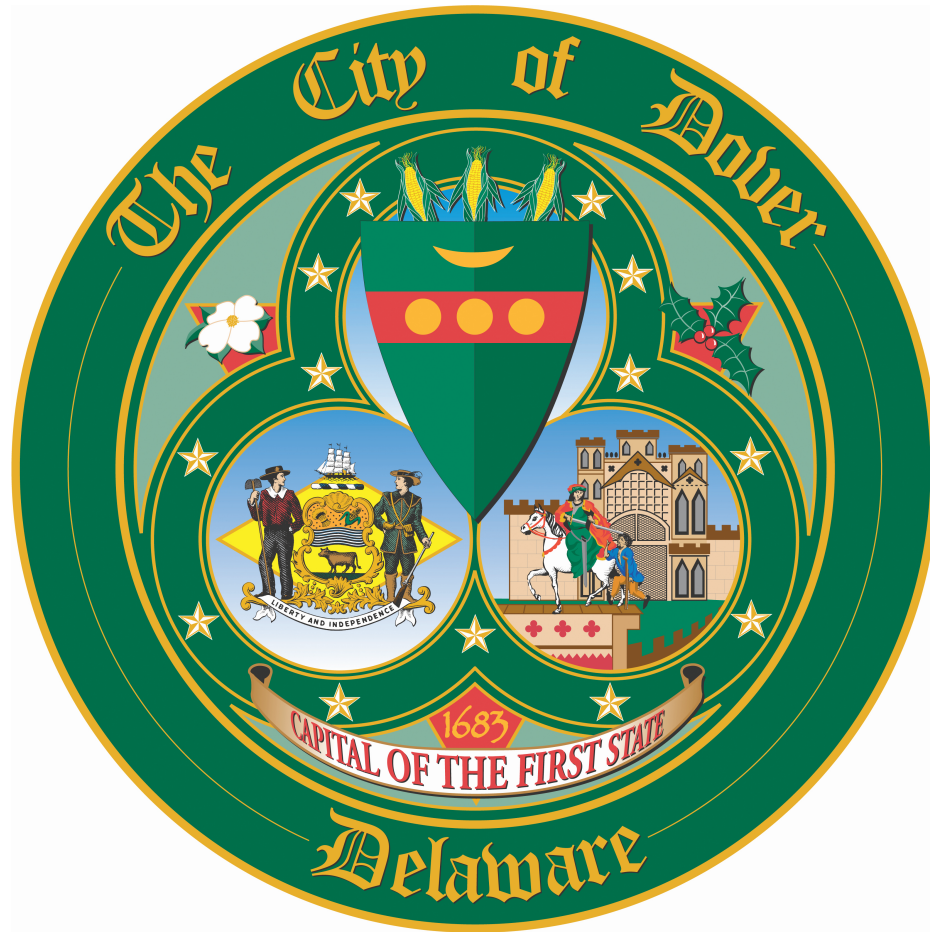


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



**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

Lori Peddicord
Assistant Finance Director

Jeffrey Dill
Accountant II

Jennifer Helms
Accountant II

Sharon Daniel
Account Clerk II

Katie Heffington
Payroll Specialist

Hollie Ford
Human Resources – Administrative Assistant

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, 2014

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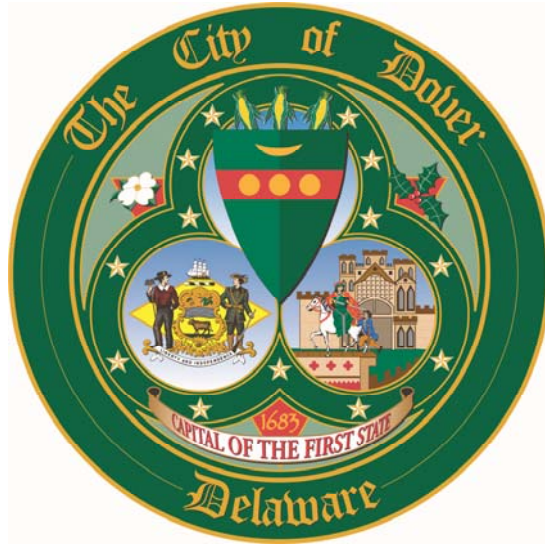
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INTRODUCTORY SECTION



THIS SECTION INCLUDES THE FOLLOWING:

LETTER OF TRANSMITTAL

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

LIST OF ELECTED OFFICIALS

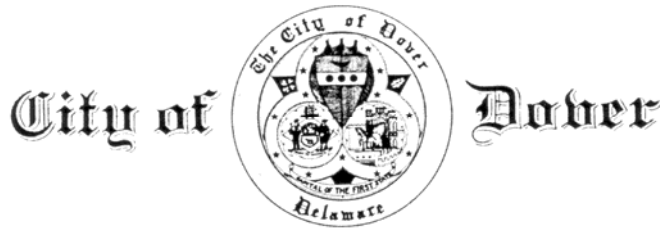
LIST OF APPOINTED OFFICIALS

LIST OF COMMISSIONS & COMMITTEES

ORGANIZATION CHART

VISION

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December 16, 2014

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, 2014. 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 unmodified opinion on the City of Dover financial statements for the year ended June 30, 2014. 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 23.3 square miles and serves a population of approximately 37,540. 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. 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 2014, consistent with the economic trends seen nationwide and recent prior years; however there have been some signs of modest economic growth.

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 passage of the State's Downtown Development District program offers promise for economic growth in downtown Dover looking ahead.

Total value of construction was estimated at \$92.8 million during Fiscal Year 2014. This nearly doubled the \$51.7 million in construction value during Fiscal Year 2013. The City of Dover issued 4,282 business licenses in Fiscal Year 2014, an increase over the prior year. Building permits issued during this period totaled 978 which only one permit different than the previous year. The City of Dover Planning Office

processed 39 new development applications (site plans, subdivisions and conditional uses) and five rezoning applications during the reporting period, which is a slight increase from the prior fiscal year. The City also processed two annexation requests during Fiscal Year 2014, which is consistent with the number in the prior fiscal year.

Growth and development trends during Fiscal Year 2014 are further discussed and summarized below:

POPULATION GROWTH

The 2010 U.S. Decennial Census, which was conducted in April 2010, found that 36,054 people reside in Dover. The Delaware Population Consortium estimates, the City of Dover's population as of July 1, 2014 was 37,540. This change represents a 4.1% population increase over the decennial Census.

RESIDENTIAL DEVELOPMENT

A total of 40 new residential housing starts were recorded during Fiscal Year 2014, which represents an increase of seven from the prior fiscal year. Construction activity resumed in Nottingham Meadows and continued in Senators Lake, Clearview Meadows, and Patriot Village. By the end of the fiscal year, bids were sought for the completion of infrastructure in the Village of Cannon Mill, with plans for the City to complete the infrastructure in Fiscal Year 2015.

The apartment market continued to be strong in Fiscal Year 2014, with progress made on completing plans for Leander Lakes and the third building at The Grande being completed.

DOWNTOWN DOVER REDEVELOPMENT

Efforts to revitalize Downtown Dover remained strong, with the completion of the renovations to 22-24 West Loockerman Street for the new EZ Pass Customer Service Center. The pocket park constructed at the corner of North Street and Governors Avenue, in the location of a former vacant building, was underway as the fiscal year closed. Other new tenants continued to move into downtown tenant spaces. City staff worked closely with the Governor's Office in spring and summer 2014 to support the Governor's Downtown Development District legislation, which has the potential to provide additional private and public investment in downtown revitalization. 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 Planning Office, Economic Development Office, and Police Department worked with a steering committee convened by NCALL on Restoring Central Dover: Our Vision for Vitality. This is a planning process funded largely through the Wells Fargo Regional Foundation that has involved a broad cross section of stakeholders in plans to restore central Dover to its former vibrant city center. The plan document would be completed in fall 2014 and would serve as the centerpiece of the City's Downtown Development District application.

INSTITUTIONAL DEVELOPMENT

Institutional development has continued during fiscal year 2014. Wesley College completed renovations to the former Frear Federal Building and opened the building as its Health Sciences campus. Dover High School neared completion for the 2014-15 school year. Delaware State University began construction of its Optics building and proceeded with other campus improvements. Delaware State University also opened the former Sheraton Hotel and Conference Center as a dormitory and was in the process of completing renovations to the building for the Early College High School in anticipation of the 2014-15 school year.

RETAIL/COMMERCIAL DEVELOPMENT

The retail sector remained slow during Fiscal Year 2014, as is consistent with the national economic slowdown and the trend of recent years. However, Dick's Sporting Goods, the Greene Turtle, and Redner's Supermarket opened during the fiscal year. While permit activity was slow in this sector, site plans are moving forward to redevelop the former Playtex site at the corner of Division Street and North DuPont Highway. Progress on this project was made in FY 2014.

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. Construction continued on the Garrison Energy Center, and the infrastructure associated with the Garrison Oak Technical Park began during FY2014, as did construction on the Uzin Utz Manufacturing facility in Garrison Oak.

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, but that vacancy relates to issues beyond simply the market for office space.

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.

Summary

Dover continues to be affected by the nation's economic downturn; however, small signs of modest growth are evident. 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 Oak Technical Park is also a benefit to the local economy. Dover remains a center for commerce, services and residential communities. As the economy rebounds, Dover is well positioned to support continued growth, and the promise associated with the State's Downtown Development District program creates an optimistic future for the City of Dover.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City is in its second year of 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 leased and one was sold this past year to Uzin Utz a German manufacturer of flooring compounds. The Dover Sun Park has occupied one of the parcels since 2010 and the Calpine 305 megawatt electric generating station has been under construction since fiscal year 2013 with an expected completion date of May 2015.

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 2014, \$1.9 million of water and wastewater capital improvements were completed. This included the completion of the Route 13 water main three pump station upgrades, and two well head replacements.

The electric utility completed capital improvements of \$3.2 million in fiscal year 2014. The major initiatives completed by our Transmission and Distribution crews were the completion of substation upgrades to the McKee Run and Lebanon stations, system upgrades to capacitors, lighting, and upgrades to 69kv switches. 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 turbine inspection was completed.

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 2014/2015 Capital Investment Plan includes \$1.7 million for vehicles and equipment and \$13.5 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 (11.7%) fall within the policy guidelines of a minimum of 8% and maximum of 12% of budgetary 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, 2014 for the utilities are water (13.1%) and wastewater (6.4%). The water and wastewater utilities are accounted for in the same fund and have a combined budget balance of 9.1%. The electric utility ended the year with a budget balance less than the 8.0% at 7.6%. This was attributed to higher than projected power supply and generation cost attributed to the unusual cold weather in January and February. The fiscal year 2015 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, 2013. This was the twenty-ninth (29) 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. Hollie Ford for her support in the preparation of the annual report. 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 that reads "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**

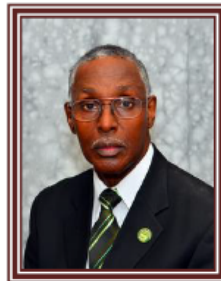
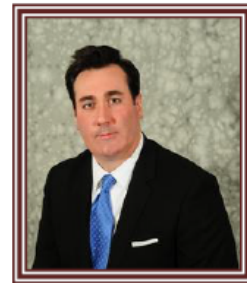
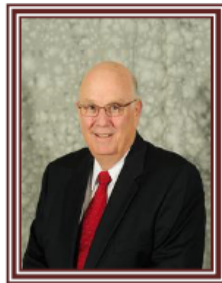
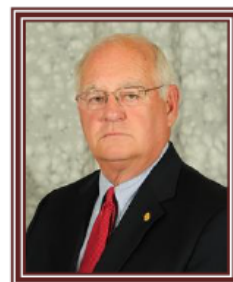
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Mayor Robin R. Christiansen



City Council Members

1st Row:

Councilman at Large Timothy A. Slavin, First District: Beverly Williams and James L. Hutchison

2nd Row:

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

3rd Row:

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

CITY OF DOVER, DELAWARE

List of Elected Officials

June 30, 2014

	<u>Length of Services</u>	<u>Term Expires</u>
<i>Mayor</i>		
Robin R. Christiansen	5 Days	May 2015
<i>City Council</i>		
At-Large		
Timothy A. Slavin	1 Year	May 2017
<i>First District</i>		
Beverly C. Williams	12 Years	May 2015
James L. Hutchison, Sr.	3 Years	May 2017
<i>Second District</i>		
William F. Hare	3 Years	May 2017
Adam M. Perza	2 Years	May 2015
<i>Third District</i>		
David L. Bonar*	4 Years	May 2015
Sean M. Lynn	3 Years	May 2017
<i>Fourth District</i>		
Wallace R. Dixon	1 Year	May 2015
David L. Anderson	3 Years	May 2017

* Council President

CITY OF DOVER, DELAWARE
List of Appointed Officials
June 30, 2014

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer – Traci A. McDowell	9 Years	28 Years
City Manager/Civil Defense Director – Scott D. Koenig	3 Years	24 Years
City Solicitor – Nicholas H. Rodriguez	46 Years	46 Years
Deputy City Solicitor – William W. Pepper	25 Years	25 Years
Council President – David L. Bonar	1 Year	4 Years
City Assessor – Cheryl A. Russell	5 Years	22 Years
City Building Inspector - Ann Marie Townshend	2 Years	8 Years
City Planner – Ann Marie Townshend	8 Years	8 Years
Controller/Treasurer – Donna S. Mitchell	14 Years	14 Years
Fire Chief – Matthew E. Carey	6 Months	6 Years
Interim Fire Marshal – Timothy P. Mullaney, Jr.	1 Month	8 Years
Police Chief – Paul M. Bernat	1 Month	24 Years

CITY OF DOVER, DELAWARE

List of Commissions & Committees

June 30, 2014

Board of Adjustment

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

Board of Assessment Appeals

William Garfinkel, Chairman
Thomas Burns
James Galvin
John Kelly
Todd Stonesifer
James Welsh

Construction Code Board of Appeals

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

Election Board

William T. Garfinkel, Chairman
Lillie Mae Johnson
Cherrita Matthews
Anita L. McDowell Boyer
Traci McDowell, City Clerk
Vacancy

Ethics Commission

Thomas C. Jackson, Chairman
Robin Case
Gary Coy
Andrew S. Moreland
Nancy J. Shevock
Traci McDowell, City Clerk
Nicholas H. Rodriguez, City Solicitor

Historic District

Richard Scrafford, Chairman
Charles A. Salkin, Vice Chairman
Ann Baker Horsey
C. Terry Jackson
Joseph McDaniel

Human Relations Commission

Cecil C. Wilson, Chairman
James G. McGiffin, Jr., Vice Chairman
Theodore Henderson
Jane F. Hicks
Kenneth Roach
Eugene Ruane
Lynne Sadusky
S. Renee Smith
Courtney Stewart

Legislative, Finance & Administration

Timothy A. Slavin, Chairman
David L. Anderson, Councilman
William F. Hare, Councilman
Daniel T. Shevock
Roy Sudler, Jr.

