council has adopted an investment policy which is reviewed every two years and updated as needed for best practices. The Pension Boards have their own distinct investment policy over the Pension Trust funds since the objectives differ from those of the City. The City investments are segregated from the Pension Trust investments for clarity. As of June 30, 2013, the City had the following investments:

##### i. Investments Held by Third Party Custodian

<u>Investment Type</u>	<u>Fair Value</u>	<u>(Years)</u>
<b>Government-Wide:</b>		
Fixed income securities:		
U.S. Government Treasuries	\$ 13,679,771	1.59
U. S. Government Agencies	21,571,889	2.41
Municipal Obligations	5,042,288	2.55
Corporate Bonds	17,963,293	2.91
Certificate of Deposit	3,193,680	1.55
Fair Value of fixed income securities	\$ 61,450,921	
Portfolio weighted average maturity		2.34
Other investments:		
Money Market Mutual Funds & Certificate of Deposit	223,259	
Equity Stock and Other	23,157	
Total Other Investments	246,416	
Total Government-Wide Investments	<u>\$ 61,697,337</u>	

**Interest rate risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policy limits U.S. Government securities to a maximum maturity of 10 years from the date of purchase. For most other securities, the maximum maturity is five years from the date of purchase. Short-term cash flow balances are invested up to one year.

The investments are held in the City's name at a third party custodian.

**Credit risk:** The City's investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. As of June 30, 2013, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard's & Poor's:

Authorized Investments	Policy Minimum Rating Category	Portfolio Ratings	Percent Allocation
U.S. Government	N/A	AA+	22.20%
U.S. Government Agency	N/A	AA+	35.10%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A-1+ Long-Term AA-	5.20%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	N/A	
Corporate Notes/Bonds	AA	AA- to AAA	29.20%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAAm	AAAm	
Municipal Obligations	AA	AA to AA+	8.20%

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

Authorized Investments	Sector and Issuer Restrictions
U.S. Government	Up to 100% per sector
U.S. Government Agency	Up to 100% per sector
Certificates of Deposits and Time Deposits	Up to 25% per sector; 5% per issuer
Corporate Debt	
Commercial Paper	Up to 25% per sector; 5% per issuer
Corporate Notes/Bonds	Up to 50% per sector; 5% per issuer
Delaware Domicled Institutions	Up to 20% per sector; 5% per issuer
Repurchase Agreements	Up to 25% per sector
Registered Investment Companies (money market funds)	Up to 25% per sector
Mortgage-Backed Securities	Up to 50% per sector; 5% per issuer
Municipal Obligations	Up to 30% per sector; 5% per issuer

## ii. Investments Held by Trustee for Post Employee Benefits & Pensions

Investment Type	Fair Value	(Years)
<b>Other Postemployment Benefits (OPEB) &amp; Pension Funds (Trustee held):</b>		
Corporate Bonds - OPEB Trust	\$ 4,840,623	1.72
Short-term corporate bond open-end mutual funds	340,395	0.08
Intermediate-term corporate bond open-end mutual funds	5,275,041	1.50
Long-term corporate bond open-end mutual funds	6,216,774	3.70
Fair value of fixed income investments	16,672,833	
Portfolio weighted average maturity		1.75
Other investments:		
Domestic equity open-end mutual funds	18,282,026	
International equity open-end mutual funds	11,629,551	
Fair value of other investments	29,911,577	
Total fair value OPEB and pension funds	\$ 46,584,410	

The Pension Trust and OPEB Trust have their investments exclusively in open-end mutual funds, with limits on its investments as follows:

Authorized Investments Pension Plans	Target%	Benchmark
Domestic Equities:		
Large Cap Value	10.00%	S&P/Citi 500 Value
Large Cap Growth	11.00%	S&P/Citi 500 Growth
Mid Cap	5.00%	S&P/Citi Mid-Cap 400 Value
Small Cap	5.00%	S&P/Citi Small Cap 600 Value
Real Estate/REIT	5.00%	FTSE NAREIT Equity REIT
Non-US Stock:		
Non-US Equity	10.00%	MSCI EAFE
Non-US Small Cap		MSCI EAFE Small Cap
Emerging Markets:		
Emerging Markets	15.00%	MSCI EM (Emerging Markets)
Fixed Income		
Short Term Bonds	0.05%	BofA Merrill Lynch 1-3 Yr Corp
Inflation Protected Bonds	2.00%	Barclays US Treasury US TIPS TR
Intermediate Term Bonds	13.00%	Barclays Cap Interm US GOVT/Credit Index
Long Term Bonds	19.00%	Barclays Cap Long GOVT Credit Index
Cash & Cash Equivalents	4.50%	CitiGroup 3 Month Tbill

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

#### 4. **CAPITAL ASSETS**

A summary of the Capital asset activity for the year ended June 30, 2013 is presented on the following page:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 3,958,887	\$ -	\$ -	\$ 3,958,887
Construction in progress	16,759,414	4,229,390	20,871,649	117,155
Total capital assets, not being depreciated	20,718,301	4,229,390	20,871,649	4,076,042
Capital assets, being depreciated:				
Buildings	10,941,377	19,612,149	-	30,553,526
Furniture and fixtures	180,350	653,372	-	833,722
Equipment	6,965,654	750,636	-	7,716,290
Vehicles	4,677,659	192,999	212,198	4,658,460
Lights	614,531	-	-	614,531
Improvements other than buildings	39,696,715	305,225	-	40,001,940
Books and audio visuals	8,115	-	-	8,115
Total capital assets, being depreciated	63,084,401	21,514,381	212,198	84,386,584
Less accumulated depreciation for:				
Buildings	(3,916,836)	(292,575)	-	(4,209,411)
Furniture and fixtures	(169,965)	(44,410)	-	(214,375)
Equipment	(5,247,449)	(379,625)	104,968	(5,522,106)
Vehicles	(3,176,538)	(453,158)	88,091	(3,541,605)
Lights	(455,182)	(9,952)	-	(465,134)
Improvements other than buildings	(19,100,657)	(1,345,184)	-	(20,445,841)
Books and audio visuals	(8,136)	-	-	(8,136)
Total accumulated depreciation	(32,074,763)	(2,524,904)	193,059	(34,406,608)
Total capital assets, being depreciated, net	31,009,638	18,989,477	19,139	49,979,976
Governmental activities capital assets, net (continued)	\$ 51,727,939	\$ 23,218,867	\$ 20,890,788	\$ 54,056,018

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	789,014	1,253,188	703,293	1,338,909
Total capital assets, not being depreciated	2,247,080	1,253,188	703,293	2,796,975
Capital assets, being depreciated				
Buildings	17,456,628	162,721	-	17,619,349
Production	64,610,399	445,707	16,057	65,040,049
Transmission	33,106,748	910,689	6,751	34,010,686
Distribution	60,680,365	1,139,933	67,829	61,752,469
Administration	1,634,017	109,737	-	1,743,754
Vehicles	640,096	22,118	36,338	625,876
Total capital assets, being depreciated	178,128,253	2,790,905	126,975	180,792,183
Less accumulated depreciation for:				
Buildings	(11,400,308)	(395,571)	-	(11,795,879)
Production	(41,416,622)	(1,281,863)	16,057	(42,682,428)
Transmission	(10,344,554)	(1,195,920)	3,457	(11,537,017)
Distribution	(25,322,267)	(1,574,515)	64,536	(26,832,246)
Administration	(1,196,545)	(121,987)	2,000	(1,316,532)
Vehicles	(464,219)	(51,646)	34,338	(481,527)
Total accumulated depreciation	(90,144,515)	(4,621,502)	120,388	(94,645,629)
Total capital assets, being depreciated, net	87,983,738	(1,830,597)	6,587	86,146,554
Total electric revenue fund capital assets, net	90,230,818	(577,409)	709,880	88,943,529
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	2,792,579	1,774,185	3,477,577	1,089,187
Total capital assets, not being depreciated	2,955,819	1,774,185	3,477,577	1,252,427
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	15,718,500	451,166	-	16,169,666
Distribution mains, hydrants, and accessories	17,673,573	2,392,065	-	20,065,638
Sewage plant mains, and pumping stations	31,580,569	1,334,502	-	32,915,071
Vehicles and equipment	4,578,855	520,441	78,932	5,020,364
Total capital assets, being depreciated	69,551,497	4,698,174	78,932	74,170,739
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(6,708,797)	(332,879)	-	(7,041,676)
Distribution mains, hydrant, and accessories	(5,810,392)	(372,108)	-	(6,182,500)
Sewage plant mains, and pumping stations	(11,164,961)	(705,400)	-	(11,870,361)
Vehicles and equipment	(3,322,671)	(295,420)	78,932	(3,539,159)
Total accumulated depreciation	(27,006,821)	(1,705,807)	78,932	(28,633,696)
Total capital assets, being depreciated, net	42,544,676	2,992,367	-	45,537,043
Total water/wastewater fund capital assets, net	45,500,495	4,766,552	3,477,577	46,789,470
Business-type activities capital assets, net	\$ 135,731,313	\$ 4,189,143	\$ 4,187,457	\$ 135,732,999

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

Governmental activities:	
General government	\$ 11,625
Central services	90,771
Public safety	447,858
Public works	1,644,602
Library and recreation	266,892
Financial administration	63,156
Total depreciation expense - governmental activities	<u>\$ 2,524,904</u>

## 5. LONG -TERM OBLIGATIONS

### A. Summary of Bonded Indebtedness by Issue

	<u>Original</u>	<u>Remaining</u>	<u>Interest</u>	<u>Maturity</u>	<u>Arbitrage</u>	<u>Purpose</u>
<b><u>Governmental Activities</u></b>						
2003 General Obligation Bonds	\$3,430,000	\$990,000	3.870%	7/1/04 - 7/1/16	No	Refunding of '92 & '95 issues
2012 General Obligation Bonds	\$3,500,000	\$3,488,997	2.600%	6/25/13 - 5/25/19	No	Construction of New Library, Street Paving Program
<b><u>Business Type Activities</u></b>						
<b><u>Water/Wastewater Bonds</u></b>						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$750,000	\$324,939	3.600%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2003 Revenue Bonds	\$7,980,000	\$2,300,000	3.790%	7/1/04 - 7/1/23	Yes	Complete refund 1986B Series; partial refunding 1993 and 1993A Series; expansion and upgrades of water and sanitary sewer
2009 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$5,581,059	\$5,344,455	2.000%	12/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2010 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$2,404,017	\$2,254,263	2.470%	4/1/12 - 10/1/30	No	Water quality improvements and main replacements
2011 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$765,060	\$703,060	2.000%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
<b><u>Electric Revenue Bonds</u></b>						
2010 Revenue Bonds	\$8,810,000	\$5,440,000	1.777%	7/1/11 - 7/1/15	Yes	Complete refund 2004 Series
2008 Revenue Bonds	\$22,200,000	\$20,670,000	4.810%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)						

## B. Status as of June 30, 2013 – General Obligation Bonds

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

2003 Series	\$ 990,000
2012 Series	3,488,997
	<u>\$ 4,478,997</u>

The total General Obligation Bonds outstanding amount includes \$430,000 payable within one year.

## C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2013:

### i. General Long-Term Debt

Item	Balance 7/01/12	Additions	Reductions	Balance 6/30/13	Payable within one Year
Compensated Absences	\$ 2,280,124	\$ 1,231,423	\$ 1,430,477	\$ 2,081,070	\$ 1,014,753
General Obligation Bonds	2,126,500	2,648,500	296,003	4,478,997	430,000
OPEB Obligation	11,179,542	1,932,772	-	13,112,314	-
Sub-total of General Long-Term Debt	<u>\$ 15,586,166</u>	<u>\$ 5,812,695</u>	<u>\$ 1,726,480</u>	<u>\$ 19,672,381</u>	<u>\$ 1,444,753</u>

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

Item	Balance 7/01/12	Additions	Reductions	Balance 6/30/13	Payable within one Year
Compensated Absences	\$ 184,335	\$ 109,804	\$ 122,484	\$ 171,655	\$ 76,444
Revenue Bonds-Water and Wastewater	2,610,000	-	310,000	2,300,000	320,000
State of Delaware Municipal Revenue Bond - Wastewater	365,083	-	40,144	324,939	41,602
State of Delaware Municipal Revenue Bond - Wastewater	5,581,059	-	236,604	5,344,455	241,360
State of Delaware Municipal Revenue Bond - Water	2,354,745	-	100,482	2,254,263	103,121
State of Delaware Municipal Revenue Bond - Wastewater (a)	65,822	637,238	-	703,060	15,287
OPEB Obligation	407,997	41,019	-	449,016	-
Sub-total of Water/ Wastewater Fund	<u>\$ 11,569,041</u>	<u>\$ 788,061</u>	<u>\$ 809,714</u>	<u>\$ 11,547,388</u>	<u>\$ 797,814</u>

(a) During fiscal year 2011 the City issued revenue bonds through the State of Delaware Revolving Fund Loan program for Wastewater projects. The amount of the Wastewater Bond is \$765,060. The loan program is set up for the City to draw down the funds as capital expenses are paid. The City pays interest only during the construction period, which is capitalized with the asset. The financed capital projects have been completed by June 30, 2013 the final drawdown of \$62,000 will be received in fiscal year 2014.



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

Item	Balance 7/01/12	Additions	Reductions	Balance 6/30/13	Payable within one Year
Compensated Absences	\$ 663,066	\$ 244,088	\$ 279,438	\$ 627,716	\$ 176,303
Revenue Bonds	28,220,000	-	2,110,000	26,110,000	2,150,000
Sub-total of Electric Revenue Fund	28,883,066	244,088	2,389,438	26,737,716	2,326,303
Sub-total of Enterprise Fund Debt	40,452,107	1,032,149	3,199,152	38,285,104	3,124,117
Grand Totals of Long-Term Debt	<u>\$ 56,038,273</u>	<u>\$ 6,844,844</u>	<u>\$ 4,925,632</u>	<u>\$ 57,957,485</u>	<u>\$ 4,568,870</u>

The City does not receive reimbursement for debt service from any other governmental units. The City does not have any special assessment debt or defeased bonds as of June 30, 2013.

**D. Debt Service Requirements**

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

**i. Governmental Activities:**

Fiscal Year	2003 General Obligation Bonds		2012 General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2014	\$295,000	\$32,440	\$ 134,991	\$ 90,412	\$ 552,843
2015	220,000	22,950	138,650	86,753	468,353
2016	230,000	14,285	142,123	83,280	469,688
2017	245,000	4,900	146,142	79,261	475,303
2018	-	-	150,041	75,362	225,403
2019	-	-	2,777,050	65,457	2,842,507
Total	\$990,000	\$74,575	\$3,488,997	\$480,525	\$ 5,034,097

## ii. Business-type Activities

### a. Water/Wastewater Fund

Fiscal Year	Water/Wastewater Fund			
	2003 Revenue Bonds		2000 Municipal Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 320,000	\$ 89,813	\$ 41,602	\$ 11,327
2015	330,000	77,783	43,113	9,816
2016	155,000	68,490	44,679	8,250
2017	160,000	62,268	46,302	6,627
2018	165,000	55,685	47,984	4,945
2019	175,000	48,584	49,727	3,202
2020	180,000	40,995	51,532	1,396
2021	190,000	32,945	-	-
2022	200,000	24,265	-	-
2023	210,000	14,935	-	-
2024	215,000	5,053	-	-
Total	\$ 2,300,000	\$ 520,816	\$ 324,939	\$ 45,563

Fiscal Year	Water/Wastewater Fund					
	2009 Municipal Revenue Bonds		2010 Municipal Revenue Bonds		2011 Municipal Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 241,360	\$ 105,688	\$ 103,121	\$ 58,168	\$ 14,048	\$ 12,659
2015	246,211	100,837	105,831	55,459	28,860	24,554
2016	251,160	95,888	108,611	52,679	29,909	23,505
2017	256,208	90,840	111,464	49,825	30,996	22,418
2018	261,358	85,690	114,392	46,897	32,122	21,292
2019	266,611	80,437	117,397	43,892	33,289	20,125
2020	271,970	75,078	120,481	40,808	34,499	18,915
2021	277,437	69,611	123,646	37,643	35,752	17,662
2022	283,013	64,035	126,895	34,395	37,051	16,363
2023	288,702	58,346	130,228	31,061	38,397	15,017
2024	294,505	52,543	133,649	27,640	39,793	13,622
2025	300,424	46,624	137,160	24,129	41,238	12,176
2026	306,463	40,585	140,764	20,526	42,737	10,678
2027	312,623	34,425	144,461	16,828	44,289	9,125
2028	318,906	28,142	148,257	13,033	45,899	7,516
2029	325,316	21,732	152,151	9,138	47,566	5,848
2030	331,855	15,193	156,148	5,141	49,294	4,120
2031	338,526	8,522	79,607	1,039	51,086	2,328
2032	171,807	1,718	-	-	26,235	472
Total	\$ 5,344,455	\$ 1,075,934	\$ 2,254,263	\$ 568,301	\$ 703,060	\$ 258,395

**b. Electric Fund**

	Electric Revenue Fund				Total
Fiscal Year	2008 Revenue Bonds		2010 Revenue Bonds		Business-type
	Principal	Interest	Principal	Interest	Activities
2014	\$ 430,000	\$ 975,704	\$ 1,740,000	\$ 193,000	\$ 4,336,490
2015	450,000	953,704	1,810,000	130,700	4,366,868
2016	475,000	930,579	1,890,000	47,250	4,181,000
2017	695,000	901,329	-	-	2,433,277
2018	730,000	865,704	-	-	2,431,069
2019	765,000	831,580	-	-	2,434,844
2020	800,000	798,706	-	-	2,434,380
2021	840,000	763,856	-	-	2,388,552
2022	880,000	726,756	-	-	2,392,773
2023	925,000	686,694	-	-	2,398,380
2024	970,000	644,056	-	-	2,395,861
2025	1,015,000	599,394	-	-	2,176,145
2026	1,065,000	551,928	-	-	2,178,681
2027	1,120,000	501,400	-	-	2,183,151
2028	1,175,000	446,125	-	-	2,182,878
2029	1,230,000	386,000	-	-	2,177,751
2030	1,290,000	323,000	-	-	2,174,751
2031	1,355,000	256,875	-	-	2,092,983
2032	1,420,000	187,500	-	-	1,807,732
2033	1,485,000	114,875	-	-	1,599,875
2034	1,555,000	38,875	-	-	1,593,875
Total	\$20,670,000	\$12,484,640	\$ 5,440,000	\$ 370,950	\$ 52,361,316

The preceding tables do not include compensated absences.

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

The following remaining bond discounts/issuance costs were expensed in the funds as of June 30, 2013:

General Fund GO Bonds Discounts/Issuance Costs	\$40,685
Water/Wastewater Bonds Discounts/Issuance Costs	\$111,355
Electric Revenue Bonds Discounts/Issuance Costs	\$224,975

**6. RESTRICTED NET POSITION**

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

**Governmental Activities**

Grants-capital projects	This represents the State DOT grant reported in the non-major special revenue funds.	\$85,867
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	216,344
Other Purposes	These represent all other funds reported in the special revenue type, except the grants reserved for capital construction and public safety. Also included is an endowment from Mary Elizabeth Paton and patronage stocks.	419,471
Total Restricted Net Position		<u><u>\$721,682</u></u>

**Business Type Activities**

Net restricted position for construction purposes - expendable		
Water/Wastewater	Restrictions on investments imposed by bond covenants	\$3,890,328
Electric	Restrictions on investments imposed by bond covenants	30,775,408
Total Restricted Net Position		<u><u>\$34,665,736</u></u>

**7. FUND BALANCES & NET POSITION**

In the governmental fund financial statements, fund balances are reported based on a hierarchy of constraints on the specific purposes for which the funds can be spent. Non-spendable fund balances represent items that are not in spendable form and not expected to be converted to cash. This criterion also applies to the corpus of permanent funds, which would include the Mary Paton library endowment.

Restricted fund balances represent amounts that have externally imposed restrictions by creditors, grantors, enabling legislation or laws and regulations of other governments. The fund balances of the City's grant funds fall into this category, as well as a couple of accounts that have contractual restrictions imposed by a third party.

Committed fund balances represent amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action to which it previously committed the amount.

Assigned fund balances represent amounts constrained by the City's intent to be used for specific purposes. These amounts represent the City's capital asset appropriations and the City's matching funds for grant related projects. Also, included are donated assets to be used for law enforcement purposes. The constraints placed on assigned fund balances are implemented through internal processes such as a budget ordinance or

motion of City Council. Therefore, assigned fund balances do not have the same restrictive nature as a restricted fund balance.

Unassigned fund balance is the residual amount that has not met the criteria for the aforementioned classifications. The unassigned fund balance is available for expenditures as they are incurred.