OPEB Board

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

Parks, Recreation & Community Enhancement

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

Pension – Civilian

Sean M. Lynn, Chairman
David L. Anderson, Councilman
Scott D. Koenig, City Manager
Donna S. Mitchell, Controller/Treasurer
Lester L. Blakeman
Kenneth Ciendaniel
Teresa Tieman

Pension – Police

Timothy Mullaney, Sr., Chairman
David L. Anderson, Councilman
Sean M. Lynn, Councilman
Scott D. Koenig, City Manager
Paul M. Bernat, 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
Bobby Jones
Kathleen Still

Property Maintenance Code

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

Public Library Advisory Commission

Dorothy Snyder, President
Sean M. Lynn, Councilman
Zachery Carter
Lois J. Dunning
Gertrude Jackson
Beth Petit De Mange

Safety Advisory & Transportation

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

Silver Lake Commission

Dean Holden, Chairman
James Burcham
Zachery Carter
David L. Edgell
Lyle Allen Jones
Melanie Tymes
Ann Marie Townshend, Director of Planning
and Community Development

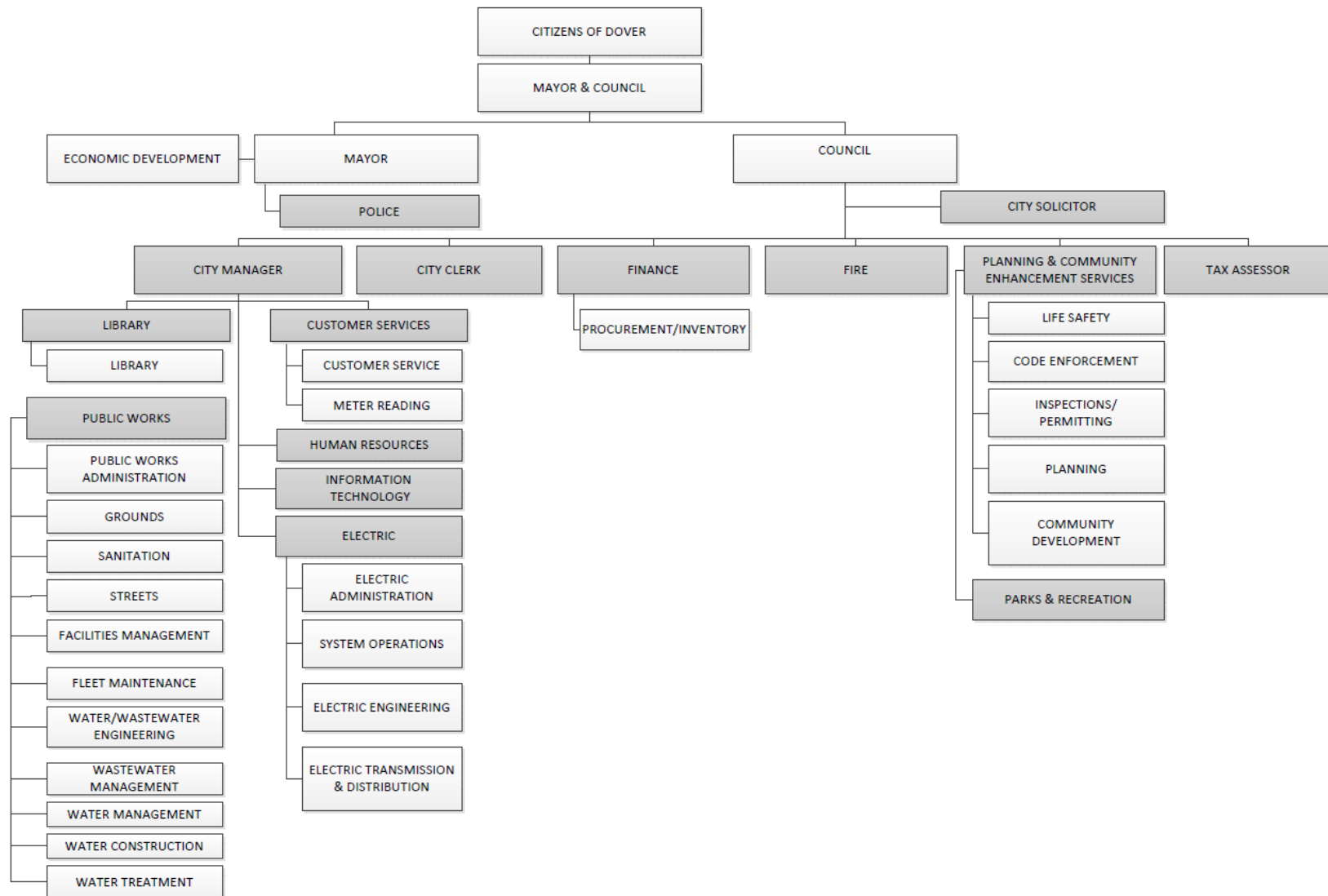
Utility

Beverly C. Williams, Chairwoman
Adam M. Perza, Councilman
Timothy A. Slavin, Councilman
Lester L. Blakeman
Richard Snaman

CITY OF DOVER, DELAWARE

Organization Chart

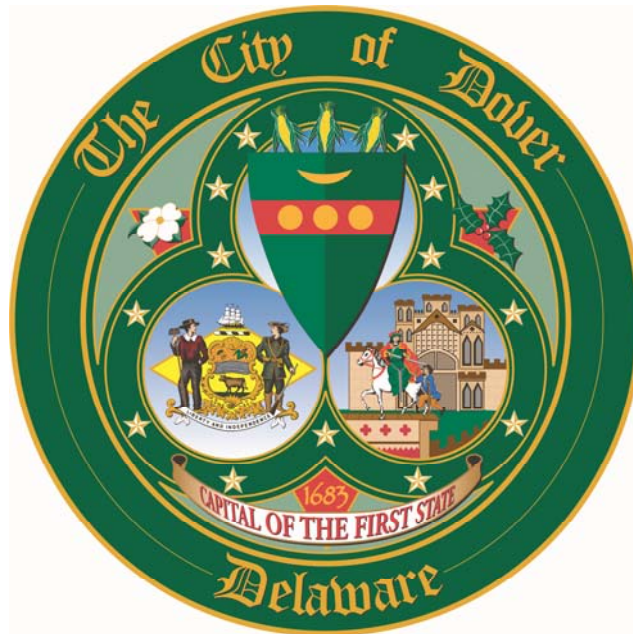
June 30, 2014



THE CITY OF DOVER, DELAWARE

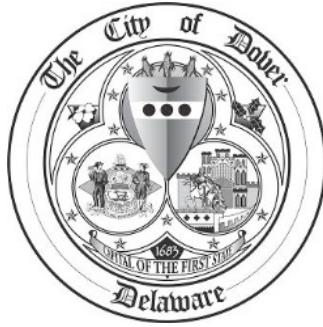
VISION

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.



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FINANCIAL SECTION



THIS SECTION INCLUDES 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
Combined Fund Statements
Budgetary Schedules

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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
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 and for the year ended June 30, 2014, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, 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.

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 balances – budget and actual; schedules of change in net pension liability, related ratios, and investment returns, and the schedules of employer contributions for the general pension plans funds and police pension fund; and the schedule of funding status and progress for other postemployment plan; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 sufficient evidence 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 introductory section, combining and individual fund statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

The accompanying combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory 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.

Hunt Valley, Maryland
December 16, 2014

SB & Company, LLC

FINANCIAL SECTION

PART B

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Dover Management's Discussion and Analysis For the Year Ended June 30, 2014

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, 2014. 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 1-6 of this report.

Financial Highlights

Total assets of the City exceeded its liabilities by \$218.1 million (net position). Of this amount, \$29.0 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 \$7.1 million and the business type activities, Water/Wastewater and Electric funds, reported \$36.1 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 \$189.1 million, \$36.7 million is restricted primarily for debt and capital construction purposes and \$152.4 million is invested in capital assets net of related debt.

- The governmental activities experienced an increase of \$1.1 million invested in capital assets, a decrease in restricted net assets of \$.1 million, as well as a decrease of \$2.3 million in unrestricted net position resulting in a negative net change of \$1.3 million.
- The business-type activities experienced a \$1.6 million increase in investments in capital assets. An increase in restricted net position of \$1.4 million as well as a decrease in unrestricted net position of \$3.4 million, resulting in a negative change in net position of \$0.4 million.

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 39-40) that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements (pages 40-49) 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 39-44) 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 45-47) 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 48-49) 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 and Fourth of July Celebration Committee, none of which are considered to be component units of the City. All of the City's Fiduciary activities are reported in separate Statements of Fiduciary Net 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 51-88) 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 91-97) 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 122.

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

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	<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>
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	<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>
Type of asset/liability information	<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>
Type of inflow/outflow information	<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, 2013 and 2014 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Assets						
Non-Capital Assets	\$ 14.1	\$ 14.1	\$ 86.7	\$ 87.4	\$ 100.8	\$ 101.5
Capital Assets	54.1	54.8	135.7	135.0	189.8	189.8
Total Assets	68.2	68.9	222.4	222.4	290.6	291.3
Liabilities						
Current Liabilities	3.0	3.8	9.8	9.0	12.8	12.8
Non-Current Liabilities	19.7	20.9	38.3	39.5	58.0	60.4
Total Liabilities	22.7	24.7	48.1	48.5	70.8	73.2
Net Position						
Net investment in Capital						
Assets	49.6	50.7	100.1	101.7	149.7	152.4
Restricted	0.7	0.6	34.7	36.1	35.4	36.7
Unrestricted	(4.8)	(7.1)	39.5	36.1	34.7	29.0
Total Net Position	\$ 45.5	\$ 44.2	\$ 174.3	\$ 173.9	\$ 219.8	\$ 218.1

The Changes in Net Position, for the City of Dover, as of June 30, 2013 and 2014 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 10.0	\$ 10.1	\$ -	\$ -	\$ 10.0	\$ 10.1
Water/Wastewater Charges for Services	-	-	13.4	13.3	13.4	13.3
Electric Charges for Services	-	-	90.7	79.5	90.7	79.5
Operating Grants and Contributions	2.9	2.2	-	-	2.9	2.2
Capital Grants and Contributions	2.1	1.2	-	0.4	2.1	1.6
General Revenues						
Property Taxes	11.1	11.1	-	-	11.1	11.1
Transfer Taxes	1.1	1.6	-	-	1.1	1.6
Earnings on Investments-Other	0.1	0.1	0.1	0.8	0.2	0.9
Total Revenues	27.3	26.3	104.2	94.0	131.5	120.3
Expenses						
General Government	2.3	2.1	-	-	2.3	2.1
Public Safety	18.0	19.2	-	-	18.0	19.2
Public Works	6.7	7.2	-	-	6.7	7.2
Library and Recreation	2.3	2.9	-	-	2.3	2.9
Community and Economic Development	1.1	0.8	-	-	1.1	0.8
Central Services	1.2	1.4	-	-	1.2	1.4
Financial Administration	3.0	3.6	-	-	3.0	3.6
Other Post-Employment Benefits	5.1	3.4	-	-	5.1	3.4
Interest Charges	0.1	0.1	-	-	0.1	0.1
Plus (less) Indirect Expense Allocation	(4.2)	(4.6)	4.2	4.6	-	-
Water/Wastewater	-	-	9.9	10.2	9.9	10.2
Electric	-	-	71.4	71.1	71.4	71.1
Total Expenses	35.6	36.1	85.5	85.9	121.1	122.0
Change in Net Position before Transfers	(8.3)	(9.8)	18.7	8.1	10.4	(1.7)
Transfers	10.5	8.5	(10.5)	(8.5)	-	-
Change in Net Position	2.2	(1.3)	8.2	(0.4)	10.4	(1.7)
Net Position, Beginning of Year	43.3	45.5	166.1	174.3	209.4	219.8
Net Position, End of Year	\$ 45.5	\$ 44.2	\$ 174.3	\$ 173.9	\$ 219.8	\$ 218.1

Governmental Activities

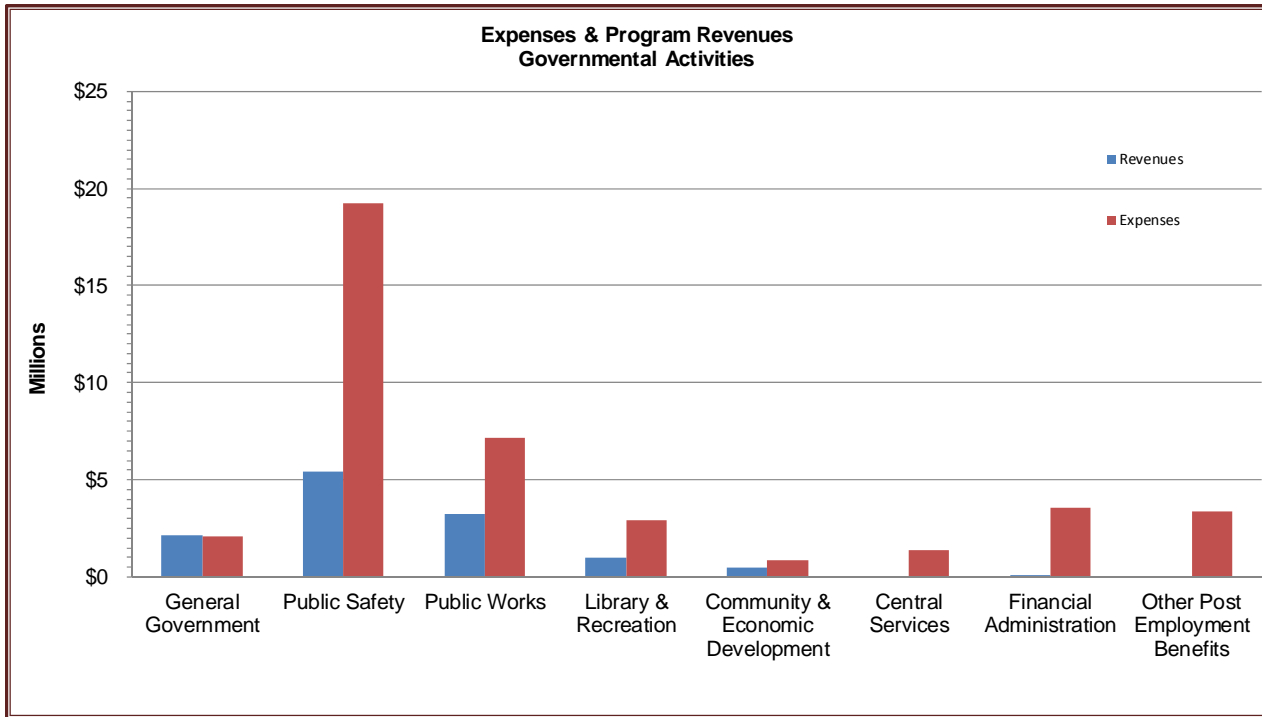
Governmental net position decreased by \$1.3 million. Net revenues of \$26.3 million were less than the prior year by \$1.0 million. Public Safety Operating Grants experienced a decrease of \$0.5 million from the prior year due to less federal highway projects requiring police staffing and the timing of State Grant receipts for Police Pensions. The Community Development Block Grant receipts decreased \$0.2 million attributed to program reductions and timing of draws on grant expenditures. Capital Grants decreased \$.9 million in State Grant funds as a result of the completion of the new Library. These decreases were mainly offset by increases in building permits, and transfer taxes totaling \$0.6 million.

Expenses of \$36.1 million reflect an overall increase of \$0.5 million from the prior year. Public safety cost increased as a result of increased police personnel wages and benefit costs \$0.2 million, an increase in the appropriation to the Police Pension Fund of \$0.3 million, other increases of \$0.2 in insurance premiums and legal fees were offset by decreases in other program expenses.

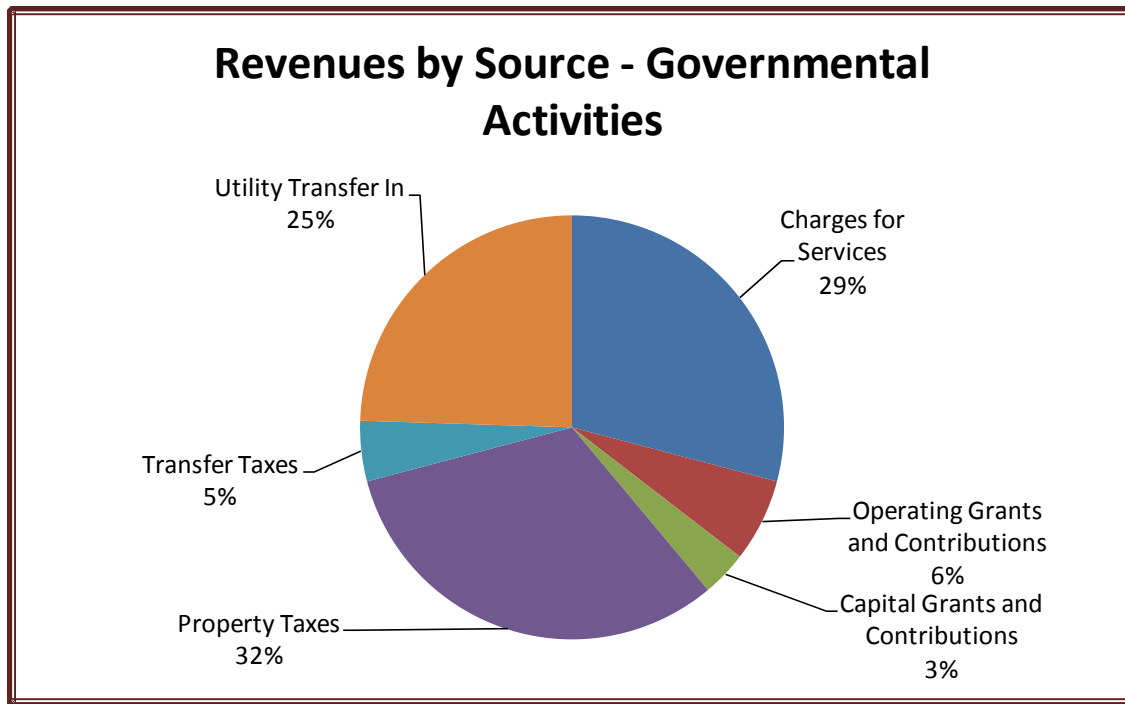
Transfers to the Governmental Funds from the Proprietary Funds decreased \$2.0 million, which was related to a one-time transfer in the prior fiscal year towards infrastructure improvements at the Garrison Oak Technical Park.

The City changed accounting for the amortization of the unfunded liability for the General Employee Pension Plan in fiscal year 2014. Previously the City reported the employer contributions towards the unfunded liability as a lump sum appropriation to the General Employee Pension Plan and normal cost as a program expense included in personnel benefits. The accounting change resulted in a reduction to the item Appropriation to Pension Fund of \$1.0 million, with the offsetting increase in program expenses and an increase in the receipt for indirect expense allocations of \$.4 million. (See Budgetary Schedule in Required Supplementary Information for additional details.)

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 negative change in net position of \$0.4 million. Both the water/wastewater and electric utilities experienced a decrease in revenues which resulted in a combined net decrease of \$10.2 million. The utilities expenses when combined also increased in total by \$0.4 million.

As with the Governmental activities, the change in the accounting for the amortization of the unfunded liability for the General Employee Pension Plan in fiscal year 2014 had an impact on the program variances from the prior fiscal year. Previously the City reported the employer contributions for the unfunded liability as a lump sum contribution and normal cost as a program expense related to personnel benefits. This accounting change resulted in a reduction to the item Pension Unfunded Liability \$0.3 million for the water/wastewater utility and \$1.3 million for the electric utility with offsetting increases in program expenses and an increase in the indirect expense allocations of \$0.4 million.

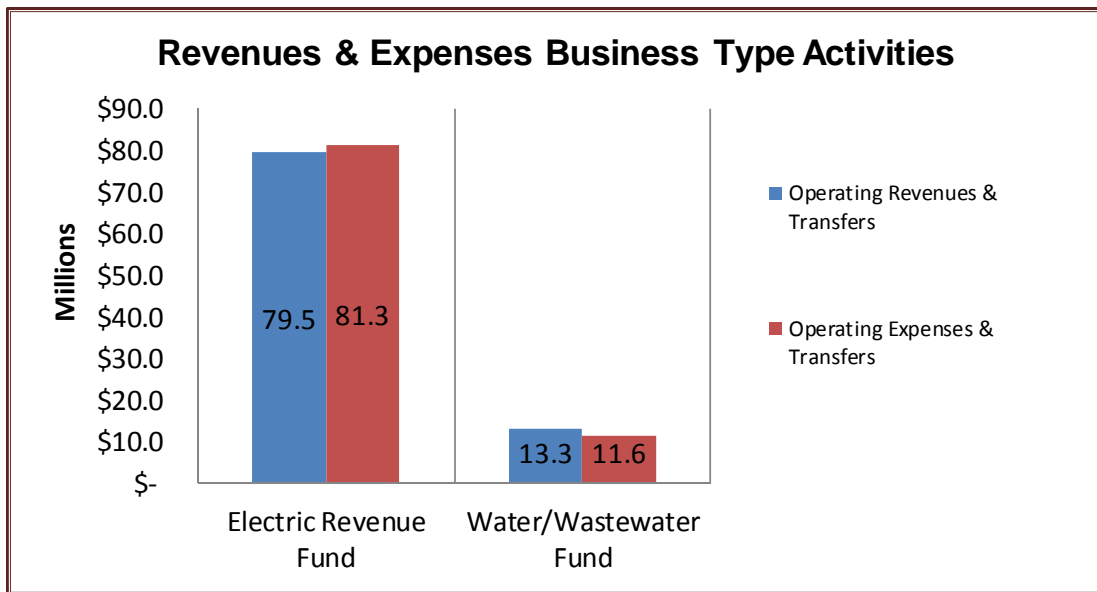
The water/wastewater utility had a positive change in net position of \$2.0 million. The utility experienced a decrease in operating income of \$0.1 million from the previous year. The decrease in operating income was primarily due to a decrease in water, sewer and impact fees. An increase in capital grants and contributions of \$0.4 million was related to the dedication of infrastructure in new developments. The utility experienced an increase in expenses of \$0.3 million attributed to debt service of \$0.2 million and Kent County Treatment Fees of \$0.1 million. Earnings on investments increased \$0.1 million.

The electric utility realized a negative change in net position of \$2.3 million. The revenues decreased \$11.2 million attributed to lower rates coupled with a decrease in consumption.

City Council approved decreased electric rates in fiscal year 2013 and fiscal year 2014 as a result of lower power supply cost and to encourage economic development among the business sector. The City's five year forecast projected using the rate stabilization reserve to offset the reduction in electric rates over the forecast periods, with another rate analysis to be performed in Fiscal Year 2016. At the beginning of fiscal year 2014, the City had a rate stabilization reserve balance of \$17.4 million in planning for the rate reductions.

The electric utility experienced a significant increase over budget in power supply and generation cost (\$6.7 million) due to the extreme winter weather and its impact on the availability of fuel to run the power plant along with the effects on pricing in PJM ISO region. As a result an additional \$3.0 million over the budgeted \$4.0 million was transferred from the rate stabilization reserve to cover the unplanned increase in power supply cost. Earnings on investments increased \$0.6 million due to higher reserve levels. The City maintains a competitive rate among all other public and private power companies in the State.

Operating expenses decreased as well in total by \$0.3 million. An increase of \$0.8 million for OPEB contributions was partially offset by a \$1.1 million decrease to personnel cost attributed to retirements and vacant positions. Interest and fiscal charges have decreased by \$0.3 million.



Financial Analysis of the City's Funds

Governmental Funds

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

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

The combined fund balances of the City's governmental funds as of June 30, 2014, were \$8.1 million. This represented a decrease of \$.8 million during the year. Approximately 42% 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, recreation, planning, community and economic development, central services and financial administration. The General Fund balance as of June 30, 2014, was \$7.7 million, which represents a decrease of \$0.5 million from the previous fiscal year. Both revenue (\$2.0 million) and expenditures decreased (\$3.8 million) due to completion of the new Library. The decrease in revenue was offset slightly by increases in revenues from Court of Chancery fees and building permits. The street program experienced an increase of \$1.3 million related to capital improvements and the sanitation programs had an increase of \$0.3 for replacement vehicles. Debt service increased \$0.2 million as a result of the 2013 bond issuance. Personnel increases attributed to collective bargaining agreements and other non-union employees resulted in a net increase in program expenses of \$0.2 million. Public Works and general governmental services experienced a high rate of retirements and turnover reducing the impact of the above pay and benefit increases related to collective bargaining agreements.

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, 2014, the Water/Wastewater Fund has a net position of \$52.3 million, of which \$11.1 million is unrestricted. The fund's net position increased \$2.0 million during the year as explained on page 29. As of June 30, 2014, the Electric Revenue Fund has a net position of \$121.6 million, of which \$25.0 million is unrestricted. This fund experienced a decrease in net position of \$2.3 million during the year as explained on page 31.

General Fund Budgetary Highlights

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

1. To amend the 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.
3. To amend significant changes in program revenues, expenses and ending fund balances based on actual amounts.

The General Fund financials in the Governmental Funds Balance Sheet (page 41) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 43) 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 & Actual is included in Part D – Required Supplementary Information (page 91-92).

The Governmental Capital Projects Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual 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 (page 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 \$0.8 million than was projected. Receipts had a net increase of approximately \$0.8 million. The most significant increases were attributed to intrafund service receipts related to the accounting change for pensions, transfer taxes, Court of Chancery fees, and building permits. The most significant reductions of revenue were Police extra duty fees and civil traffic penalties.

Expenditures were revised to reflect an aggregate increase of \$1.1 million. Increased employer contributions to the Police and Employee Pension funds accounted for most of the increased budget expense with a slight increase in transfers to the capital project fund. The increases were offset by decreases in street lights, insurance and police pension grants, and fire services. The net result of these changes was a \$0.5 million increase in the revised budget balance over the Original Budget Balance (on a non-GAAP basis).

Actual revenues and other financing sources matched 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 revenues, and Court of Chancery fees and Transfer Taxes. These revenue increases were completely offset with lower revenues for police extra duty fees, library grants, intrafund service fees, and other public safety grants. Expenditures were approximately \$0.9 million under budget as a result of several operating departments experiencing personnel savings through attrition. An increase in legal fees for collective bargaining negotiations was absorbed with the favorable personnel results. The General Fund budget balance carry forward was \$0.9 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 \$54.8 million and \$135.0 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$0.7 million for governmental activities and the proprietary funds decreased by \$0.7 million. The decrease in the proprietary funds was attributed to increased depreciation rates for capital improvements on electric generating Units 1 & 2 (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	
	2013	2014	2013	2014	2013	2014
Depreciable Assets, Net						
Buildings	\$ 26.3	\$ 25.7	\$ -	\$ -	\$ 26.3	\$ 25.7
Equipment	2.2	2.3	-	-	2.2	2.3
Vehicles	1.1	1.3	-	-	1.1	1.3
General Infrastructure	19.6	19.6	-	-	19.6	19.6
Utility, Plant, Buildings, and Infrastructure	-	-	131.7	129.0	131.7	129.0
Other	0.8	0.7	-	-	0.8	0.7
Non-depreciable Assets						
Land	4.0	4.0	1.6	1.6	5.6	5.6
Construction in Progress	0.1	1.2	2.4	4.4	2.5	5.6
	<u>\$ 54.1</u>	<u>\$ 54.8</u>	<u>\$ 135.7</u>	<u>\$ 135.0</u>	<u>\$ 189.8</u>	<u>\$ 189.8</u>

A summary of debt outstanding at June 30, 2013 and 2014 is as follows which represents an increase of \$1.2 million for the governmental funds and a decrease of \$1.3 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Non-current liabilities						
Liability for Compensated Absences	\$ 2.1	\$ 2.2	\$ 0.8	\$ 0.7	\$ 2.9	\$ 2.9
Bonds (Net of Discount/Issuance Cost)	4.5	4.0	37.0	38.4	41.5	42.4
OPEB Obligation	13.1	14.7	0.5	0.5	13.6	15.2
	<u>\$ 19.7</u>	<u>\$ 20.9</u>	<u>\$ 38.3</u>	<u>\$ 39.6</u>	<u>\$ 58.0</u>	<u>\$ 60.5</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 2.6% of its debt limit.

Economic Factors and Next Year's Budgets and Rates

In Fiscal 2014 the City continued to see an uptick in residential housing and commercial development. The City developed the fiscal year 2015 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 2014 were incorporated into the fiscal year 2015 budget.

- All vacant positions from 2014 were reviewed. The City maintained the current previous headcount, along with one addition of an Assistant City Manager position resulting in an overall personnel budget increase of \$16,000. The low personnel budget increase was a result of filling vacant positions at entry level wages as compared to the prior employee and no increase in health insurance premiums.
- Increases in wages based on collective bargaining agreements. For those collective bargaining

agreements that were being negotiation, no increases were included

- A 3% raise was included for non-bargaining employees
- Benefit rate changes were included for pension, OPEB and worker's compensation
- No discretionary increases in operating expenses
- Funded the capital investment plan with a commitment to providing dollars for necessary infrastructure an utility improvements

The General Fund revenues are projected to increase by 7.1% and expenditures increasing by 5.5%. The net increase was made up of an increase in the Electric Fund transfer of \$2.0 million, building permit increases of \$0.2 million and intrafund service fees of \$0.4 million. All current rates and fees will be maintained in fiscal year 2015. The capital investment plan for fiscal year 2015 will be financed with \$2.2 million of operating funds, debt proceeds of \$3.6 million and \$0.2 million from capital grants.

The Water/Wastewater Fund overall revenues increased 5.1% and expenses increased 3.0%. The revenue increase is related to an increase in the groundwater inflow adjustment rate (\$0.5 million) to help finance the cost of capital improvements for sewer mains and increased impact fees (\$0.2 million) due to a pickup in construction activity. Also, increased was the customer service charge of \$2.50 per customer bill to \$5.00. The expense increase of \$0.4 million is a result of the capital project financing for sewer as mentioned above. All other 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 2015 will be financed with \$3.0 million of operating income and \$1.3 million from impact fee reserves.

The Electric Fund overall revenues decreased 0.8% and expenses increased by 1.4%. The Electric Fund will also be utilizing a \$2.0 million transfer from the rate stabilization reserve in order to maintain operating cash requirements. The City anticipates a negative 1.2% growth rate attributed to demand response programs being implemented by large customers and conservation measures on the part of other commercial and residential customers. The expense increase of \$1.1 million is related to the General Fund transfer increase of \$2.0 million. Capital projects are budgeted to be financed with a \$4.8 million transfer from operating income, a \$0.7 million decrease over prior year.

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).

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FINANCIAL SECTION

PART C

BASIC FINANCIAL STATEMENTS

- Government-Wide Financial Statements**
- Fund Financial Statements**
- Notes to Financial Statements**

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City of Dover
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,248,194	\$ 7,063,821	\$ 10,312,015
Investments	6,677,265	19,155,594	25,832,859
Receivables, Net	2,210,150	7,134,744	9,344,894
Internal Balances	733,520	(733,520)	-
Due from Other Governments	78,580	-	78,580
Inventory, at Cost	143,291	3,932,385	4,075,676
Prepaid Items	59,196	24,578	83,774
Restricted Cash and Cash Equivalents	640,076	13,028,076	13,668,152
Restricted Investments	18,292	28,097,977	28,116,269
Net Pension Asset	337,290	7,601,396	7,938,686
Net OPEB Asset	-	2,068,684	2,068,684
Land and Construction in Progress	5,134,530	5,979,462	11,113,992
Capital Assets, Net of Depreciation	49,653,711	129,041,536	178,695,247
Total Assets	<u>68,934,095</u>	<u>222,394,733</u>	<u>291,328,828</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	2,729,487	5,954,398	8,683,885
Unearned Revenue	914,756	273,266	1,188,022
Customer Deposits	-	2,036,328	2,036,328
Other	169,933	694,490	864,423
Non-Current Liabilities			
Due within One Year	1,405,352	3,271,423	4,676,775
Due in more than One Year	4,838,367	35,785,545	40,623,912
Due in more than One Year - OPEB	14,668,233	485,581	15,153,814
Total Liabilities	<u>24,726,128</u>	<u>48,501,031</u>	<u>73,227,159</u>
Net Position:			
Net investment in capital assets	50,738,483	101,670,949	152,409,432
Restricted for:			
Capital Projects	143,532	36,123,755	36,267,287
Public Safety	247,628	-	247,628
Other Purposes	220,894	-	220,894
Unrestricted	(7,142,570)	36,098,998	28,956,428
Total Net Position	<u>\$ 44,207,967</u>	<u>\$ 173,893,702</u>	<u>\$ 218,101,669</u>

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

2014 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, 2014

	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
Functions/Programs								
Governmental Activities								
General Government	\$ 2,098,353	\$ (809,376)	\$ 2,137,574	\$ -	\$ -	\$ 848,597	\$ -	\$ 848,597
Public Safety	19,219,986	-	4,676,162	731,767	-	(13,812,057)	-	(13,812,057)
Public Works	7,171,799	(576,970)	2,595,648	663,940	976,284	(2,358,957)	-	(2,358,957)
Library and Recreation	2,942,800	-	699,622	272,418	250,275	(1,720,485)	-	(1,720,485)
Community and Economic Development	841,248	(164,694)	-	490,491	-	(186,063)	-	(186,063)
Central Services	1,398,225	(885,639)	-	-	-	(512,586)	-	(512,586)
Financial Administration	3,577,529	(2,209,481)	-	1,000	-	(1,367,048)	-	(1,367,048)
Other Post Employment Benefits	3,348,267	-	-	-	-	(3,348,267)	-	(3,348,267)
Interest Charges	122,812	-	-	-	-	(122,812)	-	(122,812)
Total Governmental Activities	<u>40,721,019</u>	<u>(4,646,160)</u>	<u>10,109,006</u>	<u>2,159,616</u>	<u>1,226,559</u>	<u>(22,579,678)</u>	<u>-</u>	<u>(22,579,678)</u>
Business Type Activities								
Water/Wastewater	10,179,140	1,218,852	13,268,213	-	401,947	-	2,272,168	2,272,168
Electric	71,053,740	3,427,308	79,489,192	-	-	-	5,008,144	5,008,144
Total Business Type Activities	<u>81,232,880</u>	<u>4,646,160</u>	<u>92,757,405</u>	<u>-</u>	<u>401,947</u>			
Total Primary Government	<u>\$ 121,953,899</u>	<u>\$ -</u>	<u>\$ 102,866,411</u>	<u>\$ 2,159,616</u>	<u>\$ 1,628,506</u>	<u>\$ (22,579,678)</u>	<u>\$ 7,280,312</u>	<u>\$ (15,299,366)</u>
General Revenues								
Taxes								
Property Taxes						11,094,479	-	11,094,479
Transfer Taxes						1,543,626	-	1,543,626
Earnings on Investments						142,390	832,919	975,309
Total General Revenues						12,780,495	832,919	13,613,414
Transfers						8,500,000	(8,500,000)	-
Total General Revenues and Transfers						21,280,495	(7,667,081)	13,613,414
Changes in Net Position						(1,299,183)	(386,769)	(1,685,952)
Net Position Beginning						45,507,150	174,280,471	219,787,621
Net Position Ending						<u>\$ 44,207,967</u>	<u>\$ 173,893,702</u>	<u>\$ 218,101,669</u>