The composition of the City fund balances is as follows:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Inventory & Prepaids	\$ 205,863	\$ -	\$ 205,863
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
<b>Subtotal Nonspendable:</b>	<u>227,457</u>	<u>-</u>	<u>227,457</u>
<b>Restricted for:</b>			
Library Endowment Interest	1,658	-	1,658
Verizon cable franchise	129,579	-	129,579
Highway resurfacing	-	85,867	85,867
ERLSP	-	100	100
Realty Transfer Tax	-	100	100
CDBG	-	4,806	4,806
CDBG- State for ADA Improvements	-	3,931	3,931
Substance Abuse Prevention	-	41,008	41,008
Municipal Street Aid	-	251,558	251,558
Library Grants	-	27,839	27,839
Police Grants	-	175,236	175,236
<b>Subtotal Restricted for:</b>	<u>131,237</u>	<u>590,445</u>	<u>721,682</u>
<b>Committed to:</b>			
Contingency	733,985	-	733,985
Parkland	202,914	-	202,914
<b>Subtotal Committed to:</b>	<u>936,899</u>	<u>-</u>	<u>936,899</u>
<b>Assigned to:</b>			
Capital Assets	3,504,253	-	3,504,253
Police Investigations	14,759	-	14,759
Highway resurfacing	-	123,349	123,349
<b>Subtotal Assigned to:</b>	<u>3,519,012</u>	<u>123,349</u>	<u>3,642,361</u>
<b>Unassigned</b>	<u>3,391,714</u>	<u>-</u>	<u>3,391,714</u>
<b>Total fund balances</b>	<u>\$ 8,206,319</u>	<u>\$ 713,794</u>	<u>\$ 8,920,113</u>

## 8. PROPERTY TAXES

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

Beginning of fiscal year for taxes	July 1
Tax rate levied	June 25
Taxes billed	July 1
Taxes due and payable at par	July 31
Penalty of one and one half percent starts	August 1
Lien established on property for property taxes	July 1
Tax sales of property with unpaid taxes	2 years from date of billing

There are no material delinquent property taxes as of June 30, 2013.

## 9. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$76,741
	Water/ Wastewater Fund	103,415
	Electric Revenue Fund	272,652
Water/ Wastewater Fund	General Fund	50,989
Electric Fund	General Fund	109,286
	Water/Wastewater Fund	13,437
	Non-Major Governmental Funds	8,282
Non-Major Governmental Funds	General Fund	56,110
Total		<u>\$690,912</u>

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

### B. **Interfund Transfers**

	<u>Transfers In -</u>		
	<u>General Fund</u>	<u>Electric Fund</u>	<u>Total</u>
<b><u>Transfers Out</u></b>			
Non-Major Governmental Funds	\$2,166,208	\$8,282	\$2,174,490
Water/ Wastewater Fund	500,000	-	500,000
Electric Revenue Fund	10,000,000	-	10,000,000
Total	<u>\$12,666,208</u>	<u>\$8,282</u>	<u>\$12,674,490</u>

Transfers are generally made for the purpose of providing operating capital or debt service subsidies to the receiving fund in accordance with City policy.

## **10. RENTAL INCOME**

The City currently has three lease agreements at the Garrison Oak Technical Park (GOTP) that are included in miscellaneous revenue in the General Fund. The first lease is with a farmer for agricultural use of the undeveloped land on the GOTP which generated \$34,390 in rental income. The second lease is with LS Power – White Oak Solar Energy LLC, which generated \$57,080 in rental income and the third lease is with Garrison Energy Center which generated \$25,760 in rental income.

The City's Electric Revenue Fund owns a professional office building which houses the City's Customer Service, Finance and Information Technology Departments. At June 30, 2013, the City had leases with three tenants for the remaining space available. Lease revenue is \$234,488 in the Electric Revenue Fund consisting of office space rental of \$150,640, substation rental of \$30,000 and pole rentals of \$53,848.

The City maintains several water tower leases for a group of telecommunications companies. These are recorded as revenue of the Water/Wastewater Fund and total \$300,067 in the current fiscal year.

## **11. MATERIAL COMMITMENTS**

- A.** The City budgets monies to assist the volunteer fire company with payments on two pieces of firefighting equipment. The apparatus payments are budgeted as expenditures in the Governmental Capital Projects Fund budget.

The payments are as follows:

Ladder #2	\$ 92,901
Ladder #1	\$145,614

- B.** The City entered into a five-year management contract with The Energy Authority effective July 1, 2011 to provide a market-based approach for power supply management. The Energy Authority manages energy purchases and utilizes the City's generating assets to provide a level of rate stability as necessary to mitigate the effects of rising and volatile energy prices. The Energy Authority also provides oversight of the plant operator contract and monitors their performance.
- C.** The City also entered into a management contract with North American Energy Services (NAES) to operate and maintain the generating assets of the electric utility in May 2006. The City extended the contract with NAES in fiscal year 2010 through June 30, 2013. The City has incorporated the budgets and financial activity of the plant into its procedures used for all other divisions of the electric utility. These procedures include a line item budget and adherence to City policies. All personnel are employed by NAES and personnel costs are billed to the City bi-weekly. Any capital improvements are included in the City's capital improvement plan. The contract also provides for a monthly management fee and a performance incentive based on budget and plant performance. The fiscal year 2013 annual cost for management and the incentive is \$336,490 and is included in the plant-operating budget.

- D. The City is the guarantor on a \$1.3 million loan held by the Downtown Dover Partnership. The loan is secured by a parcel in the downtown business district that the Downtown Dover Partnership is marketing for its redevelopment initiative. The interest on the loan is paid monthly from rental receipts the Partnership receives from its current tenants in the property. Originally the principal balloon payment was due in July 2013. It has been extended to July 2014.

## **12. FORWARD CONTRACTS**

Pursuant to the July 1, 2011 Energy Management Agreement between the City and The Energy Authority (TEA), the City has formed an Executive Risk Management Committee (ERMC). The ERMC has adopted a Governing Policy for Energy Commodity Risk Management (Policy) aimed at addressing the energy commodity risks and the Procedures and Controls Manual for Energy Commodity Risk Management ("Procedures Manual"). The Procedures Manual further describes the risk management philosophy under which TEA, the City's designated provider of energy risk management services conducts its activities.

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

These agreements will enable the City to hedge the forward price of purchased power, natural gas or fuel oil for delivery as needed to meet its load requirements. No speculative transactions for volumes in excess of forecasted power and fuel needs are permitted. TEA also provides advisory services to the City for financial hedges in determining if they would be beneficial to mitigate market and credit risk.

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

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



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

Counterparty	Counterparty or Guarantor Credit Rating	Counterparty Threshold	Line Availability	Maximum Amount of Loss due to Credit Risk w/o Respect to Collateral (\$)	Collateral Description
Barclays Bank, PLC	A-	\$15,000	\$13,856	\$1,144	No Collateral if exposure under specified threshold
BP Energy Company	BBB+	\$15,000	\$15,000	\$0	No Collateral if exposure under specified threshold
Coectiv Energy Supply, Inc	BBB-	\$3,000	\$3,000	\$0	No Collateral if exposure under specified threshold
DB Energy Trading, LLC	A	\$15,000	\$13,648	\$1,352	Up to \$15,000 is guaranteed buy Deutsche Bank AG
EDF Trading North America, LLC	A-	\$18,000	\$17,628	\$372	No Collateral if exposure under specified threshold
Exelon Generation Company, LLC	BBB	\$30,000	\$24,951	\$5,049	No Collateral if exposure under specified threshold
Integrus Energy Services, Inc	BBB+	\$10,000	\$9,216	\$784	No Collateral if exposure under specified threshold in the event of potential default, performance from counter party is required
Macquarie Energy, LLC	A	\$15,000	\$14,023	\$977	No Collateral if exposure under specified threshold
Morgan Stanley Capital Group, Inc	BBB+	\$10,000	\$8,974	\$1,026	Unlimited dollars are guaranteed by Morgan Stanley
NextEra Energy Power Marketing, LLC	BBB+	\$10,000	\$6,884	\$3,116	Up to \$10,000 is guaranteed by NextEra Energy Capital Holdings
Public Service Electric and Gas Company	BBB+	\$12,000	\$12,000	\$0	No Collateral if exposure under specified threshold
Sempra Energy Trading	BBB+	\$15,000	\$15,000	\$0	No Collateral if exposure under specified threshold

## 13. SUBSEQUENT EVENTS

On August 15, 2013 the City closed on Series 2013 Water and Sewer Revenue Bonds in the amount of \$6,125,000. The proceeds from the sale of the bonds will be used to (i) finance certain water and sewer capital projects in relation to the Calpine project, (ii) refund, on a current refunding basis, certain outstanding water and sewer bonds of the City of Dover, (iii) fund required reserves, if any, and, (iv) pay the costs of issuances of the Series 2013 Bonds.

## 14. INSURANCE

### A. Health Insurance – State of Delaware

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

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

On July 1, 1990, the City began self-insuring its Workers' Compensation insurance. For this purpose, the City has established a separate fund. Claims are processed and administered by a third party administrator. The City manages the revenue and

expenditures in this fund and maintains all the records. The City maintains a fund balance to cover any incurred but not reported claims.

The City's actuary completed an updated valuation in fiscal year 2013. As of June 30, 2013, there is \$481,951 reserved for open claims in this fund. An appropriate umbrella policy for the excess coverage has been purchased and is in effect as of June 30, 2013. The City received \$61,625 in fiscal year 2013 for insurance reimbursements and amounts covered under the umbrella policy.

Workers' Compensation activity is as follows:

	2013	2012
Claims payable beginning of year	\$474,281	\$170,509
Claims incurred	433,214	1,769,964
Payment of claims	(425,544)	(1,466,192)
Claims payable end of year	<u>\$481,951</u>	<u>\$474,281</u>

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

The City purchases commercial insurance policies to cover risks not insured through self-insurance funds. The City has designated a contingency account to provide for uninsured capital losses (See Note 7). There have been no significant reductions or settlements exceeding coverage in the past five fiscal years.

### **15. COMPENSATED ABSENCES**

The City grants a specific number of vacation days with pay to its employees. Upon termination or retirement, an employee is paid for accumulated vacation days. The City also grants one paid sick day per month to all employees with the exception of employees covered by the International Brotherhood of Electric Workers (IBEW) contract. The IBEW employees are granted eleven sick days per year.

The City of Dover follows a terminal leave policy which varies with each of the 4 unions as well as the non-bargaining group. The maximum accumulated sick days payable upon retirement is 150 days for 25 years of service. No accrued sick leave is paid when an employee is terminated.

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

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

## 16. **OTHER POST EMPLOYMENT BENEFITS**

### Plan Description

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

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

The City purchases health insurance from the State of Delaware through a cooperative purchasing arrangement permitted by State code. The State Office of Benefits provides the City with the medical insurance premiums by type of coverage and carrier during the budget cycle each year. The City also pays a five percent risk premium and contract administration fee for each contract in addition to the premium. Any premiums paid over or under the benefits paid out for City employees revert to the State.

Membership of the plan consisted of the following at June 30, 2013:

Retirees and beneficiaries receiving benefits	266
Terminated plan members entitled to but not yet receiving the benefits	14
Active eligible plan members	<u>308</u>
Total	<u>588</u>

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

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

### Spouse and Survivor Coverage:

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

### Employer and Employee Contributions:

The City started contract negotiations with its collective bargaining units in fiscal year 2012. The contract for the Fraternal Order of Police Lodge #15 was approved. As of July 1, 2012 the contract includes a provision for 15% employee contributions for all

health care plans, including the individual coverage. The same provision was implemented for non-bargaining (management) employees as well effective July 1, 2012.

Effective March 1, 2013 the IUE/DOE collective bargaining unit agreed to a 9.5% contribution of the total monthly individual coverage health care premium effective until July 1, 2013, after this date, these employees will be responsible for 15% of the total monthly individual coverage health care premium.

The City is still in negotiations with the IBEW collective bargaining unit with proposed changes to employee contributions for all health care plans, including individual coverage.

On July 27, 2012 a group of non-bargaining employees petitioned the Public Employment Relations Board for union representation by the American Federation of State, County, and Municipal Employees, Council 81. The petition was granted and a majority vote of the applicable employees approved the union affiliation. Contract negotiations began on July 11, 2013. As of June 30, 2013 these employees do not have a contract and will follow the same contributions as the non-bargaining employees until a contract is approved.

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

General Government	\$ 2,834,327
Water/Wastewater Fund	314,255
Electric Revenue Fund	871,196
Total Benefit Provided	<u>\$ 4,019,778</u>

Transactions are recorded in the OPEB Trust for the payment of administrative and investment expenses and financed through investment earnings. City appropriations and other employer contributions for health care are recorded in the OPEB Trust. The OPEB Board of Trustees is responsible for the management of the trust investments.

#### Contributions

The contribution rates for the employer are established annually by the budgeting process of the City. Those rates include an employer contribution based on projected pay-as-you-go financing requirements as a percent of premiums, with an additional amount to prefund benefits, which is not actuarially determined.

#### Annual OPEB Cost and Net OPEB Obligation/ (Asset)

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

the net OPEB obligations. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation:

	Total	Governmental Activities	Water/ Wastewater Fund Activities	Electric Fund Activities
Annual Required contribution	\$6,098,972	\$4,927,856	\$361,274	\$809,842
Interest on OPEB obligation	549,345	585,403	21,850	(57,908)
Adjustment to annual required contribution	(700,200)	(746,160)	(27,850)	73,810
Annual OPEB Cost	5,948,117	4,767,099	355,274	825,744
Employer Contributions	(4,019,778)	(2,834,327)	(314,255)	(871,196)
Increase/(decrease) in net OPEB obligation	1,928,339	1,932,772	41,019	(45,452)
Net OPEB obligation (asset) at beginning of year	10,463,722	11,179,542	407,997	(1,123,817)
Net OPEB obligation (asset) at end of year	<u>\$12,392,061</u>	<u>\$13,112,314</u>	<u>\$449,016</u>	<u>(\$1,169,269)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation thru fiscal year 2013 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 7,625,628	43.5%	\$ 8,580,431
2012	7,528,602	75.0%	10,463,722
2013	5,948,117	67.6%	12,392,061

The City did not meet its funding obligation for Fiscal Year 2013. In 2009 the City elected a ten-year phase-in plan to achieve the appropriate funding level. During this time the City will be researching alternative benefit plan options to reduce the AAL and ARC.

#### Funded Status and Funding Progress

As of June 30, 2013, the most recent GASB 45 Actuarial Valuation date, the plan was 15.4% funded. The actuarial accrued liability for benefits was \$71.02 million, and the actuarial value of assets was \$10.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$60.1 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$17.3 million, and the ratio of the UAAL to the covered payroll was 347%.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as

actual results are compared with past expectations and new estimates are made about the future.

#### Actuarial Methods and Assumptions

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

The Projected Unit Credit Cost Method was used to determine the Annual Required Contribution for the June 30, 2013 actuarial valuation. Investments are valued at market rates. The actuarial assumptions included a 5.25% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the City's own investments calculated based on the funded level of the plan at the valuation date, and an initial medical trend rate of 7% with an ultimate rate of 3.5%. The discount rate of 5.25% is representative of the ten-year phase-in plan. The UAAL is being amortized as a level dollar amount over 30 years based on an open group using a 0% rate of salary increase. The inflation assumption is 7.80% for those less than age 65 and 7.20% for those who are greater than or equal to age 65.

### **17. DEFERRED COMPENSATION PLAN**

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

In May 1994, the City offered to employees the 457 Deferred Compensation Plan as their pension plan in lieu of participation in the General Employee Pension Plan. At that time 41 employees opted out of the Defined Benefit Pension Plan and enrolled in the Deferred Compensation Plan. Currently, the ICMA 457 Deferred Compensation Plan has assets of \$7,010,217 (market value) as of June 30, 2013, with 140 employees participating. The Nationwide plan has assets of \$3,102,033 (market value) as of June 30, 2013 with 30 employees participating. Quarterly statements are mailed to each participant by the plan administrators. All administration fees are borne by the participants. All contributions are 100% vested upon election of the plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59½ could be subject to penalty.

Employees who select the defined benefit plan or the defined contribution plan are also eligible for the 457 Deferred Compensation Plan. No matching employer contribution is



made to the 457 Deferred Compensation Plan. As of June 30, 2013, there are 313 employees eligible to enroll in the 457 Deferred Compensation Plan.

## **18. RETIREMENT PLANS**

The City participates and/or manages four retirement plans on behalf of its employees. Three of the pension plans are defined benefit plans and one is a defined contribution plan with two plan providers. Two of the defined benefit plans are closed to new hires. All full-time employees are required to enroll in a pension plan. During fiscal year 2013 the total wages were \$20,411,248 and the total pensionable wages were \$17,217,327 for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2013 is 313.

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

Effective July 1, 2000, the City implemented an IRC 401a Money Purchase Plan "401a Plan," a self-directed defined contribution plan, as an alternative choice for pension benefits. The contribution and funding requirements of the plan are established by the City and may be amended by the City. The plan is administered by the International City Management Retirement Corporation (RC). The assets are held in the name of each participant with the ICMA (International City/County Management Associations) Retirement Trust. Quarterly statements are mailed to each participant by RC. All administration fees are borne by the participants.

The City provides a 3% match of the employees required contribution to the 401a Plan, and up to an additional 3% to the 401a Plan for a potential total contribution of 6%, if the employee contributes up to an additional 3% to their 457 Plan (see note 17 – Deferred Compensation Plan). The 401a Plan and 457 Plan contributions are calculated on base wages plus on-call pay, pay adjustments, and scheduled overtime. All full-time regular employees are eligible, excluding law enforcement personnel. Personnel that elect the defined contribution plan are not eligible for the defined benefit plan. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments, the participant must meet the same eligibility requirements as the participants in the defined benefit plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

As of June 30, 2013, there were 98 eligible full-time employees in the 401a plan. The City contributed a total of \$229,642 on wages of approximately \$4.1 million and employees contributed \$125,976 to the 401a Money Purchase Plan and \$456,508 to the 457 ICMA Deferred Compensation Plan and \$97,467 to the Nationwide Deferred Compensation Plan. The market value of the 401a plan assets totaled \$3,778,471 as of June 30, 2013.

### **B. Defined Benefit Plans**

The City participates in three defined benefit pension plans: City of Dover Police Pension Plan (closed), City of Dover General Employee Pension Plan (closed), and State of

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

The City holds and administers the assets of the two single-employer defined benefit plans and, accordingly, is required to prepare pension trust fund financial statements using the accrual basis of accounting. As of June 30, 2013 there were no outstanding payables. Separate pension fund financial statements for each plan have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

**The City of Dover, Delaware**  
**Combining Statement of Pension Trust Fund Net Position**  
**June 30, 2013**

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 830,063	\$ 7,025,207	\$ 7,855,270
Investments at fair value - Mutual Funds	10,205,143	23,237,646	33,442,789
Net position held in trust for pension benefits	\$ 11,035,206	\$ 30,262,853	\$ 41,298,059

**The City of Dover, Delaware**  
**Combining Statement of Changes in Pension Trust Fund Net Pension**  
**For the Year Ended June 30, 2013**

	Police Pension	General Pension	Totals
Additions			
Net investment income	\$ 792,743	\$ 1,751,243	\$ 2,543,986
City's contribution - payroll based	-	310,963	310,963
City's contribution - lump sum	495,000	9,477,500	9,972,500
Employee contribution	-	233,097	233,097
State contributions	577,765	-	577,765
Other	1,834	108	1,942
Total Additions to Net Position	1,867,342	11,772,911	13,640,253
Deductions			
Benefit payments	1,514,334	3,456,551	4,970,885
General administration	5,529	21,280	26,809
Refund of pension contribution	-	80,813	80,813
Total Deductions From Net Position	1,519,863	3,558,644	5,078,507
Change in net position	347,479	8,214,267	8,561,746
Net Position - Beginning	10,687,727	22,048,586	32,736,313
Net Position - Ending	\$ 11,035,206	\$ 30,262,853	\$ 41,298,059



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

Total eligible full-time employee wages covered by the two active defined benefit pension plans were \$13.1 million this fiscal year.

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

This contributory pension plan began on January 1, 1970 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71 through 62-84. The contribution and funding requirements of the plan are established by the City and may be amended by the City. It is a closed plan. The last active employee retired June 29, 2006. An officer's pension right is vested upon the completion of 15 years of continuous service. As of June 30, 2013, there are 48 retirees and beneficiaries receiving benefits.

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

Fully vested employees who have completed 20 to 25 years of continuous service are entitled to annual benefits equal to 2 ½% of their average earnings for each year of continuous service. The maximum benefit is 62 ½% of average earnings. If a participant terminates after completing 15 years of service, the participant will be eligible for a deferred benefit commencing at age 60 with a benefit accrued at the date of termination. In place of this vesting, participants may elect to receive their accumulated contributions.

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

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

The plan investments are managed by the City of Dover Police Pension Board which is established in the City Code.