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

City of Dover
Governmental Fund Balance Sheet
June 30, 2014

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 3,013,820	\$ -	\$ 3,013,820
Restricted Cash and Cash Equivalents	-	640,076	640,076
Investments	5,305,349	-	5,305,349
Restricted Investments	18,292	-	18,292
Receivables, net			
Accounts	2,007,898	5,780	2,013,678
Taxes	177,638	-	177,638
Due from Other Funds	869,766	-	869,766
Due from Other Governments	-	78,580	78,580
Prepaid Items	42,999	2,447	45,446
Inventory, at Cost	143,291	-	143,291
Total Assets	<u>\$ 11,579,053</u>	<u>\$ 726,883</u>	<u>\$ 12,305,936</u>
Liabilities:			
Accounts Payable	\$ 2,127,495	\$ 86,365	\$ 2,213,860
Unearned Revenue	914,756	-	914,756
Due to Other Funds	18,764	117,482	136,246
Other	169,933	-	169,933
Total Liabilities	<u>3,230,948</u>	<u>203,847</u>	<u>3,434,795</u>
Deferred Inflows of Resources:			
Unavailable revenue	688,935	38,011	726,946
Total Deferred Inflows of Resources	<u>688,935</u>	<u>38,011</u>	<u>726,946</u>
Fund Balances:			
Non-Spendable	207,884	2,447	210,331
Restricted	129,476	482,578	612,054
Committed	723,300	-	723,300
Assigned	3,163,431	-	3,163,431
Unassigned	3,435,079	-	3,435,079
Total Fund Balances	<u>7,659,170</u>	<u>485,025</u>	<u>8,144,195</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,579,053</u>	<u>\$ 726,883</u>	<u>\$ 12,305,936</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, 2014

Amounts reported for governmental activities in the statement of net position (page 39) are different because:

Total fund balances for governmental funds (Page 41)		\$ 8,144,195
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		54,788,241
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		726,946
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	180,318	
General Pension Plan	<u>156,972</u>	337,290
An internal service fund (page 43) 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.		1,123,247
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	(358,650)	
Compensated Absences	<u>(1,046,702)</u>	
	(1,405,352)	
Long-Term-		
General Obligation Bonds, net of discount	(3,691,108)	
Compensated Absences	(1,147,259)	
Net OPEB Obligation	<u>(14,668,233)</u>	
	<u>(19,506,600)</u>	(20,911,952)
Total net position of governmental activities (Page 39)		<u>\$ 44,207,967</u>

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, 2014

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Fines	\$ 653,625	\$ 357,531	\$ 1,011,156
Library Revenue- General	68,190	-	68,190
Library Revenue County Reimbursement	430,363	-	430,363
Licenses and Permits	2,952,015	-	2,952,015
Sanitation Fees and Rebates	2,595,648	-	2,595,648
Recreation	-	49,144	49,144
Miscellaneous Services	1,831,683	-	1,831,683
Property Taxes	11,111,409	-	11,111,409
Transfer Taxes	-	1,543,626	1,543,626
Grants Received	722,736	2,693,583	3,416,319
Court of Chancery Fees	1,034,460	-	1,034,460
Investment Income	120,295	2,195	122,490
Total Revenues	21,520,424	4,646,079	26,166,503
Expenditures			
Current:			
General Government	1,271,523	-	1,271,523
Library Services	1,434,616	263,366	1,697,982
Public Safety and Law Enforcement	18,946,771	184,061	19,130,832
Public Works	1,568,948	1,004,017	2,572,965
Recreational Services	683,363	-	683,363
Streets and Sanitation Services	4,634,091	-	4,634,091
Financial Administration	1,002,539	-	1,002,539
Garage and Stores	415,593	-	415,593
Insurance	272,895	-	272,895
Retiree Health Care	1,636,500	-	1,636,500
Employee Pension	121,000	-	121,000
Community and Economic Development	211,595	464,959	676,554
Street Lights	774,533	-	774,533
Debt Service:			
Principal Retirement	429,239	-	429,239
Interest and Fiscal Charges	122,812	-	122,812
Total Expenditures	33,526,018	1,916,403	35,442,421
Excess (deficiency) of Revenues over Expenditures	(12,005,594)	2,729,676	(9,275,918)
Other financing Sources (Uses)			
Transfers in	11,458,445	-	11,458,445
Transfers out	-	(2,958,445)	(2,958,445)
Total other Financing Sources (Uses)	11,458,445	(2,958,445)	8,500,000
Net Change in Fund Balances	(547,149)	(228,769)	(775,918)
Fund Balances at Beginning of Year	8,206,319	713,794	8,920,113
Fund Balances at End of Year	\$ 7,659,170	\$ 485,025	\$ 8,144,195

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, 2014

Amounts reported for governmental activities in the statement of activities (page 40) are different because:

Net change in fund balances--total governmental funds (Page 43)	\$ (775,918)
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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	3,777,578	
Loss on assets transferred in and not fully depreciated	(83,369)	
Current Year depreciation and amortization	(2,961,986)	732,223

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.	429,239
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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.	89,273
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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.

Increase in compensated absences	(112,891)	
Increase in net pension asset - Police Plan	74,253	
Decrease in net pension asset - General Pension Plan	(34,848)	
Increase in net OPEB obligation - General Fund	(1,555,919)	(1,629,405)

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.	(144,595)
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Change in net position of governmental activities (Page 40)	\$ (1,299,183)
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The notes to financial statements are an integral part of this statement.

City of Dover
Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 3,573,198	\$ 3,490,623	\$ 7,063,821	\$ 234,374
Investments	7,852,645	11,302,949	19,155,594	1,371,916
Receivables, Net	979,138	6,155,606	7,134,744	18,834
Due from Other Funds-Charges	17,540	37,852	55,392	-
Inventory	62,751	3,869,634	3,932,385	-
Prepaid Items	100	24,478	24,578	13,750
Total Current Assets	<u>12,485,372</u>	<u>24,881,142</u>	<u>37,366,514</u>	<u>1,638,874</u>
Non-Current Assets:				
Restricted Assets				
Cash	4,952,156	8,075,920	13,028,076	-
Investments	3,005,802	25,092,175	28,097,977	-
Net Pension Asset	604,886	6,996,510	7,601,396	-
Net OPEB Asset	-	2,068,684	2,068,684	-
Land and Construction in Progress	2,830,934	3,148,528	5,979,462	-
Capital Assets, Net of Depreciation	<u>44,877,818</u>	<u>84,163,718</u>	<u>129,041,536</u>	<u>-</u>
Total Non-Current Assets	<u>56,271,596</u>	<u>129,545,535</u>	<u>185,817,131</u>	<u>-</u>
Total Assets	<u>68,756,968</u>	<u>154,426,677</u>	<u>223,183,645</u>	<u>1,638,874</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	984,041	4,970,357	5,954,398	515,627
Due to Other Funds - Charges	238,942	549,970	788,912	-
Deferred Revenue	-	273,266	273,266	-
Accrued Interest Payable	128,563	565,927	694,490	-
Customer Deposits	-	2,036,328	2,036,328	-
Revenue Bonds Payable	761,560	2,260,000	3,021,560	-
Liability for Compensated Absences	<u>75,698</u>	<u>174,165</u>	<u>249,863</u>	<u>-</u>
Total Current Liabilities	<u>2,188,804</u>	<u>10,830,013</u>	<u>13,018,817</u>	<u>515,627</u>
Non-Current Liabilities:				
Net OPEB Obligation	485,581	-	485,581	-
Revenue Bonds Payable	13,650,787	21,680,000	35,330,787	-
Liability for Compensated Absences	<u>93,009</u>	<u>361,749</u>	<u>454,758</u>	<u>-</u>
Total Non-Current Liabilities	<u>14,229,377</u>	<u>22,041,749</u>	<u>36,271,126</u>	<u>-</u>
Total Liabilities	<u>16,418,181</u>	<u>32,871,762</u>	<u>49,289,943</u>	<u>515,627</u>
Net Position				
Net investment in capital assets	38,298,703	63,372,246	101,670,949	-
Restricted for Capital Construction	2,955,660	33,168,095	36,123,755	-
Unrestricted	<u>11,084,424</u>	<u>25,014,574</u>	<u>36,098,998</u>	<u>1,123,247</u>
Total Net Position	<u>\$ 52,338,787</u>	<u>\$ 121,554,915</u>	<u>\$ 173,893,702</u>	<u>\$ 1,123,247</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, 2014

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 10,952,541	\$ 78,187,252	\$ 89,139,793	\$ -
Miscellaneous Services/Income	2,311,329	1,287,501	3,598,830	502,977
Total Operating Revenues	13,263,870	79,474,753	92,738,623	502,977
Operating Expenses				
Water/Wastewater Services	7,868,499	-	7,868,499	-
General Administrative	1,221,341	2,450,884	3,672,225	524,211
Power Supply	-	57,233,726	57,233,726	-
Transmission/Distribution	-	3,806,078	3,806,078	-
Engineering	-	1,331,909	1,331,909	-
Metering	-	284,229	284,229	-
Systems Operations	-	739,406	739,406	-
Utility Tax	-	1,258,957	1,258,957	-
Depreciation	1,755,925	4,748,120	6,504,045	-
Contractual Services	-	-	-	20,000
Taxes	-	-	-	33,774
Retirees Health Care	236,565	1,489,000	1,725,565	-
Self Insurance-Workers' Compensation	-	-	-	89,487
Total Operating Expenses	11,082,330	73,342,309	84,424,639	667,472
Operating Income/Loss	2,181,540	6,132,444	8,313,984	(164,495)
Non-Operating Revenues (Expenses)				
Interest Earned:				
Operating Funds	43,383	2,112	45,495	-
Reserve Funds	31,730	216,010	247,740	7,782
Net Decrease in Fair Value of Investments	113,285	426,399	539,684	12,118
Interest and Fiscal Charges	(315,662)	(1,138,739)	(1,454,401)	-
Gain on Sale of Assets	4,343	14,439	18,782	-
Total Non-Operating Revenue (expenses)	(122,921)	(479,779)	(602,700)	19,900
Income/Loss before Contributions and Transfers	2,058,619	5,652,665	7,711,284	(144,595)
Contractor Contributions - Infrastructure	401,947	-	401,947	-
Transfers Out	(500,000)	(8,000,000)	(8,500,000)	-
Total transfers	(500,000)	(8,000,000)	(8,500,000)	-
Change in Net Position	1,960,566	(2,347,335)	(386,769)	(144,595)
Total Net Position--Beginning	50,378,221	123,902,250	174,280,471	1,267,842
Total Net Position--Ending	\$ 52,338,787	\$ 121,554,915	\$ 173,893,702	\$ 1,123,247

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

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities			Governmental Activities
	Water Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from Customers	\$ 13,236,609	\$ 80,942,401	\$ 94,179,010	\$ -
Payments to Suppliers (including Purchased Power)	(6,452,188)	(61,578,670)	(68,030,858)	(163,761)
Payments to Employees	(1,762,010)	(4,123,087)	(5,885,097)	-
Payments of Personnel Related Costs	(1,195,624)	(3,198,244)	(4,393,868)	502,143
Internal Activity--Payments from (to) Other Funds	122,090	-	122,090	-
Other Receipts (Payments) including Claims Paid	(88,804)	(2,032,780)	(2,121,584)	(486,730)
Net Cash Provided by (used for) Operating Activities	3,860,073	10,009,620	13,869,693	(148,348)
Cash Flows from Noncapital Financing Activities				
Transfers Out	(500,000)	(8,000,000)	(8,500,000)	-
Net Cash Used for Noncapital Financing Activities	(500,000)	(8,000,000)	(8,500,000)	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(2,159,900)	(3,102,397)	(5,262,297)	-
Proceeds from Capital Debt	6,304,518	-	6,304,518	-
Bond Issuance Costs	(144,726)	-	(144,726)	-
Principal Paid on Revenue Bond Maturities	(2,701,370)	(2,170,000)	(4,871,370)	-
Interest Paid on Capital Debt	(397,471)	(1,138,739)	(1,536,210)	-
Net Cash Provided by (used for) Capital and Related Financing Activities	901,051	(6,411,136)	(5,510,085)	-
Cash Flows from Investing Activities				
Interest on Investments	43,383	2,112	45,495	-
Redemption of Investment Securities	1,125,000	7,000,000	8,125,000	(20,469)
Purchase of Investment Securities	(121,487)	(954,572)	(1,076,059)	20,077
Interest on Restricted Cash	31,730	216,010	247,740	-
Net Cash Provided by (used for) Investing Activities	1,078,626	6,263,550	7,342,176	(392)
Net Increase/(Decrease) in Cash and Cash Equivalents	5,339,750	1,862,034	7,201,784	(148,740)
Balances--Beginning of the Year	3,185,604	9,704,509	12,890,113	383,114
Balances--End of the Year	\$ 8,525,354	\$ 11,566,543	\$ 20,091,897	\$ 234,374
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 2,181,540	\$ 6,132,444	\$ 8,313,984	\$ (164,495)
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	1,755,925	4,748,120	6,504,045	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Receivables	(60,710)	1,319,487	1,258,777	(14,834)
(Increase)/Decrease in Due from Other Funds	33,449	93,153	126,602	-
(Increase)/Decrease in Inventory	18,520	(27,416)	(8,896)	-
(Increase)/Decrease in Prepaid Items	(100)	26,801	26,701	(2,500)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(125,349)	(899,415)	(1,024,764)	33,481
Increase/(Decrease) in Deferred Revenue	(98,909)	(870,536)	(969,445)	-
Increase/(Decrease) in Due to Other Funds	-	40,839	40,839	-
Increase/(Decrease) in Customer Deposits	122,090	277,318	399,408	-
Increase/(Decrease) in Liability for Compensated Absences	-	14,169	14,169	-
Increase/(Decrease) in NPO/NPA for Pension	(2,948)	(91,802)	(94,750)	-
Increase/(Decrease) in NPO/NPA for OPEB	36,565	(753,542)	(716,977)	-
Net Cash Provided by Operating Activities	\$ 3,860,073	\$ 10,009,620	\$ 13,869,693	\$ (148,348)
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ 113,285	\$ 426,399	\$ 539,684	\$ (20,864)

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

City of Dover
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 2,149,308	\$ 792,984	\$ 499,406
Investments at Fair Value - Mutual Funds	44,538,782	17,965,795	-
Receivables	20,200	-	53,530
Total Assets	<u>46,708,290</u>	<u>18,758,779</u>	<u>552,936</u>
Liabilities			
Accounts Payable	3,334	6,583	76,079
Due to Agencies	-	-	476,857
Total Liabilities	<u>3,334</u>	<u>6,583</u>	<u>\$ 552,936</u>
Net Position			
Net Position Held in Trust for Retirement Benefits	<u>\$ 46,704,956</u>	<u>\$ 18,752,196</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, 2014

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Net Investment Income	\$ 5,717,136	\$ 2,169,596
City's Contribution-Payroll Based	278,036	1,715,327
City's Contribution-Lump Sum	3,884,100	3,325,500
Employee Contribution	211,550	-
State Insurance Premium Tax Proceeds	471,461	-
Other	68,502	45,353
Total Additions	<u>10,630,785</u>	<u>7,255,776</u>
Deductions:		
Benefit Payments	5,181,969	2,113,303
General Administration	21,543	17,500
Refund of Pension Contribution	20,376	-
Total Deductions	<u>5,223,888</u>	<u>2,130,803</u>
Change in Net Position	5,406,897	5,124,973
Net Position - Beginning	41,298,059	13,627,223
Net Position - Ending	<u>\$ 46,704,956</u>	<u>\$ 18,752,196</u>

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

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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, 2014.

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 (GASB) 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 and the Fourth of July Celebration Committee.

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. 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 implementation of this pronouncement is included in the current year financial statements, note disclosures and required supplementary information.