The State contributes to the City of Dover Police Pension Plan on behalf of the City. The State assesses a .25% surcharge on insurance policies issued in the state. Each year this amount is allocated to the municipalities in Delaware in direct ratio to the number of officers employed. The State also provides 75% for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. These amounts are included as grants received revenue and Public Safety and Law Enforcement expenditures in the General Fund. For the year ended June 30, 2013, the State contributions totaled \$577,765.

The legally defined liability for the City of Dover Police Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for the current fiscal year. An actuarial valuation report as of June 30, 2013 in accordance with GASB Statement 25 and 27 has been completed. The City's actuary is Milliman of Wayne, Pennsylvania.

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

During the past year, the City contributions combined with the State insurance tax proceeds did not exceed the calculated annual pension cost and has resulted in a reduction of the overall net pension asset (NPA). The Governmental Activities accumulated value of contributions, deficiencies, or excesses over required contributions of \$297,885 of which \$106,065 is attributed to the Police Pension Plan is as follows:

	Governmental Activities
Annual required contribution	\$1,155,796
Interest on net pension asset	(13,885)
Adjustment to annual required contribution	24,973
Annual pension cost	1,166,884
Contributions	(1,074,599)
Decrease in net pension asset	92,285
Net pension (asset) at beginning of year	(198,350)
Net pension (asset) at end of year	(\$106,065)

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

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

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2011	\$ 1,128,669	56%	\$ (535,811)
2012	1,005,735	66%	(198,350)
2013	1,166,884	92%	(106,065)

#### Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 53.8% funded. The actuarial accrued liability for benefits was \$19.9 million, and the actuarial value of assets was \$10.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.2 million for the primary government. There are no active officers, therefore there is no covered payroll or ratio of the UAAL to cover payroll. There have been no changes in actuarial assumptions or methods since the prior valuation.

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

The funding requirement for fiscal year 2012-2013 for this plan is presented below:

1. Employer's Contribution Additional Lump Sum	\$495,000	Lump sum contribution as actuarially determined to fund the unfunded liability
2. State of Delaware Contributions	\$577,765	Surcharge on insurance premiums and COLA
3. Annual Pension Cost	\$1,166,884	Actuarially computed using entry age cost method
4. Net Pension Asset	\$106,065	As of June 30, 2013

The net pension asset is a result of matching funds that the State of Delaware provides (75%) for the annual cost of living increase granted to police retirees on January 1 of each year. The July 1, 2012 valuation takes into account the January 1, 2012 State COLA contributions and the State .25% surcharge on insurance policies.

Actuarial methods and significant assumptions:

Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of projected payroll
Remaining amortization period	12 years
Amortization period	Closed
Asset valuation method	Current market value

Actuarial assumptions:

Investment rate of return	7.0%
Discount rate	7.0%
Projected salary increases	none, no remaining active participants
Includes inflation at	none, no remaining active participants
Automatic Cost of Living (retirees)	2.0%

**ii. City of Dover General Employee Pension Plan**

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Code, Chapter 2, Article IV, Division 7, General Employee Pension Plan, Sections 2-321 through 2-370, and was made contributory on July 1, 1983. The contribution and funding requirements of the plan are established by the City and may be amended by the City. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. At the present time, 123 employees and 207 retirees participate in the plan, while 98 employees are enrolled in the defined contribution plan, which began July 1, 2000. Current membership in the General Employee Pension Plan as of June 30, 2013, is comprised of the following:

Retired and beneficiaries currently receiving benefits	207
Active employees: Fully Vested	73
Non-Vested	50
Deferred vested:	16

The percentage of covered payroll which employees contribute is stated in the City Code, and is considered by the actuaries in their determination of the actuarial requirement for employer normal cost. For the year ended June 30, 2013, gross payroll earnings of \$7.4 million were reported to and covered by this plan.

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

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

An employee may also take an early-reduced retirement on any date following the attainment of age 55 and the completion of 10 years of continuous service. However, the early retirement benefit is calculated in the same manner as the

normal retirement benefit, reduced by one-half of one percent for each month the benefit commences prior to the age 65.

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

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

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

The legally defined liability for the City of Dover General Employee Pension Plan is the full amount required to pay the current year's total benefits. The City has met this liability for the current fiscal year. An actuarial valuation report as of July 1, 2012 has been completed in accordance with GASB Statements No. 25 and 27. The City's actuary is Milliman of Wayne, PA.

The annual required contribution (ARC) conforms to the aggregate entry age cost method as defined in Statement 25. During the past year, the City contributions exceeded the calculated annual pension cost and have resulted in an increase of the overall net pension asset (NPA), defined as the accumulated value of contributions, deficiencies, or excesses over required contributions of \$6,914,326.

The Governmental Activities have a net pension asset of \$297,885 of which \$106,065 is attributed to the City of Dover Police Pension Plan and \$191,820 is attributed to the General Pension Plan as indicated in the table below. The Business-Type Activities have a net pension asset of \$6,722,506 of which \$479,537 is attributed to the Water/Wastewater Fund and \$6,242,969 is attributed to the Electric Revenue Fund as included in the following table.

	Total	Governmental Activities	Wastewater Fund Activities	Electric Fund Activities
Annual required contribution	\$3,217,964	\$1,752,130	\$267,853	\$1,197,981
Interest on net pension obligation	(24,528)	(4,532)	(14,079)	(5,917)
Adjustment to annual required contribution	31,085	5,744	17,842	7,499
Annual pension cost	3,224,521	1,753,342	271,616	1,199,563
Contributions made	(9,788,465)	(1,880,436)	(550,031)	(7,357,998)
(Increase) in net pension asset	(6,563,944)	(127,094)	(278,415)	(6,158,435)
Net pension (asset) at beginning of year	(350,382)	(64,726)	(201,122)	(84,534)
Net pension (asset) at end of year	(\$6,914,326)	(\$191,820)	(\$479,537)	(\$6,242,969)

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

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

	Annual Pension Cost	Percentage Contributed	NPO (Asset) End of Year
2011	\$ 3,151,824	106%	\$ (343,372)
2012	3,135,924	100%	(350,382)
2013	3,224,521	304%	(6,914,326)

On May 1, 1994, a deferred compensation option was offered to employees in lieu of participation in the General Employee Pension Plan, and at that time 41 employees elected to switch to the deferred compensation plan. (See Note 17 – Deferred Compensation Plan)

Effective September 29, 2009 the City Council voted to close the General Employee's Pension plan to new hires.

#### Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 40.3% funded. The actuarial accrued liability for benefits was \$55 million, and the actuarial value of assets was \$22.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.8 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$7.1 million, and the ratio of the UAAL to the covered payroll was 463%.

There have been no changes in actuarial assumptions or methods since the prior valuation.

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



The funding requirement for fiscal year 2012-2013 for this plan is as follows:

1.	Employee Contribution	3.5% of payroll	As required by the City Code and the plan provisions (\$233,097)
2.	Employer's Contribution July 2012– June 2013	4.67% Plus \$9.5 million	Actuarially determined percent of payroll for current normal cost (\$9,788,463)
3.	Annual Pension Cost	\$3,224,521	Actuarially computed using entry age cost method
4.	Net Pension Asset	\$6,914,326	As of June 30, 2013

Actuarial Methods and significant assumptions:

Valuation date	July 1, 2012
Actuarial cost method	Aggregate entry age normal cost method
Amortization method	Level percentage of projected payroll
Remaining amortization period	23 years
Amortization period	Closed
Asset valuation method	Current market value
Actuarial Assumptions:	
Investment rate of return	7.0%
Discount rate	7.0%
Projected salary increases	N/A
Includes inflation at	3.5%

### iii. State of Delaware Police Pension Plan

The City participates in the State of Delaware "County and Municipal Police Pension Plan" for uniformed police officers whose employment with the City started on or after September 1, 1982 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71. This is a cost-sharing multiple-employer defined benefit pension plan. The State of Delaware enacted legislation to provide for the plan and is responsible for setting benefits, contributions and amending plan provisions. This is a contributory plan with the employee contributing 7% of gross salary, exclusive of overtime. For the year ended June 30, 2013, \$6.4 million in payroll earnings were reported to and covered by this plan.

The City's contribution percentages were 13.9%, 14.53% and 14.75% for the fiscal years ended June 30, 2011, 2012 and 2013, respectively. The City's contributions to the plan for years ending June 30, 2011, 2012 and 2013 were \$848,349, \$940,562 and \$936,894 respectively and were equal to the required contributions for each year. These contributions cover the City's total liability for funding, as determined by the State of Delaware's actuary. The City does not have any unfunded liability in this plan.

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

As of June 30, 2013 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	37
Active employees: Fully Vested 10 years	47
Non-Vested	45

The State of Delaware County and Municipal Police Pension Plan provides benefits equal to 2.5% of final average monthly compensation multiplied by years of service up to 20 years inclusive, plus 3.5 % of final average monthly compensation multiplied by years of service above 20 years. Vesting occurs after 10 years of credited service. Retirement is at age 62 with 10 years of service, when age plus credited service (but not less than 10 years) equals 75, or 20 years of service.

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

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

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



***FINANCIAL SECTION***

***PART - D***

***REQUIRED SUPPLEMENTARY  
INFORMATION***

***Services to Our Residents and Customers***

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

***The City also Offers***

*Historic Preservation*  
*Parking*

CITY OF DOVER  
GENERAL FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Non-GAAP Basis)

For the Year Ended June 30, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 2,666,600	\$ 3,752,200	\$ 3,851,086	\$ 98,886
REVENUES:				
Fines & Police Revenue	605,000	605,000	548,856	(56,144)
911 Fee	63,000	63,000	63,337	337
Interest Earnings	75,000	75,000	93,173	18,173
Library Revenues - General	66,200	66,200	64,584	(1,616)
Library Revenues - County Reimbursement	405,900	405,900	406,481	581
Business Licenses	1,455,000	1,455,000	1,462,503	7,503
Permits & Other Licenses	1,053,300	1,053,300	1,162,765	109,465
Miscellaneous Revenues	55,500	70,900	106,997	36,097
Police Extra Duty Fees	494,400	636,100	703,575	67,475
Property Taxes	10,997,400	11,039,200	11,076,335	37,135
Bid Revenue	51,600	51,600	50,060	(1,540)
Recreations Revenue	130,000	130,000	144,490	14,490
Franchise Fees	550,000	600,000	618,347	18,347
Transfer Tax	1,370,000	1,370,000	1,107,959	(262,041)
Trash Fees	2,690,200	2,676,500	2,624,877	(51,623)
Garrison Farm Rent	62,000	117,200	117,247	47
Court of Chancery Fees	753,800	807,200	917,700	110,500
Intrafund Service Receipts Water/Wastewater	1,104,600	1,045,800	1,046,492	692
Intrafund Service Receipts Electric	3,224,500	3,177,100	3,195,818	18,718
Grants:				
Green Energy Grant	98,500	98,500	-	(98,500)
DEMA Grant	-	-	92,641	92,641
Miscellaneous Grants	25,000	25,000	1,224	(23,776)
Police Pension Grant	500,000	500,000	577,765	77,765
Verizon Reserve	-	-	50,000	50,000
Transfer from Police Grant Funds	85,000	112,100	170,337	58,237
Transfer from Municipal Street Aid	527,400	527,400	531,121	3,721
Transfer from Civil Traffic Penalties	750,000	350,000	299,828	(50,172)
Transfer from Verizon and CI Reserves	11,000	11,000	4,485	(6,515)
Transfer from Water/Wastewater Fund	500,000	500,000	500,000	-
Transfer from Electric Fund	8,000,000	8,000,000	8,000,000	-
Total Revenues	35,704,300	35,569,000	35,738,997	169,997
TOTAL BEGINNING BALANCE & REVENUES	\$ 38,370,900	\$ 39,321,200	\$ 39,590,083	\$ 268,883

(continued)

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Financial Section - Required Supplementary Information - Part D

(continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	\$ 187,500	\$ 187,500	\$ 187,438	\$ 62
Fire	688,300	645,200	654,884	(9,684)
Library	1,250,200	1,225,400	1,169,605	55,795
Recreation	713,400	674,900	644,346	30,554
Planning Commission	410,300	416,100	399,461	16,639
Public Inspections	592,200	577,100	493,902	83,198
Life Safety	469,900	451,800	452,175	(375)
Code Enforcement	293,100	323,100	326,437	(3,337)
Economic Development	231,100	231,100	219,947	11,153
Police	13,774,600	14,180,100	14,258,132	(78,032)
Streets	756,700	772,200	705,071	67,129
Sanitation	2,140,700	2,072,000	2,003,887	68,113
Allocated Expenditures:				
Human Resources	319,700	310,800	295,146	15,654
Customer Services	901,200	866,900	860,657	6,243
City Manager	420,000	420,000	497,281	(77,281)
Information Technology	642,700	633,300	611,301	21,999
Finance	879,500	879,500	854,310	25,190
Public Services-Administration	468,600	401,200	360,118	41,082
Facilities Management	678,800	660,600	638,748	21,852
Central Services	576,900	578,700	530,208	48,492
Vehicle Maintenance	712,700	678,500	630,686	47,814
City Clerk	326,900	326,900	315,512	11,388
Mayor	82,400	82,400	81,073	1,327
Council	114,200	114,200	101,707	12,493
Grounds Maintenance	993,300	980,400	961,489	18,911
Insurance	600,000	600,000	628,633	(28,633)
Contribution to Downtown Dover Partnership	180,000	180,000	180,000	-
Tree Grant Expense	25,000	25,000	-	25,000
Other Employment Expenses	463,400	94,700	-	94,700
Retiree Benefits	1,620,600	1,620,600	1,620,600	-
Subtotal	31,513,900	31,210,200	30,682,754	527,446
Debt Service - Principal and Interest	624,200	474,200	369,073	105,127
Transfer to Capital Fund for Projects	613,400	613,400	613,400	-
Transfer to Police Pension Fund	500,000	500,000	577,765	(77,765)
Transfer to Uncollectibles Trash and Other	10,000	10,000	10,000	-
Transfer to Verizon Reserve	-	-	50,000	(50,000)
Appropriation to Police Pension Fund	95,000	495,000	495,000	-
Appropriation to Pension Fund	1,310,500	1,693,500	1,693,500	-
Street Lights	869,700	869,700	878,760	(9,060)
Total Expenditures	35,536,700	35,866,000	35,370,252	495,748
Budget Balance - Working Capital	2,834,200	3,455,200	4,219,831	(764,631)
Total Budget Balance & Expenditures	\$ 38,370,900	\$ 39,321,200	\$ 39,590,083	\$ (268,883)
Budget Balance - Working Capital			\$ 4,219,831	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			(52,736)	
Deferred Revenues - Non-spendable			(569,518)	
Inventory & Prepaids - Non-spendable			(205,863)	
Unassigned Fund Balance			\$ 3,391,714	

The notes to financial statements are an integral part of this statement

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **1. GOVERNMENTAL BUDGETS**

#### **A. Budgetary Basis of Accounting**

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

General Fund actual revenues were higher than the final budget by \$169,997 mainly as a result of increased interest earnings, business licenses and permits, miscellaneous revenues, police extra duty fees, property taxes, Court of Chancery fees, DEMA and public safety grants. Several of the increases were offset by decreases in police fines, transfer taxes, trash fees, green energy grants, miscellaneous grants, and civil traffic penalties. Expenditures were lower than budget by \$495,748 across several functions as a result of personnel reductions through attrition. The police expenditures exceeded their budget as a result of increased extra duty work which is offset by the increased revenue. The net result is an increase of \$764,631 to the General Fund ending fund balance.

#### **B. Budget Amendments**

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

1. To amend the grant budgets, reserve accounts for the actual results of the prior fiscal year and to re-appropriate budget balances for ongoing capital projects.
2. To amend all carried forward budget balances for the major operating funds from the prior fiscal year, as well as program revenues and expenses based on the analyses provided by a mid-year review.

### **2. PENSION PLANS**

#### **A. Police Pension Plan**

The unfunded actuarial accrued liability for this plan is being amortized over 30 years beginning July 1, 1994, 12 of which remain as of July 30, 2013 with payments increasing at 3½% per year. Investment gains or losses are spread over five years. The amortization period is closed. The City completed a full valuation for fiscal year 2013.

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

<b>Valuation Date</b>	<b>Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>
7/1/07	\$ 13,950,322	\$ 17,589,169	\$ 3,638,847	79.3%
7/1/08	12,500,417	17,615,785	5,115,368	71.0%
7/1/09	10,188,899	17,651,507	7,462,608	57.7%
7/1/10	10,378,602	19,849,553	9,470,951	52.3%
7/1/11	11,553,751	19,737,000	8,183,249	58.5%
7/1/12	10,687,727	19,867,849	9,180,122	53.8%

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

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 358,807	201%
2009	520,505	139%
2010	786,436	63%
2011	1,082,956	44%
2012	979,132	68%
2013	1,155,796	93%

**B. General Employee Pension Plan**

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

<b>Valuation Date</b>	<b>Plan Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>	<b>Payroll</b>	<b>Unfunded as a Percent of Payroll</b>
7/1/07	\$ 17,616,172	\$ 42,335,142	\$ 24,718,970	41.6%	\$ 8,006,103	308.8%
7/1/08	19,381,391	43,800,212	24,418,821	44.2%	8,716,361	280.1%
7/1/09	19,880,033	45,525,384	25,645,351	43.7%	8,786,981	291.9%
7/1/10	19,963,426	52,462,693	32,499,267	38.1%	8,256,751	393.6%
7/1/11	21,472,928	53,486,000	32,013,072	40.1%	7,990,890	400.6%
7/1/12	22,177,831	55,006,282	32,828,451	40.3%	7,076,322	463.9%

The unfunded actuarial accrued liability for this plan is being amortized over 25 years beginning July 1, 2010, 23 of which remain as of June 30, 2012, with payments increasing at 3.5% per year. Investment gains or losses are spread over five years. The amortization period is closed. The City utilizes the level percentage of projected payroll method to amortize the unfunded liabilities.

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

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2008	\$ 2,269,802	128%
2009	2,356,529	106%
2010	2,564,767	89%
2011	3,149,493	106%
2012	3,130,022	109%
2013	3,217,964	304%

**3. OTHER POSTEMPLOYMENT PLAN**

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

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

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

<b>Actuarial Valuation Date</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL)</b>	<b>(3) Unfunded Actuarial Accrued Liabilities (UAAL) (2) – (1)</b>	<b>(4) Funded Ratio (1)/(2)</b>	<b>(5) Covered Payroll</b>	<b>(6) UAAL as a % of Covered Payroll (3)/(5)</b>
7/1/2008	\$ -	\$ 64,297,063	\$ 64,297,063	0.0%	\$ 18,162,177	354%
7/1/2009	4,761,141	64,812,543	60,051,402	7.3%	18,797,853	319%
7/1/2010	4,882,375	83,518,121	78,635,746	5.8%	18,292,104	430%
7/1/2011	7,047,987	83,441,000	76,393,013	8.4%	18,454,162	414%
7/1/2012	10,913,172	71,021,484	60,108,312	15.4%	17,335,618	347%

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amount Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	5.25%
Rate of Salary Increases	N/A%
Ultimate Rate of Medical inflation	Varies between 5.00% and 5.70%
Initial Rate of Medical Inflation	7.80% < 65 and 7.20% >=65



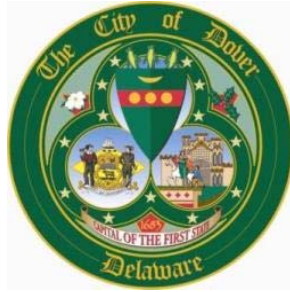
# ***FINANCIAL SECTION***

## ***PART - E***

### ***SUPPLEMENTARY INFORMATION***

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





## FINANCIAL STATEMENTS GENERAL FUND COMBINING STATEMENTS

The Governmental Capital Projects Fund is combined with the General Fund in the Basic Financial Statements Section. The Combining Statements are presented in the Supplementary Information Section.

The budgetary comparison for the Governmental Capital Projects Fund has its own separate budget and is presented in this section to show legal compliance. The perspective difference between the basis of budgeting and GAAP is explained in the reconciliation of the basis of budgeting to GAAP.

**The City of Dover**  
**Combining General Fund Balance Sheet**  
**June 30, 2013**

	<b>General Fund</b>	<b>General Capital Projects Fund</b>	<b>Total General Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,698,864	\$ 125,402	\$ 1,824,266
Restricted Cash and Cash Equivalents	-	858,086	858,086
Investments	3,261,366	3,303,364	6,564,730
Restricted Investments	18,252	-	18,252
Receivables, net			
Accounts	1,200,815	7,919	1,208,734
Taxes	262,970	-	262,970
Due from Other Funds	377,129	75,680	452,809
Prepaid Items	58,213	-	58,213
Inventory, at Cost	147,651	-	147,651
Total Assets	<u>\$ 7,025,260</u>	<u>\$ 4,370,451</u>	<u>\$ 11,395,711</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 788,175	\$ 239,862	\$ 1,028,037
Deferred Revenue	1,420,674	367,312	1,787,986
Due to Other Funds	160,275	56,110	216,385
Other	156,984	-	156,984
Total Liabilities	<u>2,526,108</u>	<u>663,284</u>	<u>3,189,392</u>
<b>Fund Balances:</b>			
Non-Spendable			
Inventory and Prepaids	205,863	-	205,863
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	1,658	-	1,658
Verizon Cable Franchise	129,579	-	129,579
Committed			
Contingency	733,985	-	733,985
Parkland Reserve	-	202,914	202,914
Assigned			
Police Investigations	14,759	-	14,759
Capital Assets	-	3,504,253	3,504,253
Unassigned	3,391,714	-	3,391,714
Total Fund Balances	<u>4,499,152</u>	<u>3,707,167</u>	<u>8,206,319</u>
Total Liabilities and Fund Balances	<u>\$ 7,025,260</u>	<u>\$ 4,370,451</u>	<u>\$ 11,395,711</u>

The notes to financial statements are an integral part of this statement

**The City of Dover**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of the General Fund**  
**For the Year Ended June 30, 2013**

	General Fund	General Capital Projects Fund	Total General Funds
<b>Revenues</b>			
Fines	\$ 612,193	\$ -	\$ 612,193
Library Revenue- General	64,584	-	64,584
Library Revenue County Reimbursement	406,481	-	406,481
Licenses and Permits	2,625,268	-	2,625,268
Sanitation Fees and Rebates	2,624,877	-	2,624,877
Miscellaneous Services	1,690,656	711,351	2,402,007
Property Taxes	11,126,395	-	11,126,395
Grants Received	721,630	2,003,665	2,725,295
Court of Chancery Fees	917,700	-	917,700
Investment Income	93,173	25,987	119,160
<b>Total Revenues</b>	<b>20,882,957</b>	<b>2,741,003</b>	<b>23,623,960</b>
<b>Expenditures</b>			
Current:			
General Government	1,074,271	33,000	1,107,271
Library Services	1,169,605	4,070,899	5,240,504
Public Safety and Law Enforcement	17,258,295	429,534	17,687,829
Public Works	1,343,800	221,642	1,565,442
Recreational Services	644,346	6,995	651,341
Streets and Sanitation Services	2,708,958	281,472	2,990,430
Financial Administration	807,288	102,589	909,877
Garage and Stores	431,541	-	431,541
Insurance	241,395	-	241,395
Retiree Health Care	1,620,600	-	1,620,600
Employee Pension	1,693,500	-	1,693,500
Community and Economic Development	223,109	-	223,109
Street Lights	878,760	-	878,760
Debt Service:			
Principal Retirement	296,003	-	296,003
Interest and Fiscal Charges	73,071	-	73,071
Bond Issuance Costs	-	1,029	1,029
<b>Total Expenditures</b>	<b>30,464,542</b>	<b>5,147,160</b>	<b>35,611,702</b>
Excess (deficiency) of Revenues over Expenditures	<b>(9,581,585)</b>	<b>(2,406,157)</b>	<b>(11,987,742)</b>
<b>Other Financing Sources and Uses</b>			
Proceeds from Sale of Bonds	-	2,648,500	2,648,500
Reserve Transfers	(45,515)	(100)	(45,615)
Interfund Transfers	9,995,845	2,670,363	12,666,208
Total other Financing Sources and Uses	9,950,330	5,318,763	15,269,093
Net Change in Fund Balances	368,745	2,912,606	3,281,351
Fund Balances at Beginning of Year	3,851,086	145,647	3,996,733
Fund Balances at End of Year	<b>\$ 4,219,831</b>	<b>\$ 3,058,253</b>	<b>\$ 7,278,084</b>
 Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ (52,736)	\$ (53,389)	\$ (106,125)
Deferred Revenues - Non-spendable	(569,518)	(7,919)	(577,437)
Inventory & Prepaids - Non-spendable	(205,863)	-	(205,863)
Capital Asset - Assigned	-	(2,996,945)	(2,996,945)
Unassigned Fund Balance	<b>\$ 3,391,714</b>	<b>\$ -</b>	<b>\$ 3,391,714</b>

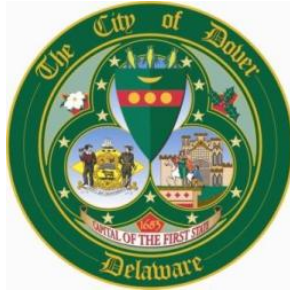
The notes to financial statements are an integral part of this statement

**CITY OF DOVER  
GOVERNMENTAL CAPITAL PROJECTS FUND**

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget & Actual (Non-GAAP Basis)  
For the Year Ended June 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 294,400	\$ 238,210	\$ 230,796	\$ (7,414)
Beginning Balance - Library Project	-	(82,210)	(85,149)	(2,939)
<b>REVENUES:</b>				
Interest Earnings	-	-	25,987	25,987
State Grant for Library Project	884,200	1,746,000	1,708,524	(37,476)
Kent County Library Contribution	250,000	250,000	250,000	-
Loan Proceeds - Library Green Energy Project	-	648,500	648,500	-
Library Foundation Donations	-	71,000	337,460	266,460
Friends of the Library Donation	-	102,400	67,361	(35,039)
Transfer from Library Foundation	67,500	-	-	-
Income from Sale of Library/Bridge Loan	1,200,000	1,200,000	1,200,000	-
State Grant - Other	108,000	158,000	143,000	(15,000)
Gifts/Donations	-	-	2,750	2,750
Income from Sale of Assets	-	43,000	53,780	10,780
Debt Issuance - Street Program	2,000,000	2,000,000	800,000	(1,200,000)
Debt Issuance - Garrison farm Infrastructure	2,000,000	-	-	-
Transfer from General Fund for Projects	613,400	613,400	613,400	-
Transfer from Future Capacity Reserve	-	2,000,000	2,000,000	-
Transfer from Community Transportation Fund	-	-	43,000	43,000
Transfer from Municipal Street Aid	-	-	13,963	13,963
DEMEC Grant	-	166,700	152,141	(14,559)
Police Grants	33,800	33,800	-	(33,800)
<b>Total Revenues</b>	<b>7,156,900</b>	<b>9,032,800</b>	<b>8,059,866</b>	<b>(972,934)</b>
<b>TOTAL BEGINNING BALANCE &amp; REVENUES</b>	<b>\$ 7,451,300</b>	<b>\$ 9,188,800</b>	<b>\$ 8,205,513</b>	<b>\$ (983,287)</b>
<b>EXPENDITURES:</b>				
Fire	\$ 238,500	\$ 238,500	\$ 238,515	\$ (15)
Grounds Maintenance	112,000	112,000	111,767	233
Library	2,535,000	4,089,100	4,070,899	18,201
Police	197,000	217,000	191,019	25,981
Recreation	30,000	30,000	6,995	23,005
Streets	1,974,000	3,558,700	150,714	3,407,986
Sanitation	150,000	150,000	130,758	19,242
Information Technology	57,000	107,000	102,589	4,411
Mayor	33,000	33,000	33,000	-
Loan Issuance Costs	56,000	32,000	1,029	30,971
Facilities Management	381,000	395,000	109,875	285,125
Subtotal	5,763,500	8,962,300	5,147,160	3,815,140
Transfer to Parkland Reserve	-	-	100	(100)
Transfer to Community Transportation Fund	1,606,700	60,000	-	60,000
<b>Total Expenditures</b>	<b>7,370,200</b>	<b>9,022,300</b>	<b>5,147,260</b>	<b>3,875,040</b>
Budget Balance - Working Capital	81,100	166,500	2,801,727	(2,635,227)
Budget Balance - Library Project	-	-	256,526	(256,526)
<b>Budget Balance &amp; Expenditures</b>	<b>\$ 7,451,300</b>	<b>\$ 9,188,800</b>	<b>\$ 8,205,513</b>	<b>\$ 983,287</b>
Budget Balance - Working Capital			\$ 3,058,253	
Perspective and GAAP (Non-GAAP) Differences:				
Deferred Revenue - non-spendable			(7,919)	
Fair value of investment adjustment			(53,389)	
Assigned to Capital assets			507,308	
Committed to Parks & Recreation improvements			202,914	
<b>Total Fund Balances</b>			<b>\$ 3,707,167</b>	

The notes to financial statements are an integral part of this statement



## FINANCIAL STATEMENTS SPECIAL REVENUE FUNDS

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

### POLICE GRANTS

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

### LIBRARY GRANTS

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

### MUNICIPAL STREET AID

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

### CDBG HOUSING GRANTS & NEIGHBORHOOD STABILIZATION PROGRAM

The City receives a U.S. Department of Housing and Urban Development Entitlement Grant for the Community Development Block Grant Program. This provides housing to low or moderate-income persons as well as public housing rehabilitation and community policing. Combined with the CDBG Fund is the Neighborhood Stabilization Program (NSP) that provides low interest loans for low to moderate-income families.



FINANCIAL STATEMENTS  
SPECIAL REVENUE FUNDS  
(continued)

GAMES GRANT

The City of Dover, in coordination with Aid in Dover, received a grant from the Criminal Justice Council for a program called GAMES. This program provides youth programming for at-risk girls and boys.

STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS

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

SUBSTANCE ABUSE PREVENTION GRANT

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

ELECTRONIC RED LIGHT SAFETY PROGRAM (ERLSP)

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

GARRISON OAK TECHNOLOGY PARK

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

REALTY TRANSFER TAX

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



2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Financial Section - Supplementary Information - Part E

**CITY OF DOVER  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	<b>POLICE GRANTS</b>	<b>LIBRARY GRANTS</b>	<b>MUNICIPAL STREET AID</b>	<b>CDBG/NSP HOUSING GRANTS</b>	<b>GAMES GRANT</b>	<b>STATE D.O.T. GRANTS</b>	<b>SUBSTANCE ABUSE PREV. GRANT</b>	<b>ERLSP</b>	<b>REALTY TRANSFER TAX</b>	<b>TOTALS</b>
<b>ASSETS:</b>										
Cash	\$ 197,220	\$ 35,083	\$ 265,521	\$ 8,946	\$ (6,521)	\$ 217,743	\$ 43,251	\$ 100	\$ 114	\$ 761,457
Receivables	629	225	-	-	-	-	450	-	-	1,304
Due from other funds-charges	-	-	-	-	-	56,110	-	-	-	56,110
Due from other governments	15,863	-	-	38,928	9,235	60,238	-	19,099	-	143,363
<b>TOTAL ASSETS</b>	<b>\$ 213,712</b>	<b>\$ 35,308</b>	<b>\$ 265,521</b>	<b>\$ 47,874</b>	<b>\$ 2,714</b>	<b>\$ 334,091</b>	<b>\$ 43,701</b>	<b>\$ 19,199</b>	<b>\$ 114</b>	<b>\$ 962,234</b>
<b>LIABILITIES AND FUND BALANCE:</b>										
Liabilities:										
Vouchers Payable	\$ 38,476	\$ 7,469	\$ -	\$ 38,471	\$ 2,714	\$ 13,358	\$ 2,693	\$ -	\$ -	\$ 103,181
Deferred Revenue	-	-	-	-	-	60,236	-	-	-	60,236
Due to other funds-charges	-	-	13,963	666	-	51,281	-	19,099	14	85,023
<b>Total Liabilities</b>	<b>38,476</b>	<b>7,469</b>	<b>13,963</b>	<b>39,137</b>	<b>2,714</b>	<b>124,875</b>	<b>2,693</b>	<b>19,099</b>	<b>14</b>	<b>248,440</b>
<b>Fund Balances:</b>										
Restricted	175,236	27,839	251,558	8,737	-	85,867	41,008	100	100	590,445
Assigned	-	-	-	-	-	123,349	-	-	-	123,349
<b>Total Fund Balances</b>	<b>175,236</b>	<b>27,839</b>	<b>251,558</b>	<b>8,737</b>	<b>-</b>	<b>209,216</b>	<b>41,008</b>	<b>100</b>	<b>100</b>	<b>713,794</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 213,712</b>	<b>\$ 35,308</b>	<b>\$ 265,521</b>	<b>\$ 47,874</b>	<b>\$ 2,714</b>	<b>\$ 334,091</b>	<b>\$ 43,701</b>	<b>\$ 19,199</b>	<b>\$ 114</b>	<b>\$ 962,234</b>

The notes to financial statements are an integral part of this statement

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Financial Section - Supplementary Information - Part E

**CITY OF DOVER**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES**  
**YEAR ENDED JUNE 30, 2013**

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	GAMES GRANT	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	GARRISON OAK TECH. PARK	REALTY TRANSFER TAX	TOTALS
<b>REVENUES:</b>											
Grants received	\$ 531,883	\$ 271,544	\$ 663,953	\$ 592,902	\$ 34,291	\$ 263,965	\$ 40,574	\$ -	\$ -	\$ -	\$ 2,399,112
Recreation revenue	-	-	-	-	-	-	40,446	-	-	-	40,446
Police fines	-	-	-	-	-	-	-	299,811	-	-	299,811
Transfer taxes	-	-	-	-	-	-	-	-	-	1,107,686	1,107,686
Investment income (loss)	443	-	459	-	-	207	-	17	-	273	1,399
<b>TOTAL REVENUES</b>	<b>532,326</b>	<b>271,544</b>	<b>664,412</b>	<b>592,902</b>	<b>34,291</b>	<b>264,172</b>	<b>81,020</b>	<b>299,828</b>	<b>-</b>	<b>1,107,959</b>	<b>3,848,454</b>
<b>EXPENDITURES:</b>											
Program expenditures	360,542	273,713	-	600,362	34,291	192,963	61,632	-	20,571	-	1,544,074
<b>TOTAL EXPENDITURES</b>	<b>360,542</b>	<b>273,713</b>	<b>-</b>	<b>600,362</b>	<b>34,291</b>	<b>192,963</b>	<b>61,632</b>	<b>-</b>	<b>20,571</b>	<b>-</b>	<b>1,544,074</b>
Excess (deficiency) of revenues over (under) expenditures	171,784	(2,169)	664,412	(7,460)	-	71,209	19,388	299,828	(20,571)	1,107,959	2,304,380
<b>OTHER FINANCING SOURCES (USES):</b>											
Operating transfers-out	(170,337)	-	(545,084)	-	-	(51,282)	-	(299,828)	-	(1,107,959)	(2,174,490)
Net Change in fund balances	1,447	(2,169)	119,328	(7,460)	-	19,927	19,388	-	(20,571)	-	129,890
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>173,789</b>	<b>30,008</b>	<b>132,230</b>	<b>16,197</b>	<b>-</b>	<b>189,289</b>	<b>21,620</b>	<b>100</b>	<b>20,571</b>	<b>100</b>	<b>583,904</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 175,236</b>	<b>\$ 27,839</b>	<b>\$ 251,558</b>	<b>\$ 8,737</b>	<b>\$ -</b>	<b>\$ 209,216</b>	<b>\$ 41,008</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 713,794</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER  
POLICE GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance	\$ -	\$ 178,400	\$ 173,789	\$ (4,611)
Interest earned	-	-	443	443
Grants received	382,600	505,100	531,883	26,783
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>382,600</b>	<b>683,500</b>	<b>706,115</b>	<b>22,615</b>
<b>EXPENDITURES:</b>				
Program expenses/supplies	64,000	129,100	90,821	(38,279)
Furniture and fixtures	-	16,500	18,158	1,658
Computer software	-	1,400	-	(1,400)
Computer hardware	-	139,900	-	(139,900)
Telephone/fax	15,000	15,000	12,556	(2,444)
Training/Conference/Food/Travel	17,000	29,500	21,045	(8,455)
Consulting/audit fees	1,000	1,000	-	(1,000)
Contractual services	-	161,900	147,938	(13,962)
Vehicle purchases	10,500	35,100	24,635	(10,465)
Technology equipment	57,000	-	101,744	101,744
<b>TOTAL EXPENDITURES</b>	<b>164,500</b>	<b>529,400</b>	<b>416,897</b>	<b>(112,503)</b>
Other financing uses:				
Operating transfers - out	(218,100)	(154,000)	(113,982)	40,018
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 175,236</b>	<b>\$ 175,136</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER  
LIBRARY GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance	\$ -	\$ 12,700	\$ 30,008	\$ 17,308
Grants received: State	280,500	270,100	270,044	(56)
Grants received: Federal	-	1,500	1,500	-
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>280,500</b>	<b>284,300</b>	<b>301,552</b>	<b>17,252</b>
<b>EXPENDITURES:</b>				
Program expenditures/supplies	15,300	27,500	27,900	400
Office Supplies	15,000	20,000	20,363	363
Printing/duplicating	9,500	8,900	11,360	2,460
Postage	200	100	55	(45)
Books	95,000	120,900	114,926	(5,974)
Furniture	52,300	21,400	27,193	5,793
Audio visual supplies	65,000	72,000	67,900	(4,100)
Training/conference/food/travel	4,000	3,500	2,016	(1,484)
Office equipment repairs	4,200	2,000	2,000	-
Contractual services	-	-	-	-
Computer hardware	20,000	8,000	-	(8,000)
<b>TOTAL EXPENDITURES</b>	<b>280,500</b>	<b>284,300</b>	<b>273,713</b>	<b>10,587</b>
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,839</b>	<b>\$ 27,839</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER  
MUNICIPAL STREET AID FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance	\$ 100	\$ 132,200	\$ 132,230	\$ 30
State Grant - Operations	527,400	527,400	530,868	3,468
State Grant - Capital	-	132,200	133,085	885
Interest Earned	-	-	459	459
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>527,500</b>	<b>791,800</b>	<b>796,642</b>	<b>4,842</b>
Other financing uses:				
Operating transfers-out	(527,400)	(791,700)	(545,084)	246,616
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 251,558</b>	<b>\$ 251,458</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER**  
**HOUSING PROGRAMS - CDBG & NSP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Beginning balance CDBG	\$ -	\$ -	\$ 2,013	\$ 2,013
Beginning balance NSP	-	-	10,253	10,253
Federal grant received	235,300	317,400	219,512	(97,888)
Revenue from NSP	-	-	373,390	373,390
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>235,300</b>	<b>317,400</b>	<b>605,168</b>	<b>287,768</b>
<b>EXPENDITURES:</b>				
2010 Closing cost/down payment program	-	100	83	17
2011 First state RC&D	-	-	30	(30)
2012 Closing cost/down payment program	-	5,900	5,894	6
2012 Dover interfaith ministry	-	7,100	7,148	(48)
2012 Homeowner rehab assistance	-	4,300	3,485	815
2012 First state RC&D	-	7,000	6,939	61
Current year closing cost/down payment program	30,000	60,000	49,807	10,193
Current year Dover interfaith ministry	27,500	27,500	14,022	13,478
Current year First state RC&D	35,000	35,000	20,972	14,028
Current year Elizabeth W Murphey school	20,000	32,800	32,782	18
Current year Ncall Research Inc.	7,800	7,800	5,000	2,800
Current year Serenity place	28,000	30,000	30,000	-
Current year Milford housing H/O rehab	40,000	52,800	-	52,800
Current year salaries	47,000	47,100	43,350	3,750
NSP expense	-	-	380,850	(380,850)
<b>TOTAL EXPENDITURES</b>	<b>235,300</b>	<b>317,400</b>	<b>600,362</b>	<b>(282,962)</b>
<b>CDBG BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,013</b>	<b>\$ (2,013)</b>
<b>NSP BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,793</b>	<b>\$ (2,793)</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER**  
**STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>REVENUES:</b>				
Beginning balance	\$ 435,700	\$ 189,300	\$ 189,289	\$ (11)
Grants received: State	300,000	300,000	263,965	(36,035)
Transfer from Other Funds	1,606,700	60,000	-	(60,000)
Interest earned	500	500	207	(293)
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>2,342,900</b>	<b>549,800</b>	<b>453,461</b>	<b>(96,339)</b>
<b>EXPENDITURES:</b>				
Program expenditures Grant Related	700,000	324,500	144,723	(179,777)
Program expenditures City Appropriated	1,606,700	225,300	48,240	177,060
<b>TOTAL EXPENDITURES</b>	<b>2,306,700</b>	<b>549,800</b>	<b>192,963</b>	<b>356,837</b>
Other financing sources (uses):				
Operating transfers-out	-	-	(51,282)	(51,282)
<b>BALANCE CARRIED TO NEXT YEAR</b>	<b>\$ 36,200</b>	<b>\$ -</b>	<b>\$ 209,216</b>	<b>\$ 209,216</b>