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. The current estimated net pension liability for the City's single employer pension plans is \$29.3 million. Any liability for the State of Delaware cost-sharing plan is unknown at this time.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", effective for periods beginning after December 15, 2013, requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. At the current time, the City has no government combinations or disposals of government operations.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", effective for periods beginning after June 15, 2013, requires recognition of a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires the government to recognize revenue to the extent of the reduction in its guaranteed liabilities and specific note disclosures for nonexchange financial guarantees. At the current time, the City has no nonexchange financial guarantees with qualitative or historical factors that would suggest the inability of the obligor to pay the obligation. See Note 11(D) – Material Commitments – Downtown Dover Partnership.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68", to be applied simultaneously with the provisions of GASB 68 in the period after June 15, 2014, amends paragraph 137 of GASB 68.

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	\$164,086
Water/Wastewater Fund	108,234
Electric Revenue Fund	586,346

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, 2014 total \$41,784,421 including cash and cash equivalents of \$13,668,152 and \$28,116,269 in investments. Of this amount, \$658,368 is attributed to governmental activities and \$41,126,053 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, 2014, 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. All 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 Unassigned fund balance classification includes amounts that have not met the criteria of the aforementioned fund balance classifications. The unassigned fund balance is available for expenditures as they are incurred. The General fund is the only fund that reports a positive unassigned fund balance amount.

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, 2014, the carrying amount of unrestricted cash totaled \$10,312,015 and the bank cash balances totaled \$10,266,399. The carrying amount of restricted cash totaled \$13,668,152 and the bank cash balances on restricted accounts totaled \$13,661,351. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary fund deposits of \$3,441,698 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, 2014, the City had the following investments:

i. Investments Held by Third Party Custodian

<u>Investment Type</u>	<u>Fair Value</u>	<u>(Years)</u>
Government-Wide:		
Fixed income securities:		
U.S. Government Treasuries	\$ 13,730,634	1.83
U. S. Government Agencies	13,723,905	2.38
Municipal Obligations	3,187,877	1.80
Corporate Bonds	17,209,042	2.76
Certificate of Deposit	5,270,571	1.49
Fair Value of fixed income securities	53,122,029	
Portfolio weighted average maturity		2.24
Other investments:		
Money Market Mutual Funds & Certificate of Deposit	803,941	
Equity Stock and Other	23,158	
Total Other Investments	827,099	
Total Government-Wide Investments	<u>\$53,949,128</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 portfolio's weighted average maturity is 2.24 years.

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, 2014, the City's fixed income and short-term investments had the following risk characteristics as compared to the Standard's & Poor's:

<u>Authorized Investments</u>	<u>Policy Minimum Rating Category</u>	<u>Portfolio Ratings</u>	<u>Percent Allocation</u>
U.S. Government	N/A	AA+	25.80%
U.S. Government Agency	N/A	AA+	24.40%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A-1+ Long-Term AA-	9.90%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	N/A	
Corporate Notes/Bonds	AA	AA- to AAA	32.40%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAA	AAA	
Municipal Obligations	A	AA to AA+	6.00%

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

<u>Authorized Investments</u>	<u>Sector and Issuer Restrictions</u>
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 Domiciled Institutions	Up to 20% per sector; 5% per issuer
Repurchase Agreements	Up to 25% per issuer
Registered Investment Companies (money market funds)	Up to 25% per issuer
Mortgage-Backed Securities	Up to 50% per sector
Municipal Obligations	Up to 30% per sector; 5% per issuer

ii. Investments Held by Trustee for Post-Employment Benefits & Pensions

<u>Investment Type</u>	<u>Fair Value</u>	<u>(Years)</u>
Other Postemployment Benefits (OPEB) & Pension Funds (Trustee held):		
Corporate Bonds - OPEB Trust	\$ 6,962,485	1.14
Short-term corporate bond open-end mutual funds	2,560,899	0.42
Intermediate-term corporate bond open-end mutual funds	9,453,956	1.40
Long-term corporate bond open-end mutual funds	4,206,580	1.79
Fair value of fixed income investments	23,183,920	
Portfolio weighted average maturity		1.19
Other investments:		
Domestic equity open-end mutual funds	26,303,052	
International equity open-end mutual funds	13,017,605	
Fair value of other investments	39,320,657	
Total fair value OPEB and pension funds	<u>\$62,504,577</u>	

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

<u>Pension Trusts</u>		<u>OPEB Trust</u>	
<u>Category Allocation</u>	<u>Target Percentage</u>	<u>Category Allocation</u>	<u>Target Percentage</u>
Money Market	4.50%	Money Market	2.00%
Short Term Bonds	5.50%	Short Term Bonds	8.00%
Inflation Protected Bonds	6.00%	Inflation Protected Bonds	2.00%
Intermediate Term Bonds	8.00%	Intermediate Term Bonds	10.00%
Long Term Bonds	9.00%	Long Term Bonds	10.00%
High Yield Bond	6.00%	High Yield Bond	8.00%
Large Cap Value	10.00%	Large Cap Value	11.00%
Large Cap Growth	11.00%	Large Cap Growth	10.00%
Mid Cap	5.00%	Mid Cap	5.00%
Small Cap	7.00%	Small Cap	8.00%
Real Estate Investment	8.00%	Real Estate Investment	6.00%
Foreign Equity	10.00%	Foreign Equity	10.00%
Emerging Markets	10.00%	Emerging Markets	10.00%
	100.00%		100.00%

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, 2014 is presented on the following page:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,958,887	\$ -	\$ 55,004	\$ 3,903,883
Construction in progress	117,155	1,339,439	225,947	1,230,647
Total capital assets, not being depreciated	4,076,042	1,339,439	280,951	5,134,530
Capital assets, being depreciated:				
Buildings	30,553,526	78,136	-	30,631,662
Furniture and fixtures	833,722	-	-	833,722
Equipment	7,716,290	485,364	376,866	7,824,788
Vehicles	4,658,460	640,765	84,301	5,214,924
Lights	614,531	18,832	-	633,363
Improvements other than buildings	40,001,940	1,440,989	2,400	41,440,529
Books and audio visuals	8,115	-	8,115	-
Total capital assets, being depreciated	84,386,584	2,664,086	471,682	86,578,988
Less accumulated depreciation for:				
Buildings	(4,209,411)	(653,814)	-	(4,863,225)
Furniture and fixtures	(214,375)	(71,634)	-	(286,009)
Equipment	(5,522,106)	(371,449)	366,887	(5,526,668)
Vehicles	(3,541,605)	(462,351)	78,349	(3,925,607)
Lights	(465,134)	(10,454)	-	(475,588)
Improvements other than buildings	(20,445,841)	(1,392,284)	(10,055)	(21,848,180)
Books and audio visuals	(8,136)	-	8,136	-
Total accumulated depreciation	(34,406,608)	(2,961,986)	443,317	(36,925,277)
Total capital assets, being depreciated, net	49,979,976	(297,900)	28,365	49,653,711
Governmental activities capital assets, net (continued)	\$ 54,056,018	\$ 1,041,539	\$ 309,316	\$ 54,788,241

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	1,338,909	2,206,440	1,854,887	1,690,462
Total capital assets, not being depreciated	2,796,975	2,206,440	1,854,887	3,148,528
Capital assets, being depreciated				
Buildings	17,619,349	46,920	-	17,666,269
Production	65,040,049	873,235	-	65,913,284
Transmission	34,010,686	1,073,401	-	35,084,087
Distribution	61,752,469	736,743	100,265	62,388,947
Administration	1,743,754	-	-	1,743,754
Vehicles	625,876	34,985	15,114	645,747
Total capital assets, being depreciated	180,792,183	2,765,284	115,379	183,442,088
Less accumulated depreciation for:				
Buildings	(11,795,879)	(376,201)	-	(12,172,080)
Production	(42,682,428)	(1,320,366)	-	(44,002,794)
Transmission	(11,537,017)	(1,239,173)	-	(12,776,190)
Distribution	(26,832,246)	(1,650,692)	100,265	(28,382,673)
Administration	(1,316,532)	(110,673)	-	(1,427,205)
Vehicles	(481,527)	(51,015)	15,114	(517,428)
Total accumulated depreciation	(94,645,629)	(4,748,120)	115,379	(99,278,370)
Total capital assets, being depreciated, net	86,146,554	(1,982,836)	-	84,163,718
Total electric revenue fund capital assets, net	88,943,529	223,604	1,854,887	87,312,246
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	1,089,187	1,605,698	27,191	2,667,694
Total capital assets, not being depreciated	1,252,427	1,605,698	27,191	2,830,934
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	16,169,666	103,095	-	16,272,761
Distribution mains, hydrants, and accessories	20,065,638	569,407	-	20,635,045
Sewage plant mains, and pumping stations	32,915,071	222,170	-	33,137,241
Vehicles and equipment	5,020,364	202,028	27,770	5,194,622
Total capital assets, being depreciated	74,170,739	1,096,700	27,770	75,239,669
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(7,041,676)	(343,292)	-	(7,384,968)
Distribution mains, hydrant, and accessories	(6,182,500)	(390,187)	-	(6,572,687)
Sewage plant mains, and pumping stations	(11,870,361)	(730,228)	-	(12,600,589)
Vehicles and equipment	(3,539,159)	(292,218)	27,770	(3,803,607)
Total accumulated depreciation	(28,633,696)	(1,755,925)	27,770	(30,361,851)
Total capital assets, being depreciated, net	45,537,043	(659,225)	-	44,877,818
Total water/wastewater fund capital assets, net	46,789,470	946,473	27,191	47,708,752
Business-type activities capital assets, net	\$ 135,732,999	\$ 1,170,077	\$ 1,882,078	\$ 135,020,998

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

Governmental activities:	
General government	\$ 9,151
Central services	91,525
Public safety	419,499
Public works	1,733,310
Library and recreation	644,896
Financial administration	63,605
Total depreciation expense - governmental activities	<u>\$ 2,961,986</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>
<u>Governmental Activities</u>						
2003 General Obligation Bonds	\$ 3,430,000	\$ 695,000	3.87%	7/1/04 - 7/1/16	No	Refunding of '92 &'95 issues
2012 General Obligation Bonds	\$ 3,500,000	\$ 3,354,758	2.60%	6/25/13 - 5/25/19	No	Construction of New Library, Street Paving Program
<u>Business Type Activities</u>						
<u>Water/Wastewater Bonds</u>						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 283,337	3.60%	10/1/00 - 4/1/20	No	Wastewater Pump Station # 7 - Leipsic
2009 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 5,581,059	\$ 5,103,095	2.00%	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	\$ 2,151,142	2.47%	4/1/12 - 10/1/30	No	Water quality improvements and main replacements
2011 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 765,060	\$ 749,773	2.00%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2013 Revenue Bonds	\$ 6,125,000	\$ 6,125,000	3.58%	7/1/14 - 7/1/33	Yes	Water and Wastewater capital project financing, refund 2003 Series WWW bonds
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
<u>Electric Revenue Bonds</u>						
2008 Revenue Bonds	\$ 22,200,000	\$ 20,240,000	4.81%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
2010 Revenue Bonds	\$ 8,810,000	\$ 3,700,000	1.78%	7/1/11 - 7/1/15	Yes	Complete refund 2004 Series
(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, 2014 – General Obligation Bonds

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

2003 Series	\$	695,000
2012 Series		3,354,758
	\$	<u>4,049,758</u>

The total General Obligation Bonds outstanding amount includes \$358,650 payable within one year.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2014:

i. General Long-Term Debt

Item	Balance 7/01/13	Additions	Reductions	Balance 6/30/14	Payable within one Year
Compensated Absences	\$ 2,081,070	\$ 1,274,860	\$ 1,161,969	\$ 2,193,961	\$ 1,046,702
General Obligation Bonds	4,478,997	-	429,239	4,049,758	358,650
OPEB Obligation	13,112,314	1,555,919	-	14,668,233	-
Sub-total of General Long-Term Debt	<u>\$ 19,672,381</u>	<u>\$ 2,830,779</u>	<u>\$ 1,591,208</u>	<u>\$ 20,911,952</u>	<u>\$ 1,405,352</u>

ii. Enterprise Funds Debt Water/Wastewater Fund

Item	Balance 7/01/13	Additions	Reductions	Balance 6/30/14	Payable within one Year
Compensated Absences	\$ 171,655	\$ 94,313	\$ 97,261	\$ 168,707	\$ 75,698
Revenue Bonds-Water and Wastewater (a)	2,300,000	6,125,000	2,300,000	6,125,000	335,000
State of Delaware Municipal Revenue Bond - Wastewater	6,372,454	62,000	298,249	6,136,205	320,729
State of Delaware Municipal Revenue Bond - Water	2,254,263	-	103,121	2,151,142	105,831
OPEB Obligation	449,016	36,565	-	485,581	-
Sub-total of Water/ Wastewater Fund	<u>11,547,388</u>	<u>6,317,878</u>	<u>2,798,631</u>	<u>15,066,635</u>	<u>837,258</u>

(a) During fiscal year 2014, the Water/Wastewater fund issued Series 2013 Revenue bonds. The proceeds are to be used to: (1) finance sewer infrastructure and a water tower at the Garrison Oak technical park, (2) refund, on a current refunding basis, the Series 2003 water and sewer bonds, (3) fund required reserves, and (4) pay the costs of issuance of the Series 2013 Bonds.

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

Item	Balance 7/01/13	Additions	Reductions	Balance 6/30/14	Payable within one Year
Compensated Absences	\$ 627,716	\$ 236,629	\$ 328,431	\$ 535,914	\$ 174,165
Revenue Bonds	26,110,000	-	2,170,000	23,940,000	2,260,000
Sub-total of Electric Revenue Fund	26,737,716	236,629	2,498,431	24,475,914	2,434,165
Sub-total of Enterprise Fund Debt	38,285,104	6,554,507	5,297,062	39,542,549	3,271,423
Grand Totals of Long-Term Debt	<u>\$ 57,957,485</u>	<u>\$ 9,385,286</u>	<u>\$ 6,888,270</u>	<u>\$ 60,454,501</u>	<u>\$ 4,676,775</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, 2014.

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	
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	-	-	2,777,802	65,457	2,843,259
Total	<u>\$ 695,000</u>	<u>\$ 42,135</u>	<u>\$ 3,354,758</u>	<u>\$ 390,113</u>	<u>\$ 4,482,006</u>

ii. Business-type Activities

a. Water/Wastewater Fund

Fiscal Year	2013 Revenue Bonds		2000 Municipal Revenue Bonds (Wastewater)	
	Principal	Interest	Principal	Interest
2015	\$ 335,000	\$ 197,419	\$ 43,113	\$ 9,816
2016	325,000	187,518	44,679	8,250
2017	330,000	177,694	46,302	6,627
2018	340,000	167,643	47,984	4,945
2019	355,000	157,219	49,727	3,202
2020	360,000	146,493	51,532	1,396
2021	375,000	135,469	-	-
2022	385,000	124,069	-	-
2023	395,000	112,369	-	-
2024	410,000	100,294	-	-
2025	215,000	90,919	-	-
2026	220,000	84,256	-	-
2027	225,000	77,106	-	-
2028	235,000	69,281	-	-
2029	245,000	60,269	-	-
2030	255,000	50,269	-	-
2031	265,000	39,869	-	-
2032	275,000	29,069	-	-
2033	285,000	17,869	-	-
2034	295,000	6,084	-	-
Total	\$ 6,125,000	\$ 2,031,178	\$ 283,337	\$ 34,236

Fiscal Year	2009 Municipal Revenue Bonds (Wastewater)		2010 Municipal Revenue Bonds (Water)		2011 Municipal Revenue Bonds (Wastewater)	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 246,211	\$ 100,837	\$ 105,831	\$ 55,459	\$ 31,405	\$ 26,719
2016	251,160	95,888	108,611	52,679	32,546	25,578
2017	256,208	90,840	111,464	49,825	33,729	24,395
2018	261,358	85,690	114,392	46,897	34,955	23,170
2019	266,611	80,437	117,397	43,892	36,225	21,900
2020	271,970	75,078	120,481	40,808	37,541	20,584
2021	277,437	69,611	123,646	37,643	38,905	19,219
2022	283,013	64,035	126,895	34,395	40,318	17,806
2023	288,702	58,346	130,228	31,061	41,783	16,341
2024	294,505	52,543	133,649	27,640	43,302	14,823
2025	300,424	46,624	137,160	24,129	44,875	13,250
2026	306,463	40,585	140,764	20,526	46,505	11,619
2027	312,623	34,425	144,461	16,828	48,195	9,930
2028	318,906	28,142	148,257	13,033	49,946	8,178
2029	325,316	21,732	152,151	9,138	51,761	6,364
2030	331,855	15,193	156,148	5,141	53,642	4,483
2031	338,526	8,522	79,607	1,039	55,592	2,534
2032	171,807	1,718	-	-	28,548	514
Total	\$ 5,103,095	\$ 970,246	\$ 2,151,142	\$ 510,133	\$ 749,773	\$ 267,407

b. Electric Fund

Fiscal Year	2008 Revenue Bonds		2010 Revenue Bonds		Business-type Activities
	Principal	Interest	Principal	Interest	
2015	\$ 450,000	\$ 953,704	\$ 1,810,000	\$ 130,700	\$ 4,496,214
2016	475,000	930,579	1,890,000	47,250	4,474,738
2017	695,000	901,329	-	-	2,723,413
2018	730,000	865,704	-	-	2,722,738
2019	765,000	831,580	-	-	2,728,190
2020	800,000	798,706	-	-	2,724,589
2021	840,000	763,856	-	-	2,363,213
2022	880,000	726,756	-	-	2,682,287
2023	925,000	686,694	-	-	2,685,524
2024	970,000	644,056	-	-	2,690,812
2025	1,015,000	599,394	-	-	2,486,775
2026	1,065,000	551,928	-	-	2,487,646
2027	1,120,000	501,400	-	-	2,489,968
2028	1,175,000	446,125	-	-	2,491,868
2029	1,230,000	386,000	-	-	2,487,731
2030	1,290,000	323,000	-	-	2,484,731
2031	1,355,000	256,875	-	-	2,402,564
2032	1,420,000	187,500	-	-	2,114,156
2033	1,485,000	114,875	-	-	1,902,744
2034	1,555,000	38,875	-	-	1,894,959
Total	\$ 20,240,000	\$ 11,508,936	\$ 3,700,000	\$ 177,950	\$ 53,534,860

The preceding tables do not include compensated absences.