The notes to financial statements are an integral part of this statement

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## FINANCIAL SCHEDULES PROPRIETARY FUND TYPES ENTERPRISE FUNDS

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

### WATER/WASTEWATER FUND

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

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

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

### ELECTRIC REVENUE FUND

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

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

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

**CITY OF DOVER**  
**WATER/WASTEWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 865,100	\$ 1,075,800	\$ 1,075,800	\$ -
Beginning Balance - Wastewater	853,000	991,100	991,100	-
Beginning Balance - Kent County Treatment Fee	(553,500)	(626,400)	(626,400)	-
<b>TOTAL BEGINNING BALANCES</b>	<b>1,164,600</b>	<b>1,440,500</b>	<b>1,440,500</b>	<b>-</b>
<b>REVENUES:</b>				
Water fees	4,730,700	4,730,700	4,551,840	(178,860)
Wastewater fees	3,834,600	3,642,700	3,564,615	(78,085)
Wastewater adjustment	3,090,800	2,980,400	2,926,616	(53,784)
Groundwater adjustment	1,257,600	1,324,600	1,314,033	(10,567)
Miscellaneous services	77,000	81,400	73,312	(8,088)
Water tank space rent	313,500	313,500	300,067	(13,433)
Interest earnings	25,800	18,900	13,507	(5,393)
State Reimbursement - DEMA	-	-	50,876	50,876
Sewer Impact Fees	317,000	380,000	385,986	5,986
Water Impact Fees	350,000	350,000	220,362	(129,638)
<b>Total Revenues</b>	<b>13,997,000</b>	<b>13,822,200</b>	<b>13,401,214</b>	<b>(420,986)</b>
<b>TOTAL BEGINNING BALANCES &amp; REVENUES</b>	<b>\$ 15,161,600</b>	<b>\$ 15,262,700</b>	<b>\$ 14,841,714</b>	<b>\$ (420,986)</b>
<b>EXPENSES:</b>				
Water services	\$ 408,200	\$ 415,000	\$ 415,700	\$ (700)
Engineering & inspection	597,900	601,900	486,714	115,186
Water construction	345,700	353,200	333,511	19,689
Water treatment plant	1,522,600	1,535,400	1,390,347	145,053
Wastewater services	993,000	997,000	802,551	194,449
Kent County sewer fees	3,600,000	3,537,000	3,631,516	(94,516)
Intrafund service fee	1,235,400	1,176,600	1,182,905	(6,305)
Retirees health care	220,000	220,000	220,000	-
Pension Unfunded Liability	309,800	509,800	509,800	-
Debt Service - Water	532,100	438,100	410,632	27,468
Debt Service - Wastewater	731,500	636,300	579,394	56,906
Inventory/Fixed Asset Writeoffs	5,000	5,000	5,000	-
Other Employment Expenses	16,200	15,400	-	15,400
Transfer to Capital Asset Reserve- Water	70,000	70,000	70,000	-
Transfer to Capital Asset Reserve- Wastewater	22,000	22,000	22,000	-
Transfer to Water Improvement & Extension Fund	1,700,000	1,700,000	1,700,000	-
Transfer to Wastewater Improvement & Extension Fund	1,200,000	1,200,000	1,200,000	-
Transfer to General Fund from Water	250,000	250,000	250,000	-
Transfer to General Fund from Wastewater	250,000	250,000	250,000	-
Transfer to Impact Fee Reserve-Wastewater	-	-	219,757	(219,757)
Transfer to Uncollectible Reserve	5,000	5,000	5,000	-
<b>Total Expenses</b>	<b>14,014,400</b>	<b>13,937,700</b>	<b>13,684,827</b>	<b>252,873</b>
Budget Balance - Water	482,700	770,800	732,740	38,060
Budget Balance - Wastewater	664,500	412,600	441,414	(28,814)
Budget Balance - Kent County Treatment Fee	-	141,600	(17,267)	158,867
<b>Total Budget Balances - Working Capital</b>	<b>1,147,200</b>	<b>1,325,000</b>	<b>1,156,887</b>	<b>168,113</b>
<b>TOTAL BUDGET BALANCES &amp; EXPENSES</b>	<b>\$ 15,161,600</b>	<b>\$ 15,262,700</b>	<b>\$ 14,841,714</b>	<b>\$ 420,986</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER**  
**WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 3,071,800	\$ 3,811,200	\$ 3,811,200	\$ -
Beginning Balance -Wastewater	1,013,600	2,641,000	2,641,000	-
<b>TOTAL BEGINNING BALANCES</b>	<b>4,085,400</b>	<b>6,452,200</b>	<b>6,452,200</b>	<b>-</b>
<b>REVENUES:</b>				
Bond Proceeds-Water 2013	2,000,000	2,000,000	-	(2,000,000)
Bond Proceeds-WW 2013	2,000,000	2,000,000	-	(2,000,000)
State Loan Fund-Water 2010	-	142,700	142,719	19
State Loan Fund-Wastewater 2011	-	494,500	494,520	20
Interest earnings	25,000	25,000	101,327	76,327
Income from sale of assets	-	-	11,339	11,339
Transfer from Water Fund	1,700,000	1,700,000	1,700,000	-
Transfer from Wastewater Fund	1,200,000	1,200,000	1,200,000	-
Transfer from Wastewater Impact Fee Reserve	250,000	250,000	250,000	-
Transfer from Water Impact Fee Reserve	300,000	-	-	-
<b>Total Revenues</b>	<b>7,475,000</b>	<b>7,812,200</b>	<b>3,899,905</b>	<b>(3,912,295)</b>
<b>TOTAL BEGINNING BALANCES &amp; REVENUES</b>	<b>\$ 11,560,400</b>	<b>\$ 14,264,400</b>	<b>\$ 10,352,105</b>	<b>\$ (3,912,295)</b>
<b>EXPENSES:</b>				
Engineering & Inspection	\$ 23,400	\$ 29,200	\$ 29,208	\$ (8)
Water	5,140,000	5,971,600	1,154,852	4,816,748
Wastewater	3,817,300	5,922,500	1,815,569	4,106,931
Water Treatment Plant	24,100	29,200	29,208	(8)
Water Construction	31,000	31,000	35,899	(4,899)
Bond issue costs	344,000	-	6,597	(6,597)
<b>Total Expenses</b>	<b>9,379,800</b>	<b>11,983,500</b>	<b>3,071,333</b>	<b>8,912,167</b>
Budget Balance - Water	1,675,500	1,620,000	4,473,776	(2,853,776)
Budget Balance - Wastewater	505,100	660,900	2,806,996	(2,146,096)
<b>Total Budget Balances - Working Capital</b>	<b>2,180,600</b>	<b>2,280,900</b>	<b>7,280,772</b>	<b>(4,999,872)</b>
<b>TOTAL BUDGET BALANCES &amp; EXPENSES</b>	<b>\$ 11,560,400</b>	<b>\$ 14,264,400</b>	<b>\$ 10,352,105</b>	<b>\$ 3,912,295</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER**  
**ELECTRIC REVENUE FUND**  
**SCHEDULE OF REVENUE AND EXPENSES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 7,184,000	\$ 14,567,100	\$ 14,567,100	\$ -
<b>REVENUES:</b>				
Direct base sales	85,071,400	87,519,500	86,887,345	(632,155)
Rental income	225,000	200,000	234,488	34,488
Miscellaneous services	850,700	985,700	1,553,812	568,112
Utility tax	1,595,200	1,498,900	1,443,852	(55,048)
Green Energy	129,000	129,000	129,195	195
Grants DEMA	-	-	108,632	108,632
Interest earned-operating	107,800	107,800	137,718	29,918
Transfer from Rate Stabilization	5,400,000	5,400,000	5,400,000	-
Intrafund Services - Water/Wastewater	130,800	130,800	136,413	5,613
<b>Total Revenues</b>	<b>93,509,900</b>	<b>95,971,700</b>	<b>96,031,455</b>	<b>59,755</b>
<b>TOTAL BEGINNING BALANCE &amp; REVENUE</b>	<b>\$ 100,693,900</b>	<b>\$ 110,538,800</b>	<b>\$ 110,598,555</b>	<b>\$ 59,755</b>
<b>EXPENSES:</b>				
Power Supply & Generation				
Power Supply	\$ 39,468,900	\$ 37,701,000	\$ 37,698,282	\$ 2,718
Power Supply Management	996,000	996,000	996,000	-
Dover Sun Park Energy	1,414,500	1,587,600	1,595,826	(8,226)
Solar Renewal Energy Credits	-	351,600	370,256	(18,656)
Capacity Charges	12,564,800	11,817,200	11,587,934	229,266
PJM Charges - Transmission & Fees	-	6,100,700	7,103,571	(1,002,871)
PJM Charges - Load	17,508,300	5,697,700	6,024,702	(327,002)
Total Power Supply	71,952,500	64,251,800	65,376,571	(1,124,771)
Plant Operations	5,914,900	5,914,900	5,719,083	195,817
Capacity Credits	(14,318,600)	(14,318,600)	(14,318,588)	(12)
PJM Credits	(427,000)	(488,400)	(502,983)	14,583
PJM Spot Market Energy	(772,700)	(1,865,600)	(1,930,510)	64,910
Generation Fuels	586,000	948,800	1,023,574	(74,774)
Total Generation	(9,017,400)	(9,808,900)	(10,009,424)	200,524
Utility Tax	1,595,200	1,498,900	1,443,853	55,047
Administration	501,200	501,200	393,666	107,534
Transmission/Distribution	3,223,600	3,233,700	3,230,473	3,227
Electrical Engineering	1,163,900	1,171,300	1,098,315	72,985
Systems Operations	517,600	526,300	544,405	(18,105)
Meter Reading	212,500	212,500	219,010	(6,510)
Contractual Services - Power Supply	190,000	190,000	157,955	32,045
Provision for Uncollectible	150,000	150,000	150,000	-
Retirees Health Care	696,500	696,500	696,500	-
Pension Trust Contribution	1,074,200	7,274,200	7,274,200	-
Green Energy Payment to DEMEC	129,000	129,000	129,195	(195)
Interest on Deposits	35,000	35,000	25,576	9,424
Intrafund Service Fees	3,224,500	3,177,100	3,195,818	(18,718)
Other Appropriations:				
Electric Capital Project Fund	3,500,000	3,500,000	3,500,000	-
General Fund	8,000,000	8,000,000	8,000,000	-
Debt Service	3,323,600	3,323,600	3,376,564	(52,964)
Workers Compensation	-	500,000	500,000	-
Future Capacity Reserve	-	2,100,000	2,100,000	-
Rate Stabilization Fund	-	12,400,000	12,400,000	-
Other Employment Expenses	157,900	149,200	-	149,200
Inventory Reserve	175,000	175,000	175,000	-
<b>TOTAL EXPENSES</b>	<b>90,804,800</b>	<b>103,386,400</b>	<b>103,977,677</b>	<b>(591,277)</b>
Budget Balance - Working Capital	9,889,100	7,152,400	6,620,878	531,522
<b>TOTAL BUDGET BALANCE &amp; EXPENSES</b>	<b>\$ 100,693,900</b>	<b>\$ 110,538,800</b>	<b>\$ 110,598,555</b>	<b>\$ (59,755)</b>

The notes to financial statements are an integral part of this statement

**CITY OF DOVER**  
**ELECTRIC IMPROVEMENT AND EXTENSION FUND**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 2,714,600	\$ 3,534,600	\$ 3,534,600	\$ -
<b>TOTAL BEGINNING BALANCES</b>	<b>2,714,600</b>	<b>3,534,600</b>	<b>3,534,600</b>	<b>-</b>
<b>REVENUES:</b>				
Transfer from Electric Revenue Fund	3,500,000	3,500,000	3,500,000	-
Interest Earnings	40,700	40,700	52,751	12,051
Income from Sale of Assets	-	-	5,203	5,203
General Service Billing	-	91,100	191,956	100,856
Transfer from Future Capacity Reserve	550,000	-	2,000,000	2,000,000
<b>Total Revenues</b>	<b>4,090,700</b>	<b>3,631,800</b>	<b>5,749,910</b>	<b>2,118,110</b>
<b>TOTAL BEGINNING BALANCES &amp; REVENUES</b>	<b>\$ 6,805,300</b>	<b>\$ 7,166,400</b>	<b>\$ 9,284,510</b>	<b>\$ 2,118,110</b>
<b>EXPENSES:</b>				
Power Plant	\$ 1,441,300	\$ 1,236,600	\$ 834,336	\$ 402,264
Transmission/Distribution	596,000	1,232,000	1,183,603	48,397
Engineering	1,932,700	1,606,800	1,294,674	312,126
Transfer to General Fund	-	-	2,000,000	(2,000,000)
<b>Total Expenses</b>	<b>3,970,000</b>	<b>4,075,400</b>	<b>5,312,613</b>	<b>(1,237,213)</b>
Budget Balance - Improvement & Extension Fund	2,835,300	3,091,000	3,980,178	(889,178)
<b>Total Budget Balances - Working Capital</b>	<b>2,835,300</b>	<b>3,091,000</b>	<b>3,980,178</b>	<b>(889,178)</b>
<b>TOTAL BUDGET BALANCES &amp; EXPENSES</b>	<b>\$ 6,805,300</b>	<b>\$ 7,166,400</b>	<b>\$ 9,292,791</b>	<b>\$ (2,126,391)</b>

The notes to financial statements are an integral part of this statement

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FINANCIAL STATEMENTS  
PROPRIETARY FUND TYPES  
INTERNAL SERVICE FUNDS

WORKERS' COMPENSATION INSURANCE FUND

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

Budgetary schedule is included for public review of budgetary compliance.

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

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

**YEAR ENDED JUNE 30, 2013**

	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE POSITIVE (NEGATIVE)</b>
<b>OPERATING REVENUES:</b>				
Beginning Balance	\$ 943,400	\$ 633,100	\$ 633,051	\$ (49)
Interest Earned	25,000	25,000	(7,716)	(32,716)
City Contribution	626,700	1,126,700	1,152,388	25,688
Insurance Refund	-	4,600	57,525	52,925
Miscellaneous Revenue	4,600	-	4,100	4,100
<b>TOTAL REVENUES</b>	<b>\$ 1,599,700</b>	<b>\$ 1,789,400</b>	<b>\$ 1,839,348</b>	<b>\$ 49,948</b>
<b>OPERATING EXPENSES:</b>				
Program Expenses	\$ 450,000	\$ 450,000	\$ 433,214	\$ 16,786
Contractual Services	32,000	32,000	33,700	(1,700)
Insurance	68,300	68,300	74,789	(6,489)
Bank Fees	1,500	1,500	689	811
State of Delaware - Self-Insurance Tax	37,000	37,000	29,114	7,886
<b>TOTAL EXPENSES</b>	<b>\$ 588,800</b>	<b>\$ 588,800</b>	<b>\$ 571,506</b>	<b>\$ 17,294</b>
<b>BUDGET BALANCE - CARRY FORWARD</b>	<b>\$ 1,010,900</b>	<b>\$ 1,200,600</b>	<b>\$ 1,267,842</b>	<b>\$ 67,242</b>

The notes to financial statements are an integral part of this statement





FINANCIAL STATEMENTS  
FIDUCIARY FUND TYPES  
AGENCIES

DOWNTOWN DOVER PARTNERSHIP

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

FOURTH OF JULY CELEBRATION COMMITTEE

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

DOVER LIBRARY FOUNDATION

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

**CITY OF DOVER**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2013**

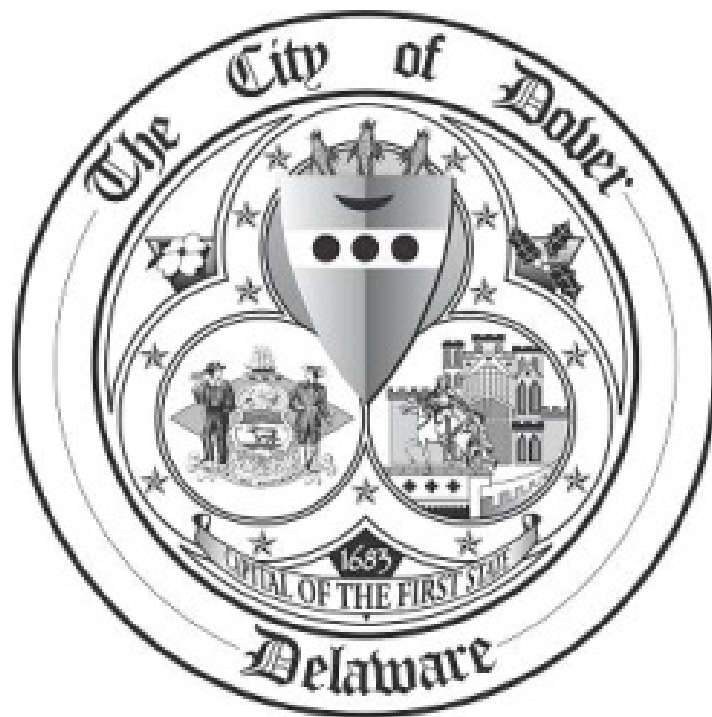
	<b>BALANCE</b>				<b>BALANCE</b>	
	<b>JUNE 30, 2012</b>		<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>June 30, 2013</b>	
<b>DOWNTOWN DOVER PARTNERSHIP</b>						
<b>ASSETS:</b>						
Cash	\$ 255,950	\$	2,431,690	\$ 2,447,011	\$	240,629
Receivables	54,854		5,042	9,125		50,771
Prepaid Items	3,064		45	3,064		45
<b>Total Assets</b>	<b>\$ 313,868</b>	<b>\$</b>	<b>2,436,777</b>	<b>\$ 2,459,200</b>	<b>\$</b>	<b>291,445</b>
<b>LIABILITIES:</b>						
Vouchers Payable	\$ 49,255	\$	2,245,909	\$ 2,219,364	\$	75,800
Deposit Payable	7,015		-	-		7,015
Due to Agencies	257,598		-	48,968		208,630
<b>Total Liabilities</b>	<b>\$ 313,868</b>	<b>\$</b>	<b>2,245,909</b>	<b>\$ 2,268,332</b>	<b>\$</b>	<b>291,445</b>
<b>4TH JULY CELEBRATION COMMITTEE</b>						
<b>ASSETS:</b>						
Cash	\$ 25,896	\$	44,312	\$ 45,406	\$	24,802
<b>Total Assets</b>	<b>\$ 25,896</b>	<b>\$</b>	<b>44,312</b>	<b>\$ 45,406</b>	<b>\$</b>	<b>24,802</b>
<b>LIABILITIES:</b>						
Vouchers Payable	\$ -	\$	340	\$ -	\$	340
Due to Agencies	25,896		22,650	24,084		24,462
<b>Total Liabilities</b>	<b>\$ 25,896</b>	<b>\$</b>	<b>22,990</b>	<b>\$ 24,084</b>	<b>\$</b>	<b>24,802</b>
<b>DOVER LIBRARY FOUNDATION</b>						
<b>ASSETS:</b>						
Cash	\$ 171,564	\$	362,496	\$ 534,060	\$	-
Prepaid Items	76		-	76		-
<b>Total Assets</b>	<b>\$ 171,640</b>	<b>\$</b>	<b>362,496</b>	<b>\$ 534,136</b>	<b>\$</b>	<b>-</b>
<b>LIABILITIES:</b>						
Vouchers Payable	\$ -	\$	41,314	\$ 41,314	\$	-
Due to Agencies	171,640		290,140	461,780		-
<b>Total Liabilities</b>	<b>\$ 171,640</b>	<b>\$</b>	<b>331,454</b>	<b>\$ 503,094</b>	<b>\$</b>	<b>-</b>

(Continued)

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

	<b>BALANCE</b>				<b>BALANCE</b>	
	<b>JUNE 30, 2012</b>		<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>JUNE 30, 2013</b>	
<b>TOTAL-ALL AGENCY FUNDS</b>						
<b>ASSETS:</b>						
Cash & Investments	\$ 453,410	\$	2,838,498	\$ 3,026,477	\$	265,431
Receivables	54,854		5,042	9,125		50,771
Prepaid Items	3,140		45	3,140		45
<b>Total Assets</b>	<b>\$ 511,404</b>	<b>\$</b>	<b>2,843,585</b>	<b>\$ 3,038,742</b>	<b>\$</b>	<b>316,247</b>
<b>LIABILITIES:</b>						
Vouchers Payable	\$ 49,255	\$	2,287,563	\$ 2,260,678	\$	76,140
Deposit Payable	7,015		-	-		7,015
Due to Agencies	455,134		312,790	534,832		233,092
<b>Total Liabilities</b>	<b>\$ 511,404</b>	<b>\$</b>	<b>2,600,353</b>	<b>\$ 2,795,510</b>	<b>\$</b>	<b>316,247</b>

The notes to financial statements are an integral part of this statement



# STATISTICAL SECTION



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





## **STATISTICAL SECTION**

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

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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