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:

<u>Governmental Activities</u>		
Grants-capital projects	This represents the State DOT grant reported in the non-major special revenue funds.	\$ 143,532
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	247,628
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.	220,894
Total Restricted Net Position		<u>\$ 612,054</u>
<u>Business Type Activities</u>		
Net restricted position for construction purposes - expendable		
Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 2,955,660
Electric	Restrictions on investments imposed by bond covenants	33,168,095
Total Restricted Net Position		<u>\$ 36,123,755</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:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Inventory & Prepaids	\$ 186,290	\$ 2,447	\$ 188,737
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	207,884	2,447	210,331
Restricted for:			
Library Endowment Interest	1,698	-	1,698
Verizon cable franchise	127,778	-	127,778
Highway resurfacing	-	143,532	143,532
ERLSP	-	100	100
CDBG	-	44,494	44,494
CDBG- State for ADA Improvements	-	2,014	2,014
Substance Abuse Prevention	-	75,466	75,466
Municiple Street Aid	-	100	100
Library Grants	-	44,810	44,810
Police Grants	-	172,062	172,062
Subtotal Restricted for:	129,476	482,578	612,054
Committed to:			
Contingency	467,269	-	467,269
Encumbrances	37,377	-	37,377
Parkland	218,654	-	218,654
Subtotal Committed to:	723,300	-	723,300
Assigned to:			
Capital Assets	3,151,840	-	3,151,840
Police Investigations	11,591	-	11,591
Subtotal Assigned to:	3,163,431	-	3,163,431
Unassigned	3,435,079	-	3,435,079
Total fund balances	<u>\$ 7,659,170</u>	<u>\$ 485,025</u>	<u>\$ 8,144,195</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, 2014.

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014 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	\$ 117,482
	Water/ Wastewater Fund	202,314
	Electric Revenue Fund	549,970
Water/ Wastewater Fund	General Fund	17,540
Electric Fund	General Fund	1,224
	Water/Wastewater Fund	36,628
Total		<u>\$ 925,158</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 Out</u>	<u>Transfers In - General Fund</u>
Non-Major Governmental Funds	\$ 2,958,445
Water/ Wastewater Fund	500,000
Electric Revenue Fund	8,000,000
Total	<u>\$ 11,458,445</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 two lease agreements at the Garrison Oak Technical Park (GOTP) that are included in miscellaneous revenue in the General Fund. The first lease is with LS Power – White Oak Solar Energy LLC, which generated \$58,506 in rental income and the second lease is with Garrison Energy Center which generated \$34,450 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, 2014, the City had leases with three tenants for the remaining space available. Lease revenue is \$159,109 in the Electric Revenue Fund consisting of office space rental of \$140,531 and pole attachment rentals of \$18,578.

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 \$360,307 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 through June 30, 2015. 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 2014 annual cost for management and the incentive is \$368,536 and is included in the plant-operating budget.
- D. The City is the guarantor on two \$1.3 million loans held by the Downtown Dover Partnership. The loans are secured by two parcels in the downtown business district that the Downtown Dover Partnership is marketing for its redevelopment initiative. The interest on both of the loans is paid monthly from rental receipts the Partnership receives from its current tenants on the properties. Downtown Dover Partnership has refinanced one of the original notes that had a balloon payment due and now pays monthly payments including principal and interest for both loans.

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 ERMIC 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 ERMIC.

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 November 14, 2014 the City closed on a \$4,135,000 PNC Bank Qualified Loan (General Obligation) to finance capital improvements (Series A - \$3,660,000) as well as refund the 2003 G.O. Bonds (Series B - \$475,000) for the last two outstanding cusips.

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.

AMI Risk Consultants completed an updated valuation in fiscal year 2013. As of June 30, 2014, there is \$515,432 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, 2014.

Workers' Compensation activity is as follows:

	2014	2013
Claims payable beginning of year	\$ 481,951	\$ 474,281
Claims incurred	529,020	433,214
Payment of claims	(495,539)	(425,544)
Claims payable end of year	<u>\$ 515,432</u>	<u>\$ 481,951</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 four unions as well as the non-bargaining group. The maximum accumulated sick days paid 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.

Plan Administration

Management of the plan investments are fully vested with the City of Dover Employees' Police Pension Board as established in the City Code, which consists of three elected by plan members, two Council members appointed by the Council President, the City Controller/Treasurer, and the City Manager. The City Controller/Treasurer serves as an ex-officio member. Milliman of Albany, New York provides asset management advisory and consulting services to the Board.

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, 2014:

Retirees and beneficiaries receiving benefits	265
Terminated plan members entitled to but not yet receiving the benefits	15
Active eligible plan members	<u>316</u>
Total	<u>596</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 for early retirement are as follows:

- Age 55 with 10 years of continuing service, 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, 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

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 maintains contracts with each of its collective bargaining units. The Fraternal Order of Police Lodge #15 (FOP) and the Dover Organization of Employees (DOE) union contracts renewed effective July 1, 2012 and are up for review prior to contract end date of June 30, 2015. The International Brotherhood of Electric Workers (IBEW) contract period is July 1, 2013 through June 30, 2017. Each of these contracts includes a provision, for 15% employee contributions for all health care plans regardless of coverage for those employees hired prior to July 1, 2014. This same provision is implemented for non-bargaining (management) employees as well as the FOP and DOE members. The IBEW union contract provides that for those employees hired after July 1, 2014 the employee contributions will increase to 20% for all health plans regardless of 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 and continued throughout fiscal year 2014.

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	\$ 3,108,484
Water/Wastewater Fund	303,913
Electric Revenue Fund	1,673,783
Total Benefit Provided	<u>\$ 5,086,180</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 Annual Required Contribution (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	\$ 5,948,442	\$ 4,842,572	\$ 346,789	\$ 759,081
Interest on OPEB obligation	698,365	735,416	26,049	(63,100)
Adjustment to annual required contribution	(867,558)	(913,585)	(32,360)	78,387
Annual OPEB Cost	5,779,249	4,664,403	340,478	774,368
Employer Contributions	(5,086,180)	(3,108,484)	(303,913)	(1,673,783)
Increase/(decrease) in net OPEB obligation	693,069	1,555,919	36,565	(899,415)
Net OPEB obligation (asset) at beginning of year	12,392,061	13,112,314	449,016	(1,169,269)
Net OPEB obligation (asset) at end of year	\$ 13,085,130	\$ 14,668,233	\$ 485,581	\$ (2,068,684)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation thru fiscal year 2014 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 7,528,602	75.0%	\$ 10,463,722
2013	\$ 5,948,117	67.6%	\$ 12,392,061
2014	\$ 5,779,249	61.1%	\$ 13,085,130

The City did not meet its funding obligation for Fiscal Year 2014. In 2009 the City elected a ten-year phase-in plan to achieve the appropriate funding level. Fiscal Year ending June 30, 2014 was the sixth year of the phase-in to full funding of the ARC. The City continues to work with its collective bargaining units for alternative benefit plan options to reduce the Actuarial Accrued Liability (AAL) and its ARC.

Funded Status and Funding Progress

As of June 30, 2014, the most recent GASB 45 Actuarial Valuation date, the plan was 19.4% funded. The actuarial accrued liability for benefits was \$70.4 million, and the actuarial value of assets was \$13.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$56.8 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$17.5 million, and the ratio of the UAAL to the covered payroll was 324%.

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 actuarially determined 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, 2014 actuarial valuation. Investments are valued at market rates. The actuarial assumptions included a 5.6% phase-in investment rate of return, which is a blended rate of the full funding return on plan assets of 7% and a unfunded discount rate of 3.5%. The discount rate of 5.6% 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. 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. The ICMA 457 Deferred Compensation Plan has assets of \$7,427,375 (market value) as of June 30, 2014, with 133 contributing employees. The Nationwide plan has assets of \$3,281,713 (market value) as of June 30, 2014 with 23 contributing employees. 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 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, 2014, there are 324 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. 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 2014 the total wages were \$19.1 and the total pensionable wages were \$17.5 for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2014 is 324.

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, 2014, there were 112 full-time employees enrolled in the 401a plan. The City contributed a total of \$247,841 on wages of approximately \$4.7 million. Employees contributed \$140,602 to the 401a Money Purchase Plan and \$487,332 to the 457 Deferred Compensation Plans (see also Note 17). The market value of the 401a plan assets totaled \$4,477,709 as of June 30, 2014.

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 on behalf of the Pension Boards of Trustees 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. Investments are reported at fair value based on quoted market prices. Receivables and payables represent year end accruals of short-term receipts or charges. The administration of plan assets for both the Police Pension Plan and the General Employee Pension Plan is conducted by the Pension Boards as described in the subsequent disclosures.

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, 2014

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 559,525	\$ 1,589,783	\$ 2,149,308
Investments at fair value - Mutual Funds	11,699,622	32,839,160	44,538,782
Receivables	20,200	-	20,200
Total Assets	<u>12,279,347</u>	<u>34,428,943</u>	<u>46,708,290</u>
LIABILITIES:			
Accounts Payable	<u>-</u>	<u>(3,334)</u>	<u>(3,334)</u>
Net position held in trust for pension benefits	<u>\$ 12,279,347</u>	<u>\$ 34,425,609</u>	<u>\$ 46,704,956</u>

Investment Policy Statements are adopted by the Board of Trustees for each pension plan. At the current time, both plans have the same category allocations as follows:

Category Allocation	Target Percentage
Money Market	4.50%
Short Term Bonds	5.50%
Inflation Protected Bonds	6.00%
Intermediate Term Bonds	8.00%
Long Term Bonds	9.00%
High Yield Bond	6.00%
Large Cap Value	10.00%
Large Cap Growth	11.00%
Mid Cap	5.00%
Small Cap	7.00%
Real Estate Investment	8.00%
Foreign Equity	10.00%
Emerging Markets	10.00%
	100.00%

The City of Dover, Delaware
Combining Statement of Changes in Pension Trust Fund Net Pension
For the Year Ended June 30, 2014

	Police Pension	General Pension	Totals
Additions			
Net investment income	\$ 1,568,176	\$ 4,148,960	\$ 5,717,136
City's contribution - payroll based	-	278,036	278,036
City's contribution - lump sum	689,400	3,194,700	3,884,100
Employee contribution	-	211,550	211,550
State contributions	471,461	-	471,461
Other	68,502	-	68,502
Total Additions to Net Position	<u>2,797,539</u>	<u>7,833,246</u>	<u>10,630,785</u>
Deductions			
Benefit payments	1,548,151	3,633,818	5,181,969
General administration	5,247	16,296	21,543
Refund of pension contribution	-	20,376	20,376
Total Deductions From Net Position	<u>1,553,398</u>	<u>3,670,490</u>	<u>5,223,888</u>
Change in net position	1,244,141	4,162,756	5,406,897
Net Position - Beginning	<u>11,035,206</u>	<u>30,262,853</u>	<u>41,298,059</u>
Net Position - Ending	<u>\$ 12,279,347</u>	<u>\$ 34,425,609</u>	<u>\$ 46,704,956</u>

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

The State contributes to the City of Dover certain grants on behalf of law enforcement programs. 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. The Police Pension Ordinance provides for these grants to be transferred to the Police Pension Trust. These amounts are included as grants received revenue and Public Safety and Law Enforcement expenditures in the General Fund.

Total eligible full-time employee wages covered by the two active defined benefit pension plans were \$13.4 million this fiscal year.

i. City of Dover Police Pension Plan

Plan Description

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 Council. 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, 2014, there are 48

retirees and beneficiaries receiving benefits.

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.

There have been no changes in benefits during the valuation period by City Council.

Plan Administration

Management of the plan investments are fully vested with the City of Dover Police Pension Board as established in the City Code, which consists of three elected by plan members, two Council members appointed by the Council President, the Chief of Police, and the City Manager. The City Controller/Treasurer serves as an ex-officio member. Milliman of Albany, New York provides asset management advisory and consulting services to the Board.

Funding Policy

The City intends to continue to fund the actuarial determined contributions (ADC) as provided for in the actuarial valuation. The current year contributions are based on the parameters set forth in the actuarial valuation report as of June 30, 2014 in accordance with GASB Statement 67. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarial determined contribution. In addition, the City has adopted in its financial policies to have any surplus in the budget balances of the prior year be transferred to the retirement benefit plans to further reduce the net pension obligation.

The ADC conforms to the entry age normal cost method as defined in GASB Statement 67. The City has interim valuations completed each year between the required biennial valuations to monitor the progress of the net pension obligation. The City's actuary is Milliman of Wayne, Pennsylvania. The calculation of the net pension asset for June 30, 2014 is presented below.

	Governmental Activities
Actuarially determined contribution	\$ 1,155,110
Employer contributions	(1,229,363)
Contribution deficiency/(excess)	(74,253)
Net pension (asset) at beginning of year	(106,065)
Net pension (asset) at end of year	<u>\$ (180,318)</u>

Net Pension Liability

As of June 30, 2014, the most recent measurement date for the actuarial valuation, the plan was 62.97% funded. The total pension liability for benefits was \$19.5 million, and the fiduciary net position was \$12.3 million, resulting in a net pension liability (NPL) of \$7.2 million for the primary government. There are no active officers, therefore there is no covered payroll or ratio of the net pension liability to cover payroll. There have been no changes in actuarial assumptions or methods since the prior valuation.

The following presents the net pension liability of the City of Dover Police Pension Plan, calculated using the discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate 7.00%	1% Increase (8.00%)
Net pension liability	\$ 9,203,000	\$ 7,220,000	\$ 5,539,000

The schedule of changes in the net pension liability, schedule of City contributions, and a schedule of investment returns are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

For the year ended June 30, 2014, the annual money weighted rate of return on the general employee pension plan investments, net of investment expense was 14.76%. The money weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by proportion of time they are available to earn a return during that period.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar of projected payroll
Remaining amortization period	11 years
Amortization period	Closed
Asset valuation method	Current market value
Actuarial assumptions:	
Investment rate of return	7.0% (See supplementary schedule in RSI)
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%
Mortality	RP-2000 Healthy Annuitant Mortality Table

The July 1, 2012 valuation date determines the June 30, 2013 and June 30, 2014 fiscal year end contributions.

ii. City of Dover General Employee Pension Plan

Plan Description

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Council, Municipal 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. 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, 120 employees and 205 retirees participate in the plan, while 112 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, 2014, is comprised of the following:

Retired and beneficiaries currently receiving benefits	205
Active employees	
Fully Vested	80
Non-Vested	40
Deferred vested	15

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 determined contribution for service cost. For the year ended June 30, 2014, gross payroll earnings of \$6.0 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 actual 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 payments to which the participant was or would have been entitled shall be made to his 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, at a reduced rate of one-half percent for each month computed from the date of early retirement to age 65 years.

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.

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.

There have been no changes in benefits during the valuation period by City Council.

Plan Administration

Management of the plan investments are fully vested with the City of Dover Employees' Police Pension Board as established in the City Code, which consists of three elected by plan members, two Council members appointed by the Council President, the City Controller/Treasurer, and the City Manager. The City Controller/Treasurer serves as an ex-officio member. Milliman of Albany, New York provides asset management advisory and consulting services to the Board.