### **OPERATING INFORMATION**

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

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

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2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 1**  
**City of Dover**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Invested in capital assets, net of related debt	\$ 49,577,021	\$ 49,642,124	\$ 38,839,995	\$ 35,742,504	\$ 35,752,624	\$ 35,255,463	\$ 29,709,046	\$ 27,056,161	\$ 23,343,787	\$ 21,824,685
Restricted	721,682	482,780	1,774,167	1,250,342	1,758,470	1,602,932	1,591,678	887,235	2,023,096	1,852,754
Unrestricted	(4,791,553)	(6,759,433)	(99,435)	4,820,682	9,536,614	15,155,125	13,849,061	11,590,341	7,431,716	4,067,810
Total governmental activities net position	45,507,150	43,365,471	40,514,727	41,813,528	47,047,708	52,013,520	45,149,785	39,533,737	32,798,599	27,745,249
Business-type activities										
Invested in capital assets, net of related debt	100,079,972	98,303,263	97,270,906	96,660,480	91,471,776	101,154,934	89,289,351	89,089,027	82,878,764	81,968,635
Restricted	34,665,736	33,836,315	34,148,330	31,302,487	34,372,050	23,758,183	29,762,946	33,801,000	32,620,056	36,010,001
Unrestricted	39,534,763	33,947,753	23,286,232	19,318,633	18,614,907	16,263,139	14,371,418	11,859,329	11,569,305	4,831,263
Total business-type activities net position	174,280,471	166,087,331	154,705,468	147,281,600	144,458,733	141,176,256	133,423,715	134,749,356	127,068,125	122,809,899
Primary government										
Invested in capital assets, net of related debt	149,656,993	147,945,387	136,110,901	132,402,984	127,224,400	136,410,397	118,998,397	116,145,188	106,222,551	103,793,320
Restricted	35,387,418	34,319,095	35,922,497	32,552,829	36,130,520	25,361,115	31,354,624	34,688,235	34,643,152	37,862,755
Unrestricted	34,743,210	27,188,320	23,186,797	24,139,315	28,151,521	31,418,264	28,220,479	23,449,670	19,001,021	8,899,073
Total primary government net position	\$219,787,621	\$209,452,802	\$195,220,195	\$189,095,128	\$191,506,441	\$193,189,776	\$178,573,500	\$174,283,093	\$159,866,724	\$150,555,148

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 2**  
**City of Dover**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,474,045	\$ 1,180,327	\$ 1,248,124	\$ 1,510,308	\$ 1,855,983	\$ 1,384,276	\$ 1,472,104	\$ 836,668	\$ 905,382	\$ 1,426,396
Public safety	17,989,463	17,638,304	16,848,343	16,357,692	15,929,187	15,120,737	14,509,849	13,879,609	12,533,566	12,319,713
Public Works	6,099,484	8,135,172	6,257,946	7,115,319	7,539,463	4,355,206	4,791,235	4,493,296	4,547,747	4,536,928
Library and recreation	2,313,048	2,377,363	2,731,492	2,265,205	2,417,236	2,108,664	1,875,872	1,309,601	1,706,743	1,371,944
Community and economic development	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907	711,743	545,899
Central services	454,816	469,385	599,498	544,611	550,886	586,274	552,042	447,877	236,451	297,857
Financial administration	1,122,830	1,146,524	2,463,426	2,353,180	2,557,465	1,425,074	1,588,425	1,774,380	1,582,911	1,902,719
Other post-employment benefits	5,119,778	6,534,630	6,142,627	2,843,480	2,441,541	-	-	-	-	-
Interest on long-term debt	114,785	90,161	75,397	78,581	87,491	82,657	106,815	118,130	129,352	224,155
Total governmental activities expenses	35,628,215	38,345,074	37,540,399	35,297,120	34,103,807	25,560,802	25,535,887	23,460,468	22,353,895	22,625,611
Business-type activities										
Water and Sewer	10,905,358	11,068,607	10,912,722	11,971,445	11,196,913	10,387,198	9,846,771	9,263,236	8,678,186	9,291,404
Electric	74,595,585	77,625,673	90,296,244	90,940,056	94,475,940	88,442,048	88,297,987	58,620,196	56,384,796	53,387,490
Total business-type activities	85,500,943	88,694,280	101,208,966	102,911,501	105,672,853	98,829,246	98,144,758	67,883,432	65,062,982	62,678,894
Total primary government expenses	121,129,158	127,039,354	138,749,365	138,208,621	139,776,660	124,390,048	123,680,645	91,343,900	87,416,877	85,304,505
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	2,463,437	4,043,168	1,503,243	1,307,296	1,426,972	1,603,935	1,683,817	1,428,996	1,209,067	1,117,648
Public safety	4,240,847	4,803,827	4,682,687	4,309,516	4,358,641	4,571,911	4,499,315	4,487,028	3,684,792	2,956,135
Public works	2,624,877	1,903,623	2,173,434	1,340,729	1,396,801	1,334,492	1,312,328	1,253,313	1,081,064	1,083,894
Library and recreation	656,001	632,824	632,861	650,283	715,404	788,875	1,100,412	549,959	447,948	443,925
Operating grants and contributions	2,914,696	2,654,051	5,032,926	3,813,842	2,758,194	2,511,244	3,108,545	3,156,369	2,267,722	2,090,106
Capital grants and contributions	2,107,444	6,292,303	856,338	169,130	1,090,838	647,724	790,612	500,103	1,983,669	1,154,728
Total governmental activities program revenues	15,007,302	20,329,796	14,881,489	11,590,796	11,746,850	11,458,181	12,495,029	11,375,768	10,674,262	8,846,436
<b>(Continued)</b>										

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**(Table 2 Continued - Changes in Net Position)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>										
Business-type activities:										
Charges for services:										
Water and Sewer	13,387,706	13,775,833	14,033,678	11,531,595	11,319,027	12,158,812	11,819,643	12,224,877	10,804,685	10,454,520
Electric	90,685,693	93,529,401	101,902,619	100,278,474	101,420,982	96,858,790	87,014,071	68,005,332	63,303,032	59,476,870
Capital Contributions	-	441,285	997,750	392,855	-	2,078,040	705,572	272,000	368,740	211,390
Total business-type activities program revenues	104,073,399	107,746,519	116,934,047	112,202,924	112,740,009	111,095,642	99,539,286	80,502,209	74,476,457	70,142,780
Total primary government program revenues	119,080,701	128,076,315	137,263,843	123,793,720	124,330,805	122,842,492	110,997,467	92,997,238	85,852,225	80,817,042
Net (expense)/revenue:										
Governmental activities	(20,620,913)	(18,015,278)	(18,015,278)	(23,706,324)	(22,356,957)	(22,356,957)	(14,102,621)	(13,040,858)	(12,084,700)	(11,679,633)
Business-type activities	18,572,456	19,052,239	28,239,767	9,291,423	7,067,156	5,422,789	710,040	(17,642,549)	6,593,025	5,079,798
Total primary government net revenue (expense)	(2,048,457)	1,036,961	10,224,489	(14,414,901)	(15,289,801)	(16,934,168)	(13,392,581)	(30,683,407)	(5,491,675)	(6,599,835)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	11,126,395	11,050,198	10,904,908	10,029,584	10,075,401	9,557,982	9,032,995	8,792,652	7,370,318	7,183,124
Transfer taxes	1,107,686	1,373,103	1,461,983	867,692	1,197,425	3,515,422	3,008,371	3,048,064	2,379,548	1,627,172
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	3,750	-
Investment earnings	36,793	141,925	137,218	268,748	585,264	726,683	1,230,540	640,381	332,853	97,171
Transfers	10,491,718	8,300,796	8,856,000	7,306,120	5,533,055	7,166,269	5,385,000	6,338,741	6,611,024	6,636,740
Total governmental activities	22,762,592	20,866,022	21,360,109	18,472,144	17,391,145	20,966,356	18,656,906	18,819,838	16,697,493	15,544,207
Business-type activities:										
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(127,477)	(13,264)	16,213
Investment earnings	112,402	630,420	554,787	837,564	1,748,376	2,652,414	2,664,831	1,528,672	1,312,098	198,661
Transfers	(10,491,718)	(8,300,796)	(8,856,000)	(7,306,120)	(5,533,055)	(7,166,269)	(5,385,000)	(6,338,741)	(6,611,024)	(6,636,740)
Total business-type activities	(10,379,316)	(7,670,376)	(8,301,213)	(6,468,556)	(3,784,679)	(4,513,855)	(2,720,169)	(4,937,546)	(5,312,190)	(6,421,866)
Total primary government	12,383,276	13,195,646	13,058,896	12,003,588	13,606,466	16,452,501	15,936,737	13,882,292	11,385,303	9,122,341
<b>Change in Net Position</b>										
Government activities	2,141,679	2,850,744	3,344,831	(5,234,180)	(4,965,812)	(1,390,601)	4,554,285	5,778,980	4,612,793	3,864,574
Business-type activities	8,193,140	11,381,863	19,938,554	2,822,867	3,282,477	908,934	(2,010,129)	(22,580,095)	1,280,835	(1,342,068)
Total primary government	\$ 10,334,819	\$ 14,232,607	\$ 23,283,385	\$ (2,411,313)	\$ (1,683,335)	\$ (481,667)	\$ 2,544,156	\$ (16,801,115)	\$ 5,893,628	\$ 2,522,506

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 3**

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 315,580	\$ 709,817	\$ 528,145	\$ 2,023,169	\$ 2,158,007	\$ 1,099,450	\$ 720,698
Unreserved	-	-	-	7,242,323	8,305,396	9,387,795	7,046,831	6,515,829	4,156,574	3,729,125
Non-spendable	227,457	198,175	191,567	-	-	-	-	-	-	-
Restricted	131,237	83,356	85,070	-	-	-	-	-	-	-
Committed	936,899	920,475	3,484,203	-	-	-	-	-	-	-
Assigned	3,519,012	658,890	614,559	-	-	-	-	-	-	-
Unassigned	3,391,714	3,007,983	3,385,209	-	-	-	-	-	-	-
Total General Fund	8,206,319	4,868,879	7,760,608	7,557,903	9,015,213	9,915,940	9,070,000	8,673,836	5,256,024	4,449,823
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	872,309	881,332	5,180,097	5,248,929	2,829,793	2,984,929	2,119,882
Non-spendable	-	13,099	4,203	-	-	-	-	-	-	-
Restricted	590,445	399,424	764,512	-	-	-	-	-	-	-
Assigned	123,349	171,381	289,221	-	-	-	-	-	-	-
Total all other governmental funds	713,794	583,904	1,057,936	872,309	881,332	5,180,097	5,248,929	2,829,793	2,984,929	2,119,882
Total fund balances	\$ 8,920,113	\$ 5,452,783	\$ 8,818,544	\$ 8,430,212	\$ 9,896,545	\$ 15,096,037	\$ 14,318,929	\$ 11,503,629	\$ 8,240,953	\$ 6,569,705

**NOTE**

The fiscal years prior to 2011 show fund balances as they were classified and reported prior to GASB 54.

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2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 4**

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Fines	\$ 912,004	\$ 1,202,615	\$ 1,665,496	\$ 1,418,354	\$ 1,323,041	\$ 1,262,180	\$ 1,314,246	\$ 1,759,979	\$ 1,117,440	\$ 619,493
Library revenue	471,065	475,822	444,455	465,387	514,458	517,697	989,006	451,705	346,652	333,157
Licenses and permits	2,548,913	2,816,866	2,417,363	2,424,768	2,599,948	2,916,749	2,689,348	2,465,845	2,251,091	2,017,287
Sanitation fees and rebates	2,624,877	1,903,623	2,173,434	1,340,729	1,396,801	1,333,436	1,293,399	1,253,313	1,081,064	1,083,894
Recreation	40,446	44,522	44,292	36,100	47,079	34,111	12,793	-	-	-
Miscellaneous services	2,470,200	3,940,294	1,480,845	1,247,096	1,278,251	1,351,160	1,367,960	996,174	916,244	988,511
Taxes	12,333,520	12,462,532	12,366,891	10,897,276	11,272,826	13,073,404	12,041,366	11,840,716	9,749,866	8,810,296
Grants	5,119,089	8,909,758	5,551,175	4,482,259	3,513,365	3,148,194	4,550,607	3,919,800	2,812,082	3,244,834
Court of Chancery fees	917,700	863,220	766,340	675,390	738,240	883,880	929,120	792,280	710,380	559,260
Investment income	45,198	117,405	112,722	237,631	513,873	638,782	1,154,829	603,451	315,642	95,127
Total revenues	27,483,012	32,736,657	27,023,013	23,224,990	23,197,882	25,159,593	26,342,674	24,083,263	19,300,461	17,751,859
<b>Expenditures</b>										
General government	1,107,122	1,093,772	1,348,911	1,525,854	1,661,742	1,319,774	1,000,622	836,419	902,139	693,874
Library services	5,514,217	13,518,569	4,369,578	1,951,347	2,150,585	1,391,974	1,253,300	1,162,301	1,144,289	1,132,413
Public safety	18,048,642	17,001,619	16,139,953	15,948,298	15,680,044	15,068,451	15,055,746	13,922,271	12,432,257	11,755,081
Public works	1,758,405	2,074,061	2,535,060	2,504,061	3,219,659	2,928,236	2,551,962	3,340,643	2,478,911	2,864,345
Recreational services	651,341	827,230	834,124	746,868	869,134	2,699,725	1,452,987	705,241	617,624	486,789
Streets and sanitation services	2,990,430	3,280,165	3,383,465	3,181,025	3,279,188	3,675,282	3,018,222	3,242,649	2,711,775	2,957,758
Engineering services	-	-	-	-	-	-	314,728	289,208	253,299	225,658
Financial administration	909,877	902,009	866,314	895,570	1,009,240	1,055,619	829,002	725,963	687,450	597,973
Garage and stores	431,542	503,036	490,113	526,286	491,450	486,966	402,915	417,202	418,710	382,851
Insurance	241,395	198,241	203,343	197,723	199,643	176,947	165,584	153,202	168,430	203,997
Retiree health care lump sum	1,620,600	1,614,241	1,297,509	1,006,397	3,265,857	758,185	736,286	645,457	590,587	541,715
Employee pension unfunded liability	1,693,500	1,545,000	1,544,978	-	-	134,775	402,204	-	-	-
Street lights	878,760	986,430	968,562	956,860	937,013	917,438	624,243	545,426	534,682	470,110
Community and economic development	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907	711,743	545,899
Miscellaneous	-	-	-	-	-	-	-	-	16,000	-

**(Continued)**

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**(Table 4 - Continued Changes in Fund Balances of Governmental Funds)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenditures</b>										
Debt service										
Principal	296,003	275,000	270,000	260,000	365,000	350,000	368,384	464,480	490,171	668,341
Interest	73,071	52,734	65,225	68,410	77,319	87,468	96,644	107,959	121,350	217,374
Other charges (issuance of debt)	1,029	27,255	-	-	-	-	-	-	-	122,387
Total expenditures	37,155,900	44,672,570	35,490,681	31,997,443	33,930,429	31,548,754	28,912,374	27,159,328	24,279,417	23,866,565
Excess of revenues over(under) expenditures	(9,672,888)	(11,935,913)	(8,467,668)	(8,772,453)	(10,732,547)	(6,389,161)	(2,569,700)	(3,076,065)	(4,978,956)	(6,114,706)
<b>Other financing sources (uses)</b>										
Bond proceeds	2,648,500	851,500	-	-	-	-	-	-	-	3,430,000
Transfers in	12,666,208	10,959,204	12,420,329	9,156,575	12,683,925	12,369,176	8,316,722	8,850,767	8,965,067	8,249,757
Transfers out	(2,174,490)	(2,658,408)	(3,564,329)	(1,850,455)	(7,150,870)	(5,202,907)	(2,931,722)	(2,512,026)	(2,354,043)	(1,928,012)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(3,244,281)
Sale of capital assets	-	-	-	-	-	-	-	-	3,750	-
Total other financing sources (uses)	13,140,218	9,152,296	8,856,000	7,306,120	5,533,055	7,166,269	5,385,000	6,338,741	6,614,774	6,507,464
Net change in fund balances	\$ 3,467,330	\$ (2,783,617)	\$ 388,332	\$ (1,466,333)	\$ (5,199,492)	\$ 777,108	\$ 2,815,300	\$ 3,262,676	\$ 1,635,818	\$ 392,758
Debt service as a percentage of noncapital expenditures	1.14%	1.07%	0.85%	1.05%	1.42%	1.49%	1.66%	2.25%	2.43%	4.53%
Capital outlay included in total expenditures (1)	\$ 4,872,122	\$ 13,927,288	\$ 5,296,536	\$ 2,434,391	\$ 2,698,627	\$ 4,559,625	\$ 3,554,679	\$ 3,523,649	\$ 2,084,385	\$ 2,425,801

**NOTES**

(1) Capital outlay has been included in functional expenditures. Debt service as a percentage of non-capital expenditures excludes capital outlay expenditures.

**Table 5**

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

Fiscal Year	Property Tax	Transfer Tax	Total
2013	\$11,126,395	\$1,107,686	\$12,234,081
2012	11,050,198	1,373,103	12,423,301
2011	10,904,908	1,461,983	12,366,891
2010	10,029,584	867,692	10,897,276
2009	10,075,401	1,197,425	11,272,826
2008	9,557,982	3,515,422	13,073,404
2007	9,032,995	3,008,371	12,041,366
2006	8,792,652	3,048,064	11,840,716
2005	7,370,318	2,379,548	9,749,866
2004	7,183,124	1,627,172	8,810,296

**NOTES**

1. Property Tax rate \$.3378 per \$100 of 100% assessed value (See Table 6 for tax rates) includes payments in lieu of taxes, farm land roll back and penalties.
2. Transfer Taxes equal 1.5% of the real property sales value.
3. Assessed value by major component not available. (See Table 6 for total assessed value.)



**Table 6**

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

**REAL PROPERTY**

Fiscal Year	Total Assessed Value	Less: Exempt Properties	Total Taxable Assessed Value	Estimated Actual Value	Ratio of Total Taxable Value to Total Assessed Value	Direct Tax Rate Per \$100
2013	\$ 4,510,303,860	\$ 1,328,807,500	\$ 3,181,496,360	\$ 4,510,303,860	70.54%	\$ 0.3378
2012	4,469,369,160	1,300,061,400	3,169,307,760	4,469,369,160	70.91%	0.3378
2011	4,363,518,360	1,226,879,300	3,136,639,060	4,363,518,360	71.88%	0.3378
2010	4,139,869,700	1,232,858,580	2,907,011,120	4,139,869,700	70.22%	0.3300
2009	4,124,562,920	1,225,269,600	2,899,293,320	4,124,562,920	70.29%	0.3300
2008	3,406,762,915	616,277,700	2,790,485,215	3,406,762,915	81.91%	0.3300
2007	3,516,580,775	618,433,400	2,898,147,375	3,516,580,775	82.41%	0.3300
2006	3,146,043,800	618,735,300	2,527,308,500	3,146,043,800	80.33%	0.3300
2005	2,605,638,000	841,290,300	1,764,347,700	2,605,638,000	67.71%	0.4110
2004	2,576,251,900	841,436,800	1,734,815,100	2,576,251,900	67.34%	0.4110

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

**NOTES**

1. There is no tax on personal properties. Therefore, no figures are presented.
2. In 2003 the City changed assessed values to 100% of estimated actual values from 60%. In doing so, the tax rate was lowered from \$ .685 to \$ .411 per \$100. Had the tax rate been rolled back to a revenue neutral rate, the rate would have been \$ .3310 per \$100. The revised rate represents an \$ .08 increase.
3. In 2005, the City property values were reassessed, effective for tax year 2006. The tax rate was lowered from \$ .411 to \$ .330 per \$100. Had the tax rate been rolled back to a revenue neutral rate, the rate would have been \$ .310 per \$100. The revised rate represents a \$ .02 increase.
4. In 2010, the City property values were reassessed, effective for tax year 2011. The tax rate was increased from \$ .330 to \$ .3378 per \$100. Had the tax rate been rolled back to a revenue neutral rate, the rate would have been \$ .3108 per \$100. The revised rate represents a \$ .027 rate increase.

**Table 7**

**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**

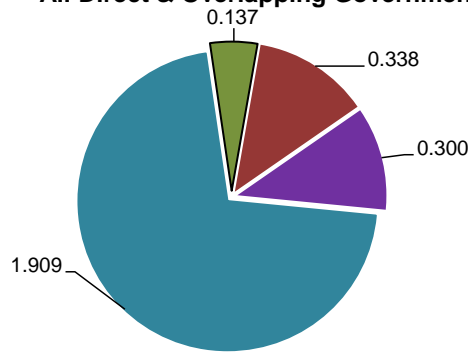
- NOTES**
1. Section 48 of the City of Dover charter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
  2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
  3. The City of Dover reassessed property values and "rolled back" the tax rate in 2006.
  4. In 2010, the City property values were reassessed, effective for tax year 2011. Tax rate increased to \$ .3378

Fiscal Year	Direct	Overlapping			Total Direct & Overlapping
	City of Dover	Kent County	Capital School District	Vo-Tech School District	
2013	\$ 0.3378	\$ 0.300	\$ 1.909	\$ 0.1372	\$ 2.684
2012	0.3378	0.300	1.832	0.1351	2.605
2011	0.3378	0.300	1.832	0.1351	2.605
2010	0.3300	0.310	1.769	0.1304	2.539
2009	0.3300	0.310	1.543	0.1219	2.305
2008	0.3300	0.250	1.480	0.1219	2.182
2007	0.3300	0.250	1.534	0.1160	2.230 *
2006	0.3300	0.250	1.459	0.1180	2.157 *
2005	0.4110	0.250	1.403	0.0887	2.153 *
2004	0.4110	0.250	1.173	0.0870	1.921

Sources: Tax Assessor's Office - City  
Receiver of Taxes Office - Kent County

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

**Property Tax Rates - FY 2013**  
**All Direct & Overlapping Governments**



**Table 8**

**City of Dover, Delaware  
Principal Tax Payers  
Current Year and Nine Years Ago**

TAX PAYERS	2013 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2004 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$146,847,600	1	4.62%	\$87,257,686	1	5.03%
Dover Mall LP/Dover Commons	80,921,800	2	2.54%	45,018,200	2	2.59%
Dover Medical Center	27,270,100	3	0.86%	-	-	-
Dover South Coast Partnership	25,035,100	4	0.79%	9,777,500	9	0.56%
Kraft-General Foods Corp.	19,565,300	5	0.61%	31,425,800	3	1.81%
Robino Bay Court Plaza	14,400,000	6	0.45%	6,593,000	-	0.38%
Berks City Real Estate LLC	13,492,400	7	0.42%	7,635,700	-	0.44%
Millers Dover Downs	13,463,600	8	0.42%	4,632,200	-	0.27%
G & I VA Dover Country Club LLC	13,176,500	9	0.41%	7,184,200	-	0.41%
McKee Road Business Park LLC	12,774,400	10	0.40%	8,821,700	-	0.51%
Del-Homes Catalog Group	-	-	-	9,241,600	10	0.53%
Dover Wipes	-	-	-	20,965,800	4	1.21%
K.W. Lands/Sheraton/Hampton	-	-	-	9,987,300	8	0.58%
Playtex Apparel Inc.	-	-	-	10,812,400	7	0.62%
Energizer(was Playtex Products Inc.)	-	-	-	13,724,600	5	0.79%
Woodmill Capital Advisors LLC	-	-	-	12,367,200	6	0.71%
	\$366,946,800		11.53%	\$285,444,886		16.45%

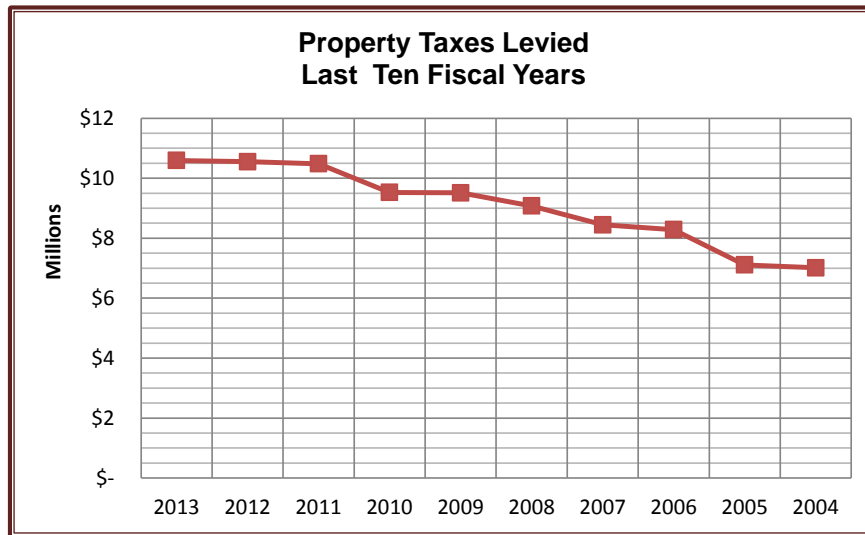
Source: Tax Assessor's Office, City of Dover

**Table 9**

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collection as Percentage of Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
2013	\$ 10,594,623	\$ 10,398,888	98.2%	\$ -	\$ 10,398,888	98.15%
2012	10,549,631	10,280,930	97.5%	229,452	10,510,382	99.63%
2011	10,481,734	10,166,681	97.0%	236,992	10,403,673	99.26%
2010	9,525,034	9,314,327	97.8%	202,280	9,516,607	99.91%
2009	9,512,522	9,206,158	96.8%	296,166	9,502,324	99.89%
2008	9,074,777	8,937,384	98.5%	135,399	9,072,783	99.98%
2007	8,448,462	8,242,898	97.6%	204,732	8,447,630	99.99%
2006	8,287,536	8,081,411	97.5%	206,125	8,287,536	100.00%
2005	7,109,977	6,941,217	97.6%	168,750	7,109,967	100.00%
2004	7,011,906	6,941,843	99.0%	70,063	7,011,906	100.00%

Source: City of Dover Assessor & Customer Service Reports.



**NOTES**

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

**Table 10**

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

Fiscal Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>			Total Primary Government	Percentage of Personal Income	Per Capita	Population
	General Obligation Bonds	Capital Leases	Water/Sewer Revenue Bonds	Electric Revenue Bonds	Capital Leases				
2013	\$ 4,478,997	\$ -	\$ 10,926,717	\$ 26,110,000	\$ -	\$ 41,515,714	5.1%	1,138	36,492
2012	2,085,815	-	10,865,354	27,995,025	-	40,946,194	5.0%	1,129	36,267
2011	1,499,143	-	7,913,384	30,033,446	-	39,445,973	4.9%	1,070	36,047
2010	1,758,971	-	3,765,547	34,543,730	-	40,068,248	5.7%	1,112	36,559
2009	2,008,800	-	4,126,124	36,690,524	-	42,825,448	6.3%	1,200	35,997
2008	2,363,628	-	4,769,332	16,439,872	-	23,572,832	3.7%	690	35,503
2007	2,703,457	-	5,391,320	18,115,568	-	26,210,345	4.1%	807	34,689
2006	3,038,286	-	6,752,131	19,741,258	68,892	29,600,567	4.7%	914	33,965
2005	3,363,115	152,864	8,087,613	21,496,483	161,836	33,261,911	5.3%	1,037	33,389
2004	3,685,113	313,035	9,376,999	22,400,030	309,915	36,085,092	5.7%	1,116	32,691

Source: City of Dover Financial Records

Population Source: Delaware Population Consortium Annual Population Projections

**Table 11**

**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	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2013	36,492	\$ 3,181,496,360	\$ 4,478,997	\$ 4,478,997	0.14%	122.74
2012	36,267	3,169,307,760	2,085,815	2,085,815	0.07%	57.51
2011	36,047	3,136,639,060	1,499,143	1,499,143	0.05%	41.59
2010	36,559	2,907,011,120	1,550,000	1,550,000	0.05%	42.40
2009	35,997	2,899,293,320	1,550,000	1,550,000	0.05%	43.06
2008	35,503	2,790,485,215	2,080,000	2,080,000	0.07%	58.59
2007	34,689	2,898,147,375	2,445,000	2,445,000	0.09%	70.48
2006	33,965	2,527,308,500	2,795,000	2,795,000	0.10%	82.29
2005	33,389	1,764,347,700	3,140,000	3,140,000	0.12%	94.04
2004	32,691	1,734,815,100	3,805,000	3,805,000	0.22%	116.39

Source: City of Dover Financial Records, Tax Assessor's Office and Delaware Population Consortium Annual Population Projections.

**NOTES**

1. This table includes all long-term general obligation bonded debt only. The Enterprise Funds have no general obligation debt.
2. Assessed value reflects the net billable tax base and does not include the exempt value, exemption for Senior Citizens and exemption for disability.

**Table 12**

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures <sup>(1)</sup>	Ratio of Debt Service to Total General Expenditures
2013	\$ 296,003	\$ 73,071	\$ 369,074	\$ 40,517,512	0.91%
2012	275,000	52,734	327,263	47,743,864	0.69%
2011	270,000	65,225	335,225	38,898,945	0.86%
2010	260,000	68,410	328,410	32,786,465	1.00%
2009	365,000	77,319	442,319	33,766,292	1.31%
2008	350,000	87,468	437,468	35,703,156	1.23%
2007	345,000	96,232	441,232	34,651,840	1.27%
2006	335,000	103,718	438,718	30,169,206	1.45%
2005	330,000	110,371	440,371	27,912,865	1.58%
2004	485,000	200,740	685,740	26,084,149	2.63%

Source: City of Dover Financial Records.

**NOTES**

1. The General Expenditures include all operating items, capital items and debt service.

**Table 13**

**City of Dover, Delaware  
Computation of Direct and Overlapping Debt  
with the Capital School District  
June 30, 2013**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 4,478,997	100%	\$ 4,478,997
Kent County <sup>(1)</sup>	49,035,043	6%	2,942,103
Capital School District <sup>(2)</sup>	<u>74,853,725</u>		<u>-</u>
<b>TOTAL</b>	<u><b>\$ 128,367,765</b></u>		<u><b>\$ 7,421,100</b></u>

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

**NOTES**

1. Kent County: Total debt for Kent County is \$49,035,043 as of June 30, 2013. Although, Kent County's bonds are general obligation bonds, \$43,969,906 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2013 the net outstanding debt was \$74,853,725. Percentage and amount applicable to the City is not available.



**Table 14**

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 159,075	\$ 156,429	\$ 155,838	\$ 144,341	\$ 144,965	\$ 697,621	\$ 724,537	\$ 631,827	\$ 441,087	\$ 433,704
Net (Taxable) Assessed Value on Books	3,181,496	3,169,308	3,136,639	2,907,011	2,899,293	2,790,485	2,898,147	2,527,309	1,764,348	1,734,815
Total net debt applicable to limit	4,479	2,127	1,550	1,820	2,080	2,445	2,795	3,140	3,475	3,805
Legal Debt Margin	\$ 154,596	\$ 154,302	\$ 154,288	\$ 142,521	\$ 142,885	\$ 695,176	\$ 721,742	\$ 629,848	\$ 437,612	\$ 429,899
Total Net Debt applicable to limit as a percentage of debt limit	2.82%	1.36%	1.00%	1.26%	1.44%	0.35%	0.39%	0.50%	0.79%	0.89%

Legal Debt Margin Calculation for Fiscal Year 2013

Net (Taxable) Assessed Value on Books	<u>\$ 3,181,496</u>
Debt Limit - 5 Percent of Total Assessed Value	\$ 159,075

DEBT  
(For which the City's full faith and credit has been pledged)

Gross Bonded Debt	<u>4,479</u>
LEGAL DEBT MARGIN	<u>\$ 154,596</u>

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b), and Tax Assessor's Office  
July 2009 the Charter was amended and the debt limit was reduced from 25% of the total assessed value to 5%.

**Table 15**

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

Fiscal Year	Gross Revenue	Operating Expenses	Available For Debt Service	Debt Service Requirements of Each Fiscal Year			
				Principal	Interest	Total	Coverage
2013	\$ 90,876,162	\$ 68,546,508	\$ 22,329,654	\$ 2,110,000	\$ 1,205,554	\$ 3,315,554	6.73
2012	93,650,277	71,607,021	22,043,256	2,060,000	1,260,054	3,320,054	6.64
2011	102,734,764	84,195,802	18,538,962	2,370,000	1,609,192	3,979,192	4.66
2010	100,316,323	86,089,451	14,226,872	2,260,000	1,716,134	3,976,134	3.58
2009	101,562,292	89,853,449	11,708,843	1,840,000	1,753,447	3,593,447	3.26
2008	97,354,991	82,132,360	15,222,631	1,780,000	828,076	2,608,076	5.84
2007	87,606,858	83,006,505	4,600,353	1,730,000	859,048	2,589,048	1.78
2006	68,377,892	53,839,945	14,537,947	1,855,000	910,256	2,765,256	5.26
2005	63,467,514	51,505,300	11,962,214	1,335,000	1,115,728	2,450,728	4.88
2004	59,611,552	47,393,103	12,218,449	1,255,000	1,380,002	2,635,002	4.64

Source: City of Dover Financial Records.

**NOTES**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |  |                    |               |                                 |         |                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--------------------|---------------|---------------------------------|---------|---------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Coverage required by the bond resolution is 1.25.</p> <p>2. Calculation of gross revenue for fiscal year 2013 is as follows:</p> <table border="0"> <tr> <td colspan="2">Gross Revenue:</td> </tr> <tr> <td>Operating Revenues</td> <td style="text-align: right;">\$ 90,685,693</td> </tr> <tr> <td>Interest Earned-Operating Funds</td> <td style="text-align: right;">190,469</td> </tr> <tr> <td>Total Gross Revenue</td> <td style="text-align: right;">\$ 90,876,162</td> </tr> </table> <p>3. Direct operating expenses do not include depreciation expense.</p> <p>4. Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.</p> | Gross Revenue: |  | Operating Revenues | \$ 90,685,693 | Interest Earned-Operating Funds | 190,469 | Total Gross Revenue | \$ 90,876,162 | <p>5. In August 2004, the City issued Electric Revenue refunding bonds in the amount of \$22,535,000 to refund the outstanding Electric Revenue Bonds Series 1990 and Electric Revenue Refunding Bonds Series 1993.</p> <p>6. In July 2008, the City issued Electric Revenue bonds in the amount of \$22,200,000. Fiscal year 2009 includes \$1,026,999 of interest related to this bond issue.</p> <p>7. In November 2011, the City issued Electric Revenue Refunding Bonds in the amount of \$8,810,000 to refund the 2004 Series. This refunding reduced the principal payable by \$2,620,000.</p> |
| Gross Revenue:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                |  |                    |               |                                 |         |                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Operating Revenues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | \$ 90,685,693  |  |                    |               |                                 |         |                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Interest Earned-Operating Funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 190,469        |  |                    |               |                                 |         |                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Total Gross Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ 90,876,162  |  |                    |               |                                 |         |                     |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**Table 16**

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available For Debt Service	Maximum Requirements	
				Maximum Debt Service Requirement	Actual Coverage
2013	\$ 13,282,782	\$ 8,841,757	\$ 4,441,025	\$ 1,019,315	4.36
2012	13,647,145	9,063,553	4,583,592	993,837	4.61
2011	13,758,048	9,222,105	4,535,943	416,423	10.89
2010	11,204,911	10,319,728	885,183	416,423	2.13
2009	11,067,901	9,510,814	1,557,087	797,708	1.95
2008	11,594,402	8,763,407	2,830,995	797,748	3.55
2007	12,294,847	8,242,898	4,051,949	797,748	5.08
2006	12,372,563	7,805,396	4,567,167	1,551,228	2.94
2005	10,619,688	7,223,283	3,396,405	1,553,713	2.19
2004	10,101,660	7,608,196	2,493,464	1,553,713	1.60

Source: City of Dover Financial Records.

**NOTES**

1. Coverage required by bond resolution is 1.20.
2. The maximum debt service requirement presented above covers all revenue bond requirements. Rates were increased in 2011 for debt service coverage on multi-year projects.
3. Direct operating expenses do not include depreciation expense for coverage purposes as per the bond indenture.
4. In October 2003, the City issued Water and Sewer Revenue Bonds in the amount of \$7,980,000. These bonds were issued to fully defease Water and Wastewater Revenue Bond Series 1986 B and to partially defease Water and Wastewater Revenue Bond Series 1993 and Series 1993 A and to provide approximately \$1,600,000 for future capital projects.
5. In Fiscal year 2013, various capital projects were completed. These capital projects were financed by three state revolving fund loans issued in 2009, 2010 & 2011 in the amount of \$5.9 million, \$2.4 million and \$0.5 million respectively, resulting in an increase in debt service.

**Table 17**

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

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	36,492	\$ 821,361,936	\$ 22,508	31.1	6,344	9.6%
2012	36,267	828,258,924	22,697	33.2	6,984	9.3%
2011	36,047	818,158,759	22,379	31.3	7,185	9.9%
2010	36,559	712,212,015	19,445	32.9	7,117	10.2%
2009	35,997	712,212,015	19,445	32.9	6,996	10.2%
2008	35,503	702,100,615	19,445	32.9	6,977	5.7%
2007	34,689	675,422,075	19,445	32.9	6,973	3.8%
2006	33,965	660,391,090	19,445	32.9	6,956	2.9%
2005	33,389	658,368,810	19,445	32.9	6,882	3.2%
2004	32,691	651,621,395	19,445	32.9	6,886	3.9%

Population Source: Delaware Population Consortium Projection Series

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

Per Capital Personal Income and Median Age Sources: American Community Survey 2006-2010 Dover, DE

Capital School Enrollment Source: includes kindergarten through 12th grade.

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

**Table 18**

**City of Dover, Delaware  
Major Employers  
FY 2013 and FY 2004**

Name	2013			2004		
	Numbers of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Dover Air Force Base <sup>(1)</sup>	6,504	1	32.8%	8,900	1	30.5%
State of Delaware <sup>(3)</sup>	4,500	2	22.7%	8,791 <sup>(3)</sup>	2	31.5%
Bayhealth Medical Center <sup>(2)</sup>	3,000	3	15.1%	2,754	4	9.4%
Dover Downs Co., Inc.	1,454	4	7.3%	896	7	3.1%
Dover Mall LP <sup>(3)</sup>	1,000	5	5.0%	3,200	3	11.7%
Capital School District	905	7	4.6%	750	8	2.6%
Delaware State University <sup>(3)</sup>	958	6	4.8%	1,150	5	3.9%
Kraft Foods Inc.	633	8	3.2%	621	9	2.1%
Energizer Personal Care (Playtex Products)	499	9	2.5%	1,105	6	3.8%
Bank of America	-	-	-	650	10	2.2%
City of Dover	389	10	2.0%	378	11	1.3%
	<u>19,842</u>			<u>29,195</u>		

Source: City Economic Development Office

**NOTES**

1. Dover Air Force Base total includes active duty, reservists and civilian employees.
2. Number of employees working in Kent County.
3. Updated figures not available at the time of publication.