Funding Policy

The City intends to fund the actuarial determined contributions (ADC) as provided for in the actuarial valuation. The City uses the percentage of payroll determined by the actuary for its contributions. The current year contributions are based on the parameters set forth in the actuarial valuation report as of June 30, 2014 in accordance with GASB Statement 67. The funding may be impacted by differences in actual experience and the actuarial assumptions. The employer contributions are considered by the actuaries in their determination of the actuarial determined contribution. In addition, the City has adopted in its financial policies to have any surplus in the budget balances of the prior year be transferred to the retirement benefit plans to further reduce the net pension obligation.

The ADC conforms to the entry age normal cost method as defined in GASB Statement 67. The City has interim valuations completed each year between the required biennial valuations to monitor the progress of the net pension obligation. The City's actuary is Milliman of Wayne, Pennsylvania. The calculation of the net pension asset for June 30, 2014 is presented below.

	Total	Governmental Activities	Water/ Wastewater Fund Activities	Electric Fund Activities
Actuarially determined contribution	\$ 2,628,694	\$ 1,746,129	\$ 243,216	\$ 639,349
Employer contributions	(3,472,736)	(1,711,281)	(368,565)	(1,392,890)
Contribution deficiency/(excess)	(844,042)	34,848	(125,349)	(753,541)
Net pension (asset) at beginning of year	(6,914,326)	(191,820)	(479,537)	(6,242,969)
Net pension (asset) at end of year	<u>\$ (7,758,368)</u>	<u>\$ (156,972)</u>	<u>\$ (604,886)</u>	<u>\$ (6,996,510)</u>

Net Pension Liability

As of June 30, 2014, the most recent measurement date for the actuarial valuation, the plan was 60.91% funded. The total pension liability for benefits was \$56.5 million, and the fiduciary net position was \$34.4 million, resulting in a net pension liability (NPL) of \$22.1 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the NPL to the covered payroll was 370.03%. There have been no changes in actuarial assumptions or methods since the prior valuation.

The following presents the net pension liability of the City of Dover General Employee Pension Plan, calculated using the discount rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate 7.00%	1% Increase (8.00%)
Net pension liability	\$ 29,114,000	\$ 22,093,000	\$ 16,260,000

The City's amortization period for fiscal year 2014 was 21 years of a 30 year amortization period. Due to the additional City contributions over the past three years, the actuaries have changed the amortization period to 15 years effective fiscal year 2015. The schedule of changes in the net pension liability, schedule of City contributions, and a schedule of investment returns are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

For the year ended June 30, 2014, the annual money weighted rate of return on the general employee pension plan investments, net of investment expense was 13.84%. The money weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by proportion of time they are available to earn a return during that period.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2012
Actuarial cost method	Aggregate entry age normal
Amortization method	Level dollar of projected payroll
Remaining amortization period	15 years
Amortization period	Closed
Asset valuation method	Smooths gains and losses over a 5-year period
Actuarial Assumptions:	
Investment rate of return	7.0% (See supplementary schedule in RSI)
Discount rate	7.0%
Projected salary increases	4.0%
Includes inflation at	3.5%
Mortality	RP-2000 Healthy Annuitant Mortality Table

The July 1, 2012 valuation date determines the June 30, 2013 and June 30, 2014 fiscal year end contributions.

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, 2014, \$6.4 million in payroll earnings were reported to and covered by this plan.

The City's contribution percentages were 14.53%, 14.75% and 15.52% for the fiscal years ended June 30, 2012, 2013 and 2014, respectively. The City's contributions to the plan for years ended June 30, 2012, 2013 and 2014 were \$940,562, \$936,894 and \$990,588 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 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.

As of June 30, 2014 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	40
Active employees: Fully Vested 5 years	73
Non-Vested	19

The State of Delaware County and Municipal Police Pension Plan provides benefits equal to 2.5% of final average compensation multiplied by years of service up to 20 years inclusive, plus 3.5% of final average compensation multiplied by years of service above 20 years. Vesting occurs after five years of credited service. Retirement is at age 62 with five years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited 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 investment firms approved by the State Pension Board. Details are available from the State Pension Office, Dover, Delaware at: www.delawarepensions.com.

FINANCIAL SECTION

PART D

REQUIRED SUPPLEMENTARY INFORMATION

Services to Our Residents and Customers

Animal Control Enforcement

Beautification Building

Bulk Trash Collection

Elections

Community Development/Housing

Community Policing

Economic Development

Electricity

Emergency Preparedness

Fire Protection

Inspections & Code Enforcement

Leaf Collection

Library

Parks

Planning & Zoning

Police Protection

Recreation

Snow Removal

Street Maintenance/Cleaning

Trash Collection

Tree Maintenance & Management

Water/Sewage Service

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Required Supplementary Information – Part D

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,455,200	\$ 4,219,800	\$ 4,219,831	\$ 31
REVENUES:				
Fines & Police Revenue	606,000	510,600	590,287	79,687
911 Fee	60,000	63,300	63,337	37
Interest Earnings	75,000	40,000	28,950	(11,050)
Library Revenues - General	66,600	70,500	68,190	(2,310)
Library Revenues - County Reimbursement	400,000	460,000	430,363	(29,637)
Business Licenses	1,460,000	1,460,000	1,494,315	34,315
Permits & Other Licenses	1,167,500	1,332,500	1,597,262	264,762
Miscellaneous Revenues	63,300	53,100	57,041	3,941
Police Extra Duty Fees	650,000	650,000	562,854	(87,146)
Property Taxes	11,120,000	11,046,000	11,044,429	(1,571)
Bid Revenue	49,500	49,500	50,050	550
Recreations Revenue	133,000	148,800	151,925	3,125
Franchise Fees	606,200	636,000	648,345	12,345
Transfer Tax	1,315,500	1,393,000	1,544,084	151,084
Trash Fees	2,676,500	2,595,600	2,595,648	48
Garrison Farm Rent	118,500	118,500	92,956	(25,544)
Court of Chancery Fees	863,200	1,002,200	1,034,460	32,260
Intrafund Service Receipts Water/Wastewater	1,134,900	1,360,300	1,218,851	(141,449)
Intrafund Service Receipts Electric	3,319,400	3,572,700	3,427,308	(145,392)
Grants:				
Green Energy Grant	98,500	98,500	98,500	-
Miscellaneous Grants	25,000	25,000	1,000	(24,000)
Police Pension Grant	500,000	500,000	471,461	(28,539)
Transfer from Police Grant Funds	110,000	126,800	80,212	(46,588)
Transfer from Municipal Street Aid	527,400	663,900	664,866	966
Transfer from Civil Traffic Penalties	600,000	368,400	357,531	(10,869)
Transfer from Verizon, Contingency and CI Reserves	32,000	282,000	275,968	(6,032)
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	36,278,000	37,127,200	37,150,193	22,993
TOTAL BEGINNING BALANCE & REVENUES	\$ 39,733,200	\$ 41,347,000	\$ 41,370,024	\$ 23,024

(continued)

2014 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	\$ 198,300	\$ 208,400	\$ 209,395	\$ (995)
Fire	692,100	741,600	673,464	68,136
Library	1,330,400	1,336,900	1,324,178	12,722
Recreation	708,200	717,200	677,534	39,666
Planning Commission	444,800	422,600	422,085	515
Public Inspections	540,300	695,200	660,580	34,620
Life Safety	468,200	491,400	519,875	(28,475)
Code Enforcement	377,100	443,000	412,830	30,170
Economic Development	215,200	215,200	213,889	1,311
Police	14,331,800	15,123,600	14,907,683	215,917
Streets	603,700	660,300	641,167	19,133
Sanitation	2,153,800	2,253,500	2,156,228	97,272
Allocated Expenditures:				
Human Resources	334,300	393,100	363,064	30,036
Customer Services	1,109,400	1,232,200	1,201,976	30,224
City Manager	457,300	460,000	533,336	(73,336)
Information Technology	660,500	740,000	716,217	23,783
Finance	906,500	980,000	910,724	69,276
Public Services-Administration	425,800	513,100	432,425	80,675
Facilities Management	632,600	689,100	634,315	54,785
Central Services	517,600	559,400	521,148	38,252
Vehicle Maintenance	720,700	770,900	780,084	(9,184)
City Clerk	334,400	371,700	367,809	3,891
Mayor	83,300	83,300	75,380	7,920
Council	107,800	107,800	99,829	7,971
Grounds Maintenance	948,500	1,160,700	1,031,134	129,566
Insurance	658,900	658,900	655,998	2,902
Contribution to Downtown Dover Partnership	162,400	162,400	162,400	-
Tree Grant Expense	25,000	25,000	-	25,000
Other Employment Expenses	400,000	-	-	-
Retiree Benefits	1,636,500	1,636,500	1,636,500	-
Subtotal	32,185,400	33,853,000	32,941,247	911,753
Debt Service - Principal and Interest	557,300	557,300	552,051	5,249
Transfer to Capital Fund for Projects	1,278,300	1,448,800	1,448,800	-
Transfer to Police Pension Fund	500,000	500,000	471,461	28,539
Transfer to Uncollectibles Trash and Other	10,000	10,000	10,000	-
Appropriation to Police Pension Fund	307,400	689,400	689,400	-
Appropriation to Pension Fund	1,159,100	121,000	121,000	-
Street Lights	836,000	774,500	774,533	(33)
Total Expenditures	36,833,500	37,954,000	37,008,492	945,508
Budget Balance - Working Capital	2,899,700	3,393,000	4,361,532	(968,532)
Total Budget Balance & Expenditures	\$ 39,733,200	\$ 41,347,000	\$ 41,370,024	\$ (23,024)
Budget Balance - Working Capital			\$ 4,361,532	
Perspective and GAAP (Non-GAAP) Differences:				
Reserve for Encumbrances			(37,377)	
Fair value of investment adjustment			(13,851)	
Deferred Revenues - Non-spendable			(688,935)	
Inventory & Prepaids - Non-spendable			(186,290)	
Unassigned Fund Balance			\$ 3,435,079	

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 \$22,993 with increases in police fines, building permits, business licenses, transfer taxes and Court of Chancery fees. The major source of decrease in revenues was attributed to the intrafund service fees related to attrition and retirements thus reducing personnel cost in the proprietary funds. Additional decreases were attributed to police extra duty fees, grant receipts, and transfers from special revenue funds. Expenditures were lower than budget by \$945,508 across several functions as a result of personnel reductions through attrition and retirements. The City Manager expenditures exceeded their budget as a result of increased legal fees attributed to collective bargaining negotiations and the formation of an additional collective bargaining unit. The net result is an increase of \$968,532 to the General Fund ending fund balance.

B. Budget Amendments

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

1. To amend the 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.
3. To amend significant changes in program revenues, expenses and ending fund balances based on actual amounts.

2. PENSION PLANS

A. Police Pension Plan

The net pension liability for this plan is being amortized over 30 years beginning July 1, 1994, 11 of which remain as of July 30, 2014 with payments increased at 3 ½% per year. The amortization period is closed.

Schedule of Changes in Net Pension Liability, Related Ratios and Investment Returns
POLICE PENSION
Fiscal Year Ended June 30, 2014

Total Pension Liability

Interest on total pension liability	\$ 1,324,605
Effect of economic/demographic (gains) or losses	25,546
Benefit payments	<u>(1,548,151)</u>
Net change in total pension liability	(198,000)
Total pension liability, beginning	<u>19,697,000</u>
Total pension liability, ending (a)	<u><u>\$ 19,499,000</u></u>

Fiduciary Net Position

Employer contributions	\$ 1,229,363
Investment income net of investment expenses	1,583,346
Benefit payments	(1,548,151)
Administrative expenses	<u>(20,417)</u>
Net change in plan fiduciary net position	1,244,141
Fiduciary net position, beginning	<u>11,035,206</u>
Fiduciary net position, ending (b)	<u><u>\$ 12,279,347</u></u>
Net pension liability, ending = (a) - (b)	<u><u>\$ 7,219,653</u></u>
Fiduciary net position as a % of total pension liability	62.97%
Covered payroll	\$ -
Net pension liability as a % of covered payroll	N/A
Annual money-weighted rate of return, net of investment expense	14.76%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Police Pension Fund
Required Supplementary Information
Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2005	\$ 533,486	\$ 852,135	\$ (318,649)	\$ -	N/A
2006	560,638	717,617	(156,979)	-	N/A
2007	485,055	746,985	(261,930)	-	N/A
2008	358,807	721,202	(362,395)	-	N/A
2009	520,505	725,492	(204,987)	-	N/A
2010	786,436	496,587	289,849	-	N/A
2011	1,082,956	633,636	449,320	-	N/A
2012	979,132	668,274	310,858	-	N/A
2013	1,155,796	1,074,599	81,197	-	N/A
2014	1,155,110	1,229,363	(74,253)	-	N/A

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar of projected payroll
Remaining amortization period	11 years
Amortization period	Closed
Asset valuation method	Current market value
Actuarial assumptions:	
Investment rate of return	7.0% (See supplementary schedule in RSI)
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%
Mortality	RP-2000 Healthy Annuitant Mortality Table

The July 1, 2012 valuation date determines the June 30, 2013 and June 30, 2014 fiscal year end contributions.

B. Employee Pension Plan

The net pension liability for this plan was being amortized over 25 years beginning July 1, 2010, 21 of which remained as of July 30, 2014 with payments increased at 3 ½% per year. Investment gains and losses are spread over five years. Upon completion of the GASB 67 Disclosure report, the actuary is recommending a 15 year amortization schedule effective fiscal year 2015. The amortization period is closed.

Schedule of Changes in Net Pension Liability, Related Ratios and Investment Returns

GENERAL PENSION

Fiscal Year Ended June 30, 2014

Total Pension Liability

Service cost	\$ 484,166
Interest on total pension liability	3,809,755
Effect of economic/demographic (gains) or losses	111,273
Benefit payments	<u>(3,654,194)</u>
Net change in total pension liability	751,000
Total pension liability, beginning	<u>55,768,000</u>
Total pension liability, ending (a)	<u><u>\$ 56,519,000</u></u>

Fiduciary Net Position

Employer contributions	\$ 3,472,736
Member contributions	211,550
Investment income net of investment expenses	4,153,081
Benefit payments	(3,654,194)
Administrative expenses	<u>(20,417)</u>
Net change in plan fiduciary net position	4,162,756
Fiduciary net position, beginning	<u>30,262,853</u>
Fiduciary net position, ending (b)	<u><u>\$ 34,425,609</u></u>
Net pension liability, ending = (a) - (b)	<u><u>\$ 22,093,391</u></u>
Fiduciary net position as a % of total pension liability	60.91%
Covered payroll	\$ 5,970,703
Net pension liability as a % of covered payroll	370.03%
Annual money-weighted rate of return, net of investment expense	13.84%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**General Employee Pension Plan
Required Supplementary Information
Schedule of Employer Contributions**

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2005	\$ 1,726,989	\$ 1,566,845	\$ 160,144	\$ 7,320,938	21.40%
2006	2,022,614	1,739,448	283,166	7,380,629	23.57%
2007	2,231,594	2,767,177	(535,583)	7,612,121	36.35%
2008	2,269,802	2,908,080	(638,278)	8,006,103	36.32%
2009	2,356,529	2,491,393	(134,864)	8,716,361	28.58%
2010	2,564,767	2,270,623	294,144	8,786,981	25.84%
2011	3,149,493	3,347,728	(198,235)	8,256,751	40.55%
2012	3,130,022	3,142,951	(12,929)	7,974,057	39.41%
2013	3,217,964	9,788,571	(6,570,607)	7,076,322	138.33%
2014	2,628,694	3,472,736	(844,042)	5,970,703	58.16%

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2012
Actuarial cost method	Aggregate entry age normal
Amortization method	Level dollar of projected payroll
Remaining amortization period	15 years
Amortization period	Closed
Asset valuation method	Smooth gains and losses over a 5-year period
Actuarial Assumptions:	
Investment rate of return	7.0% (See supplementary schedule in RSI)
Discount rate	7.0%
Projected salary increases	4.0%
Includes inflation at	3.5%
Mortality	RP-2000 Healthy Annuitant Mortality Table

The July 1, 2012 valuation date determines the June 30, 2013 and June 30, 2014 fiscal year end contributions.