2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 19**

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assessor	3.0	3.0	3.0	4.5	4.5	4.5	3.0	2.0	2.0	2.0
City Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
City Manager	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0
Customer Services	14.0	14.0	15.0	16.0	16.0	16.0	16.0	14.0	16.0	16.0
Delaware Prevention Network	-	-	-	-	-	-	-	-	1.0	2.0
Facilities Management	9.0	12.0	13.0	13.0	13.0	13.0	12.0	12.0	13.0	13.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
Fire	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Human Resources	3.0	3.0	3.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5
Information Technology	5.0	5.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
Library	13.0	12.0	17.5	18.0	18.0	18.0	17.0	17.0	17.0	17.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	5.0	6.0	8.0	8.0	8.0	8.0	5.0	5.0	5.0	5.0
Police Civilian	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
Police Law Enforcement	93.0	93.0	91.0	90.0	93.0	93.0	91.0	90.0	87.0	85.0
Procurement & Inventory aka Central Services	4.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0
Public Services, Administration	6.0	5.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0
Public Services, Inspections	7.0	7.0	7.0	7.0	7.0	16.0	15.0	15.0	14.5	14.5
Public Services, Life Safety	3.0	3.0	4.0	4.0	4.0	-	-	-	-	-
Public Services, Economic Development	3.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Public Services, Weed and Seed	-	-	-	-	-	-	-	1.0	1.0	1.0
Planning	4.5	5.0	5.0	6.0	6.0	5.0	5.0	4.0	3.0	3.0
Code Enforcement	4.0	4.0	4.5	5.0	5.0	-	-	-	-	-
Community Development	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works, Grounds Maintenance	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0	15.0	15.0
Public Works, Sanitation	11.0	13.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Public Works, Streets	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Works E & I	-	-	-	-	-	-	-	-	3.0	3.0
General Fund Total	269.0	279.0	289.0	298.5	301.5	298.5	288.0	283.5	281.5	277.5
Public Utilities, Electric Administration	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	12.5	12.5	12.5	20.5	20.5	19.5	18.5
Public Utilities, Electric System OPS	5.0	5.0	5.0	5.0	5.0	5.0	-	-	-	-
Public Utilities, Electric Meter Reading	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Public Utilities, Electric Transmission and Distribution	24.0	25.0	25.0	28.0	28.0	28.0	29.0	29.0	29.0	29.0
Electric Fund Total	45.0	47.0	47.0	53.5	53.5	54.5	57.5	57.5	56.5	55.5
Public Utilities, Construction	5.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Public Utilities, Wastewater Engineering	6.0	6.0	6.0	8.0	8.0	8.0	3.0	3.0	-	-
Public Utilities, Wastewater T & D	10.0	10.0	9.0	11.0	11.0	11.0	11.0	11.0	9.5	9.5
Public Utilities, Water T & D	5.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.5	4.5
Public Utilities, Water Treatment Plant	10.0	10.0	10.0	10.0	10.0	10.0	9.0	8.0	8.0	8.0
Water Meter Reading	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water/Wastewater Fund Total	36.0	36.0	35.0	42.0	42.0	42.0	37.0	36.0	31.0	31.0
Total Full-Time Equivalents	350.0	362.0	371.0	394.0	397.0	395.0	382.5	377.0	369.0	364.0

Source: City of Dover Budget

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2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 20**

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

	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Date of Incorporation	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829	Feb. 16, 1829
Land area - Acres	14,909.33	14,909.33	14,909.33	14,909.33	14,904.90	14,904.90	14,914.27	14,674.58	14,714.60	14,571.35
Land area - Square Miles	23.29	23.29	23.29	23.29	22.586	22.586	23.303	22.929	22.991	22.7677
Total Miles of Street	164.08	162.81	158.94	159.62	159.62	159.62	155.62	153.76	152.96	150.69
City Maintained Miles of Streets	104.73	103.46	101.59	100.27	100.27	100.27	96.27	94.41	93.61	91.34
State Maintained Miles of Streets	59.35	59.35	57.35	59.35	59.35	59.35	59.35	59.35	59.35	59.35
Dover Population - U. S. Census data	36,047	36,047	36,047	32,043	32,043	32,043	32,043	32,043	32,043	32,043
Dover Population - City Count	36,492	36,267	36,047	36,559	35,997	35,503	34,689	33,965	33,389	32,691
Registered Voters	21,998	22,362	21,454	21,897	21,897	20,181	19,084	19,502	18,714	18,259
<b>Electric Utility:</b>										
Generating Units	4	4	4	4	4	4	4	4	4	4
Co-Generating Unit	1	1	1	1	1	1	1	0	0	0
	5	5	5	5	5	5	5	4	4	4
Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	176 mw	176 mw	175 mw	175 mw	175 mw
Co-Generating Capacity	16 mw	16 mw	16 mw	16 mw	16 mw	16 mw	16 mw			0 mw
	191 mw	191 mw	191 mw	191 mw	191 mw	192 mw	192 mw	175 mw	175 mw	175 mw
Area of Service	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	15	15	15	15	15	15	15	16	16	16
High Peak Load	171 mw	172 mw	162.6 mw	164.082 mw	155.656 mw	175 mw	176 mw	160	160	163 mw
<b>Customers:</b>										
Residential	19,990	19,908	19,782	19,785	19,682	19,137	18,578	18,297	17,867	17,757
Commercial	3,412	3,354	3,386	3,370	3,497	3,664	3,422	3,280	2,813	2,915
Primary	37	39	38	36	37	37	36	32	32	33
Vapor Lights Only	811	811	820	843	850	880	872	867	867	874
69 KV Industrial	4	4	4	4	4	4	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	149	149	148
Total Customers Sales \$	\$88,416,208	\$91,947,980	\$99,513,157	\$98,081,648	\$99,642,490	\$94,037,212	\$83,109,810	\$63,844,353	\$60,170,424	\$56,925,258
Total Customers Sales kWh	725,895,800	710,327,722	734,102,972	708,530,322	719,949,121	731,024,065	734,072,008	736,810,231	731,635,019	741,523,091
<b>Power Supply</b>										
\$	\$55,367,147	\$58,758,032	\$68,852,937	\$72,508,956	\$73,549,910	\$68,648,786	\$70,579,991	\$42,293,895	\$39,628,388	\$37,675,178
kWh	735,175,000	738,190,000	768,254,000	751,250,000	751,171,000	782,081,000	788,824,000	781,466,220	767,750,050	780,677,900
<b>Fire Department:</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Officers	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteers-Active)	100	100	100	120	80	100	100	100	100	100
Equipment	15	15	14	14	14	18	14	14	11	15

(Continued)



2013 Comprehensive Annual Financial Report for the City of Dover, Delaware  
Statistical Section

**Table 20**

(Continued)

	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
<b>Parks and Recreation:</b>										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	24	24	22	22	22	22	22	22	22	23
<b>Police Department:</b>										
Station	1	1	1	1	1	1	1	1	1	1
Substation	0	0	0	0	0	0	0	0	0	0
Uniformed Personnel	93	93	93	90	92	92	90	88	87	85
Automobiles	75	78	67	66	66	66	66	71	79	74
Motorcycles	7	7	7	7	7	7	5	5	5	5
Motor Boats	0	0	1	1	1	1	1	1	1	1
Bicycles	12	12	4	4	4	4	4	4	4	5
Specialty Vehicles	7	7	7	7	6	6	6	6	5	5
Trailers	2	2	3	3	3	3	4	4	3	3
<b>Public Library:</b>										
Books	97,801	93,050	103,091	138,931	121,312	119,392	120,203	111,496	101,631	97,820
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	16,929	15,265	14,409	15,572	15,356	11,917	11,507	7,171	10,138	9,823
Members	34,308	32,717	33,466	36,534	39,354	37,587	37,036	39,202	48,626	46,318
Magazines Subscriptions	187	217	178	201	193	287	359	359	359	359
Newspapers	11	11	19	19	19	29	15	12	12	12
Circulation of Books	444,333	407,611	400,130	375,632	428,633	408,827	400,336	398,666	398,842	348,269
Electronic Downloads - Books	11,770	2,635	-	-	-	-	-	-	-	-
<b>Water Utility:</b>										
Supply - Wells	22	22	22	22	22	22	22	22	22	22
Storage Tanks	6	6	6	6	6	6	6	6	6	6
Total Storage Capacity (Gallons)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	222.3	217.5 miles	215.7 miles	215.7 miles	215.7 miles	196 miles	176 miles	176 miles	185 miles	175
Average Day (Gallons Pumped)	4,245,153	4,405,923	4,656,334	4,474,063	4,429,115	4,974,526	4,721,174	5,218,000	4,898,000	5,149,613
Peak Day (Gallons)	7,169,000	8,620,000	8,620,000	6,756,000	8,058,000	9,278,000	8,672,000	8,358,000	8,421,000	7,400,000
Water Production (Gallons Pumped)	1,553,727,000	1,608,161,895	1,699,562,000	1,633,033,000	1,616,627,000	1,815,702,000	1,869,585,000	1,904,666,300	1,788,000,000	1,879,000,000
Total Water Consumption (Gallons Billable)	1,345,432,000	1,455,934,265	1,539,590,000	1,466,943,000	1,531,526,000	1,554,000,000	1,640,082,000	1,641,119,000	1,580,677,000	1,626,940,000
Average Day (Gallons Billable)	3,686,115	3,988,861	4,218,055	4,019,022	4,195,962	4,257,534	4,493,375	4,496,216	4,330,622	4,457,370
Number of Metered Customers	12,373	12,385	12,330	13,863	13,375	13,229	11,962	11,764	11,625	11,150
Number of New Connections	0	55	0	488	146	284	198	139	475	298
<b>Wastewater Utility:</b>										
Pumping Stations	40	40	42	42	42	42	42	38	34	34
Wastewater Mains	186.87 miles	186.87 miles	185 miles	185 miles	185 miles	185 miles	185 miles	185 miles	160 miles	155 miles
Average Day (Gallons Pumped)	4,312,742	4,379,033	4,230,586	5,389,524	4,115,281	4,202,974	4,631,172	4,241,798	5,127,000	5,708,000
Peak Day (Gallons Pumped)	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	5,983,000	7,000,000
Wastewater Discharge (Gallons Pumped)	1,574,151,000	1,598,347,045	1,544,163,890	1,965,547,000	1,502,077,565	1,534,085,510	1,690,377,780	1,548,256,115	1,871,000,000	2,083,000,000
Wastewater Discharge (Gallons Billable)	1,242,238,000	1,316,656,000	1,303,587,000	1,328,195,000	1,410,347,000	1,458,043,000	1,467,498,000	1,460,882,000	1,411,324,000	1,493,172,000
Average Day (Gallons Billable)	3,403,392	3,607,277	3,571,471	3,638,890	3,863,964	3,994,638	4,020,542	4,002,416	3,866,641	4,090,882
Number of New Connections	5	55	0	488	146	Not Available	Not Available	Not Available	350	250
<b>Water Treatment Plant:</b>										
Capacity	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
<b>Sales to Customers:</b>										
Water Fees	\$4,551,840	\$4,707,918	\$4,945,385	\$4,274,966	\$4,070,523	\$4,203,972	\$4,250,634	\$4,289,413	\$3,791,254	\$3,769,635
Wastewater Fees	\$3,564,615	\$3,722,985	\$3,694,020	\$3,015,856	\$2,351,885	\$2,589,539	\$2,619,013	\$2,605,428	\$2,719,577	\$2,521,499
Wastewater Adjustment	\$2,926,616	\$3,050,127	\$3,058,656	\$3,100,547	\$3,733,644	\$4,109,166	\$3,854,100	\$3,865,683	\$2,611,290	\$2,743,359

Sources: Various City departments

**Table 21**

**City of Dover, Delaware  
Summary of Insurance  
as of June 30, 2013**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<b><u>Property</u></b>		
Blanket Building & Contents		\$10,000 Deductible
(Special Form, RC, Agreed Amount)	\$157,343,818	
Earthquake	\$2,000,000	\$50,000 Deductible
Flood Zones X or C	\$2,000,000	\$50,000 Deductible
Flood Zones		
(Zones unidentifiable)		\$50,000 Deductible
Zones located A, B Shaded X, V & D are excluded	\$100,000	
Blanket Business Earnings & Expense	\$200,000	
Accounts Receivable	\$250,000	
Civil Authority - 30 days		
Claims Expense (Inv/Appraisals)	\$25,000	
Covered Leasehold Interest	\$100,000	
Debris Removal	\$250,000	
Deferred Payments	\$25,000	
Electronic Vandalism	\$10,000	
EDP Data & Media	\$50,000	\$1,000 Deductible
Employee Tools (\$2,500 item)	\$25,000	
Expediting Expenses	\$250,000	
Exhibitions (Property Damage)	\$50,000	
Extra Expense	\$25,000	
Fine Arts	\$250,000	
Fire Dept Services Charge – Included	-	
Fungus, Wet Rot, Bacteria	\$25,000	
Furs, Fur Garments	\$25,000	
Jewelry, gold, Silver, Platinum	\$25,000	
Green Bldg Alternatives	\$25,000	
Loss of Master Key	\$25,000	
Newly Acquired or Constructed	-	
Real Property (180 days)	\$2,000,000	
Non-Owned Detached	-	
Trailers	\$25,000	
Ord & Law Coverage A	\$250,000	
Ord & Law Coverage B	\$250,000	
Ord & Law Coverage D - Included up to Extra Expense Limit	-	
Outdoor Property	\$250,000	
Outside Signs –Described – Prem	\$100,000	
Personal Effects	\$250,000	
Personal Property at Undescribed	-	
Premises	\$50,000	
Personal Property in Transit out of Coverage Territory	-	
Pollution & Contaminants	\$25,000	
	\$100,000	

**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Preservation of Property-Direct	-
Loss or Damage	\$250,000
Property in Transit	\$50,000
Personal Property of Others	\$250,000
Reward Coverage	\$25,000
Spoilage	\$10,000
Stamps, Tickets and letters	-
Of Credit	\$5,000
Stored Water	\$25,000
Temporary Location	\$50,000
Undamaged Parts of Stock	-
In Process	\$50,000
Valuable Papers on Premises	\$100,000
Valuable Papers off Premises	\$100,000
Water Damage Back up of	-
Sewers or Drains	\$250,000
Appurtenant Buildings	-
And Structures	\$100,000
Overseas Business Travel	-
Personal Property	\$25,000
Utility Service Direct Damage	\$50,000
Confiscated Property	\$100,000
Street Lights – Each Item	\$2,500
Street Lights – Per Occur	\$50,000
Street Signs – Each Item	\$2,500
Street Signs – Per Occur	\$50,000
Traffic Signs and Lights –Each	\$2,500
Traffic Signs and Lights	-
Per Occur	\$50,000
Stadium Lights – Each Item	\$2,500
Stadium Lights – Per Occur	\$50,000
Spoilage Coverage Extension	\$10,000
Sewer or Drain Backup	\$250,000

**Boiler & Machinery**

Coverage Limit - Property Limit	
Deductible	\$10,000
Expediting Expenses	\$250,000
Hazardous Substance	\$250,000
Spoilage	\$250,000
Ammonia Contamination	\$250,000

**Inland Marine**

**Contractors Equipment – Replacement Cost - 90% co-insurance**

Scheduled Equipment	\$3,500
Employee Tools	\$112,702 Not to exceed \$18,000 per item
Unlisted Items	\$100,000 Not to exceed \$5,000 per item
Leased or Rented Items	\$100,000 Not to exceed \$100,000 per item
New Acquired Equipment	\$250,000
Rental Cost (per Item)	\$5,000
Loss to any one Replacement Item	\$100,000

**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Scheduled Property	\$54,885
Basic Deductible	\$1,000
Employee Tool Deductible	\$250
Flood Deductible	\$50,000
Earthquake Deductible	\$50,000
Windstorm Deductible	\$1,000

**Crime**

Employee Theft per Loss	\$500,000	\$500 Deductible
Forgery or Alteration	\$100,000	\$1,000 Deductible
Inside the Premises – Theft of Money & Securities	\$35,000	\$500 Deductible
Inside the Premises Robbery or Safe Burglary of Other Property	\$25,000	\$500 Deductible
Outside the Premises	\$30,000	\$500 Deductible
Computer Fraud	\$100,000	\$1,000 Deductible
Money Orders and Counterfeit Paper Currency	\$100,000	\$1,000 Deductible

Faithful Performance of Duty Coverage Endorsement – Governmental Employees

**Liability Coverage:**

**Commercial General Liability**

Each Event	\$1,000,000
General Aggregate Limit	\$3,000,000
Products Completed Operations Aggregate Limit	\$3,000,000
Personal & Advertising Injury Each Person Damages to Premises Rented to You Limit (Any One Premises)	\$1,000,000
Medical Expenses	\$100,000
Sewer Back Up	\$0
Failure to Supply	\$1,000,000 (resulting from negligence)
Sexual Abuse Each Person	\$1,000,000
Sexual Abuse Total Limit	\$1,000,000
	\$2,000,000

Statutory Cap Limits of Coverage Endorsement  
Delaware Each Occurrence Statutory Cap Limit

\$300,000

**Employee Benefit Plans Administration Liability - Claims Made**

Retroactive Date: None	
Aggregate Limit	\$3,000,000
Each Employee Limit	\$1,000,000
Deductible	\$1,000

**Law Enforcement Liability - Occurrence**

Aggregate Limit	\$3,000,000
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**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Each Wrongful Act Limit	\$1,000,000
Each Wrongful Act Deductible	\$15,000
Statutory Cap Limits of Insurance Endorsement	
Delaware Statutory Cap Limit	\$300,000

**Public Entity Management Liability - Claims Made**

Retroactive Date: 7/1/1996	
Aggregate Limit	\$3,000,000
Each Wrongful Act Limit	\$1,000,000
Deductible	\$25,000

**Employment Practices Liability - Claims Made**

Retroactive Date: 7/1/1996	
Aggregate Limit	\$5,000,000
Each Wrongful Employment	
Practice Offense Limit	\$5,000,000
Deductible	\$25,000

**Business Auto Policy**

**Coverage:**

**Automobile**

Liability	\$1,000,000
Personal Injury Protection	\$300,000
Uninsured/Underinsured Motorist	\$1,000,000
(Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	
Non-owned Liability	\$1,000,000
Hired Auto Liability	\$1,000,000
Employees as Additional Insured	
Hired Auto Physical Damage	\$90,000
Hired Car Physical Damage Deductibles	
Comprehensive Deductible	\$250
Collision Deductible	\$250
Statutory Cap Limits of Coverage Endorsement	
Delaware Statutory Cap Limit	\$300,000

**Excess Crime Policy**

**Coverage:**

**Excess Crime**

Employee Theft per Loss (Over Policy# 630OB165227)	\$500,000 excess of \$500,000
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**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
<b>Umbrella Excess Liability Coverage:</b>	
<b><u>Umbrella</u></b>	
General Aggregate Limit	\$4,000,000
Products & Completed Work	
Aggregate Limit	\$4,000,000
Personal Injury	\$4,000,000
Advertising Injury	\$4,000,000
Each Occurrence	\$4,000,000
Retained Limit Any One Occurrence	\$10,000
Or Event	
<b><u>Umbrella Underlying Policies:</u></b>	
General Liability	\$1,000,000
Employment Benefits	\$1,000,000
Auto Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Public Entity Management	\$1,000,000
Employers Liability (Safety Net)	\$1,000,000
<b>Cyber Liability Coverage:</b>	
<b><u>Cyber Liability – Claims Made</u></b>	
Retroactive Date: 12/01/2012	
Aggregate Limit	\$25,000
Third Party Liability – Each Wrongful	\$25,000
Act Limit	
Network & Information Security	\$1,000
Liability	
First Party Liability Security	
Breach Notification &	
Remediation Expenses	\$10,000
Deductible	\$1,000
Crisis Management Service	\$10,000
Expenses	
Deductible	\$1,000
<b>Pollution Liability Coverage:</b>	
<b><u>Pollution Liability</u></b>	
Each Pollution Event Limit	\$5,000,000
Aggregate Policy Limit	\$10,000,000
Deductibles	\$25,000 Each Pollution Event
	\$100,000 Total For All Pollution Events Deductible
	\$10,000 Maintenance Deductible

**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
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Claims Made

Retroactive Date 4/1/1997

Includes: 2 underground storage tanks-710 Williams St., Dover, DE & 2 Power Plants

**Excess Worker's Compensation  
Coverage:**

Employers Liability Limit:	\$1,000,000
Specific Limit: Statutory	
Aggregate Limit:	\$2,000,000
\$600,000 Retention (Police)	
\$500,000 Retention (All Other)	

**Worker's Compensation-TPA Services**

(Charges based on claim count, this number could fluctuate)

**Travel Accident Policy**

**Principal Sum:** \$100,000 \$0 Deductible

**Covered Positions:** Mayor, Police Captain, Board of Adjustments, Police Chief, City Manager, City Clerk, Asst. City Clerk, Accounting Manager, Tax Assessor, Generation Manager, Police Major, Planning Commission, Human Resources Manager, Information Services Manager, Chief Inspector/ Planner, Chief Electric Engineer, Fire Marshall, Finance Director, Support Services Manager, Line Crew Foreman, Councilman, Administrative Services Manager, Civilian Member of Council Committee, Public Works Manager, Asst. Public Works Manager, Community Services Director, Fire Chief, Library Director, Asst. Inspector/ Director of Planning.

**Bond-Self Insured Worker's Compensation - State of Delaware**

Limit: \$750,000

**Bond – Public Officials Bond - Donna Mitchell – Treasurer**

Limit: \$100,000

**Bond- Public Officials Bond - Traci McDowell – City Clerk/Assistant Treasurer**

Limit: \$100,000

**Power Plants – Property & Boiler and Machinery (2 policies 50/50)**

**Locations: McKee Run Generating Plant**

**VanSant Station**

**Policy #1**

XL Insurance Company – \$50,000,000 per Occurrence (50% Carrier Capacity Limit of \$100,000,000)

**Coverages:**

50% policy limit:	\$50,000,000 Per Occurrence Agreed Amount, Special
Extra Expense:	\$2,000,000
Errors & Omissions	\$2,000,000
Expediting Cost:	\$1,000,000

**Table 21 - Continued**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Property in the Course of Construction:	\$5,000,000
Earthquake:	\$20,000,000
Flood:	\$10,000,000
Debris Removal	\$2,500,000
Property in Transit	\$2,500,000
Demolition & Increase Cost of Construction	\$10,000,000

Deductibles: \$750,000 per Occurrence, except;  
\$100,000 per Occurrence as respects Transit,  
In respect of Time Element loss (Extra Expense):  
45 days per Occurrence, except;  
72 hours per Occurrence in respect of Service Interruption

**Policy #2**

Ace American Insurance Company – \$50,000,000 per Occurrence (50% Carrier Capacity Limit of \$100,000,000)

**Coverages:**

50% policy limit:	\$50,000,000 Per Occurrence Agreed Amount, Special
Extra Expense:	\$2,000,000
Errors & Omissions	\$2,000,000
Expediting Cost:	\$1,000,000
Property in the Course of Construction:	\$5,000,000
Earthquake:	\$20,000,000
Flood:	\$10,000,000
Debris Removal	\$2,500,000
Property in Transit	\$2,500,000
Demolition & Increase Cost of Construction	\$10,000,000

Deductibles: \$750,000 per Occurrence, except;  
\$100,000 per Occurrence as respects Transit,  
In respect of Time Element loss (Extra Expense):  
45 days per Occurrence, except;  
72 hours per Occurrence in respect of Service Interruption