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded Actuarial Accrued Liabilities (UAAL) (2) – (1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
7/1/2008	\$ -	\$ 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%
7/2/2012	13,627,223	70,414,000	56,786,777	19.4%	17,521,727	324%

Valuation Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Amount Open
Remaining Amortization Period	30 years (open)
Asset Valuation Method	Current Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	5.60%
Ultimate Rate of Medical inflation	Varies between 5.00% and 5.70%
Initial Rate of Medical Inflation	7.00% < 65 and 6.60% >=65
Health Care Cost Trend	Getzen Model version 12.2 with real GDP growth assumption 1.8%
Mortality	RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA

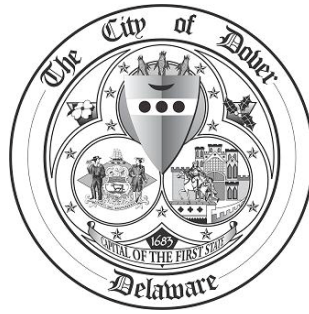
FINANCIAL SECTION

PART E

SUPPLEMENTARY INFORMATION

- Combined Fund Statements**
- Budgetary Schedules**

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FINANCIAL STATEMENTS

GENERAL FUND COMBINING STATEMENTS

The Governmental Capital Projects Fund is combined with the General Fund in the Basic Financial Statements. The combining statements are presented in the supplementary information.

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, 2014

	General Fund	General Capital Projects Fund	Total General Funds
Assets:			
Cash and Cash Equivalents	\$ 2,708,632	\$ 305,148	\$ 3,013,780
Restricted Cash and Cash Equivalents	40	-	40
Investments	1,952,150	3,353,199	5,305,349
Restricted Investments	18,292	-	18,292
Receivables, net			
Accounts	2,007,898	-	2,007,898
Taxes	177,638	-	177,638
Due from Other Funds	794,727	75,039	869,766
Prepaid Items	42,999	-	42,999
Inventory, at Cost	143,291	-	143,291
Total Assets	<u>\$ 7,845,667</u>	<u>\$ 3,733,386</u>	<u>\$ 11,579,053</u>
Liabilities:			
Accounts Payable	\$ 970,852	\$ 305,067	\$ 1,275,919
Deferred Revenue	856,931	57,825	914,756
Due to Other Funds	870,340	-	870,340
Other	169,933	-	169,933
Total Liabilities	<u>2,868,056</u>	<u>362,892</u>	<u>3,230,948</u>
Deferred Inflows of Resources:			
Unavailable revenue	688,935	-	688,935
Total Deferred Inflows of Resources	<u>688,935</u>	<u>-</u>	<u>688,935</u>
Fund Balances:			
Non-Spendable			
Inventory and Prepaids	186,290	-	186,290
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	1,698	-	1,698
Verizon Cable Franchise	127,778	-	127,778
Committed			
Contingency	467,269	-	467,269
Parkland Reserve	-	218,654	218,654
Encumbrances	37,377	-	37,377
Assigned			
Police Investigations	11,591	-	11,591
Capital Assets	-	3,151,840	3,151,840
Unassigned	3,435,079	-	3,435,079
Total Fund Balances	<u>4,288,676</u>	<u>3,370,494</u>	<u>7,659,170</u>
Total Liabilities and Fund Balances	<u>\$ 7,845,667</u>	<u>\$ 3,733,386</u>	<u>\$ 11,579,053</u>

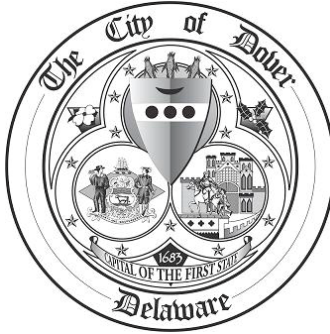
The City of Dover
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances of the General Fund
For the Year Ended June 30, 2014

	General Fund	General Capital Projects Fund	Total General Funds
Revenues			
Fines	\$ 653,625	\$ -	\$ 653,625
Library Revenue- General	68,190	-	68,190
Library Revenue County Reimbursement	430,363	-	430,363
Licenses and Permits	3,091,577	-	3,091,577
Sanitation Fees and Rebates	2,595,648	-	2,595,648
Miscellaneous Services	1,789,085	315,347	2,104,432
Property Taxes	11,094,479	-	11,094,479
Grants Received	570,961	143,856	714,817
Court of Chancery Fees	1,034,460	-	1,034,460
Investment Income	28,950	14,245	43,195
Total Revenues	21,357,338	473,448	21,830,786
Expenditures			
Current:			
General Government	1,271,521	-	1,271,521
Library Services	1,324,178	110,438	1,434,616
Public Safety and Law Enforcement	18,335,293	611,480	18,946,773
Public Works	1,520,904	48,044	1,568,948
Recreational Services	677,534	5,829	683,363
Streets and Sanitation Services	2,797,395	1,836,697	4,634,092
Financial Administration	1,002,539	-	1,002,539
Garage and Stores	415,593	-	415,593
Insurance	272,895	-	272,895
Retiree Health Care	1,636,500	-	1,636,500
Employee Pension	121,000	-	121,000
Community and Economic Development	211,595	-	211,595
Street Lights	774,533	-	774,533
Debt Service:			
Principal Retirement	429,238	-	429,238
Interest and Fiscal Charges	122,812	-	122,812
Total Expenditures	30,913,530	2,612,488	33,526,018
Excess (deficiency) of Revenues over Expenditures	(9,556,192)	(2,139,040)	(11,695,232)
Other Financing Sources and Uses			
Reserve Transfers		(25,140)	(25,140)
Interfund Transfers	9,697,893	1,760,552	11,458,445
Total other Financing Sources and Uses	9,697,893	1,735,412	11,433,305
Net Change in Fund Balances	141,701	(403,628)	(261,927)
Fund Balances at Beginning of Year	4,219,831	3,058,253	7,278,084
Fund Balances at End of Year	\$ 4,361,532	\$ 2,654,625	\$ 7,016,157
Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ (13,851)	\$ (23,771)	\$ (37,622)
Deferred Revenues - Non-spendable	(688,935)	-	(688,935)
Inventory & Prepaids - Non-spendable	(186,290)	-	(186,290)
Encumbrance Reserve	(37,377)	-	(37,377)
Capital Asset - Assigned	-	(2,630,854)	(2,630,854)
Unassigned Fund Balance	\$ 3,435,079	\$ -	\$ 3,435,079

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 241,200	\$2,801,800	\$ 2,801,727	\$ (73)
Beginning Balance - Library Project	(74,700)	256,500	256,526	26
REVENUES:				
Interest Earnings	-	-	14,245	14,245
State Grant for Library Project	-	150,000	143,856	(6,144)
Library Foundation Donations	-	5,000	8,250	3,250
State Grant - Recreation	15,000	15,000	-	(15,000)
Income from Sale of Assets	-	-	27,815	27,815
Transfer from General Fund for Projects	1,278,300	1,448,800	1,448,800	-
Transfer from Parkland Reserve	95,000	80,000	-	(80,000)
Transfer from Community Transportation Fund	-	60,500	60,500	-
MSA Capital Contribution	-	251,200	251,252	52
Miscellaneous Receipts	-	264,800	279,282	14,482
Total Revenues	1,388,300	2,275,300	2,234,000	(41,300)
TOTAL BEGINNING BALANCE & REVENUES	\$ 1,554,800	\$ 5,333,600	\$ 5,292,253	\$ (41,347)
EXPENDITURES:				
Fire	\$ 238,500	\$ 238,500	\$ 238,515	\$ (15)
Grounds Maintenance	50,100	50,100	30,249	19,851
Library	-	446,500	110,438	336,062
Police	257,300	342,400	342,125	275
Procurement & Inventory	55,000	55,000	-	55,000
Public Inspections	30,000	30,900	30,840	60
Recreation	95,000	172,000	5,829	166,171
Streets	251,500	3,460,700	1,449,193	2,011,507
Sanitation	402,100	395,600	387,504	8,096
Information Technology	7,000	7,000	-	7,000
Facilities Management	17,800	17,800	17,795	5
Subtotal	1,404,300	5,216,500	2,612,488	2,604,012
Net Loss on Sale of Assets & Garrison Tract Land	-	-	-	-
Transfer to Parkland Reserve	-	-	14,517	(14,517)
Transfer to Capital Asset Reserve	-	-	10,623	(10,623)
Total Expenditures	1,404,300	5,216,500	2,637,628	2,578,872
Budget Balance - Working Capital	150,500	117,100	2,324,129	(2,207,029)
Budget Balance - Library Project	-	-	330,496	(330,496)
Budget Balance & Expenditures	\$ 1,554,800	\$ 5,333,600	\$ 5,292,253	\$ 41,347
Budget Balance - Working Capital			\$ 2,654,625	
Perspective and GAAP (Non-GAAP) Differences:				
Deferred Revenue - non-spendable				
Fair value of investment adjustment			(23,771)	
Assigned to Capital assets			520,986	
Committed to Parks & Recreation improvements			218,654	
Total Fund Balances			\$ 3,370,494	



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

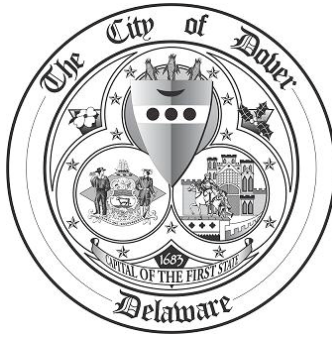
The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

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 AND HOT SHOT GRANT

The City of Dover, in coordination with Aid in Dover, received two grants from the Criminal Justice Council for programs called GAMES and HOT SHOT. These programs provide 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.

**CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	HOT SHOT AND GAMES GRANT	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	REALTY TRANSFER TAX	TOTALS
ASSETS:										
Cash	\$ 181,106	\$ 73,252	\$ 75,389	\$ 84,563	\$ -	\$ 143,532	\$ 82,124	\$ 100	\$ 10	\$ 640,076
Receivables	1,445	-	-	-	4,335	-	-	-	-	5,780
Prepaid items	-	-	-	-	-	-	2,447	-	-	2,447
Due from other governments	4,210	-	-	37,298	-	-	-	37,072	-	78,580
TOTAL ASSETS	186,761	73,252	75,389	121,861	4,335	143,532	84,571	37,172	10	726,883
LIABILITIES AND FUND BALANCE:										
Liabilities:										
Vouchers Payable	11,052	28,442	-	35,878	4,335	-	6,658	-	-	86,365
Deferred Revenue	-	-	-	38,011	-	-	-	-	-	38,011
Due to other funds-charges	3,647	-	75,289	1,464	-	-	-	37,072	10	117,482
Total Liabilities	14,699	28,442	75,289	75,353	4,335	-	6,658	37,072	10	241,858
Fund Balances:										
Nonspendable	-	-	-	-	-	-	2,447	-	-	2,447
Restricted	172,062	44,810	100	46,508	-	143,532	75,466	100	-	482,578
Total Fund Balances	172,062	44,810	100	46,508	-	143,532	77,913	100	-	485,025
TOTAL LIABILITIES AND FUND BALANCES	\$ 186,761	\$ 73,252	\$ 75,389	\$ 121,861	\$ 4,335	\$ 143,532	\$ 84,571	\$ 37,172	\$ 10	\$ 726,883

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2014

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	HOT SHOT AND GAMES GRANT	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	REALTY TRANSFER TAX	TOTALS
REVENUES:										
Grants received	\$ 260,306	\$ 280,337	\$ 663,940	\$ 429,834	\$ 23,490	\$ 998,509	\$ 37,167	\$ -	\$ -	\$ 2,693,583
Recreation revenue	-	-	-	-	-	-	49,144	-	-	49,144
Police fines	-	-	-	-	-	-	-	357,531	-	357,531
Transfer taxes	-	-	-	-	-	-	-	-	1,543,626	1,543,626
Investment income (loss)	793	-	720	-	-	324	-	-	358	2,195
TOTAL REVENUES	261,099	280,337	664,660	429,834	23,490	998,833	86,311	357,531	1,543,984	4,646,079
EXPENDITURES:										
Program expenditures	184,061	263,366	-	392,063	23,490	1,004,017	49,406	-	-	1,916,403
TOTAL EXPENDITURES	184,061	263,366	-	392,063	23,490	1,004,017	49,406	-	-	1,916,403
Excess (deficiency) of revenues over (under) expenditures	77,038	16,971	664,660	37,771	-	(5,184)	36,905	357,531	1,543,984	2,729,676
OTHER FINANCING SOURCES (USES):										
Operating transfers-out	(80,212)	-	(916,118)	-	-	(60,500)	-	(357,531)	(1,544,084)	(2,958,445)
Net Change in fund balances	(3,174)	16,971	(251,458)	37,771	-	(65,684)	36,905	-	(100)	(228,769)
FUND BALANCE AT BEGINNING OF YEAR	175,236	27,839	251,558	8,737	-	209,216	41,008	100	100	713,794
FUND BALANCE AT END OF YEAR	\$ 172,062	\$ 44,810	\$ 100	\$ 46,508	\$ -	\$ 143,532	\$ 77,913	\$ 100	\$ -	\$ 485,025

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 175,200	\$ 175,236	\$ 36
Interest earned	-	-	793	793
Grants received	413,000	390,500	260,306	(130,194)
TOTAL REVENUES & BEGINNING BALANCE	413,100	565,700	436,335	(129,365)
EXPENDITURES:				
Program expenses/supplies	191,000	224,700	125,636	(99,064)
Furniture and fixtures	-	-	2,322	2,322
Telephone/fax	15,000	15,000	16,508	1,508
Training/Conference/Food/Travel	36,000	36,000	17,000	(19,000)
Consulting/audit fees	1,000	1,000	833	(167)
Contractual services	-	-	3,887	3,887
Technology equipment	60,000	60,000	17,875	(42,125)
TOTAL EXPENDITURES	303,000	336,700	184,061	(152,639)
Other financing uses:				
Operating transfers - out	(110,000)	(151,800)	(80,212)	71,588
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 77,200	\$ 172,062	\$ 94,862

**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, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ -	\$ 17,300	\$ 27,838	\$ 10,538
Grants received: State	270,100	274,100	274,108	8
Grants received: Other	-	-	4,100	4,100
Grants received: Federal	-	-	2,130	2,130
TOTAL REVENUES & BEGINNING BALANCE	270,100	291,400	308,176	16,776
EXPENDITURES:				
Program expenditures/supplies	28,000	28,000	24,165	(3,835)
Office Supplies	24,000	24,000	24,000	-
Printing/duplicating	8,900	8,900	8,900	-
Postage	100	100	42	(58)
Books	124,900	128,900	125,323	(3,577)
Furniture/Fixtures	2,000	2,000	7,297	5,297
Audio visual supplies	74,000	74,000	67,594	(6,406)
Training/conference/food/travel	3,500	3,500	2,832	(668)
Office equipment repairs	2,000	2,000	3,213	1,213
Computer hardware	2,700	2,700		(2,700)
TOTAL EXPENDITURES	270,100	274,100	263,366	10,734
BALANCE CARRIED TO NEXT YEAR	\$ -	\$ 17,300	\$ 44,810	\$ 27,510

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, 2014

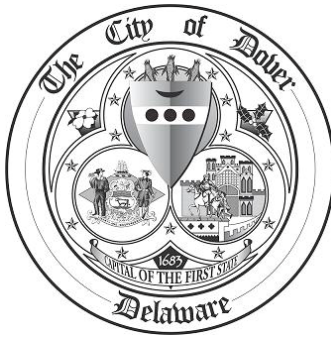
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 251,500	\$ 251,558	\$ 58
State Grant - Operations	527,400	663,900	663,940	40
Interest Earned	-	-	720	720
TOTAL REVENUES & BEGINNING BALANCE	527,500	915,400	916,218	818
Other financing uses:				
Operating transfers-out	(527,400)	(915,300)	(916,118)	(818)
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 100	\$ 100	\$ -

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	\$ -	\$ 2,000	\$ 2,013	\$ 13
Beginning balance NSP	-	2,800	2,793	(7)
Federal grant received	223,600	244,800	311,514	66,714
Revenue from NSP	-	-	155,617	155,617
TOTAL REVENUES & BEGINNING BALANCE	223,600	249,600	471,937	222,337
EXPENDITURES:				
Prior year Closing cost/down payment program	-	-	10,193	(10,193)
Prior year MHDC home repair	-	-	14,000	(14,000)
Prior year Ncall Research Inc.	-	-	2,803	(2,803)
Prior year Dover interfaith ministry	-	-	13,478	(13,478)
Prior year Homeowner rehab assistance	-	-	796	(796)
Prior year Milford housing H/O rehab	-	-	52,782	(52,782)
Current year closing cost/down payment program	40,000	40,000	39,807	193
Current year Dover interfaith ministry	27,500	27,500	27,500	-
Current year MHDC emergency home repair	40,000	40,000	38,146	1,854
Current year Elizabeth W Murphey school	32,700	39,700	38,574	1,126
Current year Ncall Research Inc.	6,000	8,900	6,697	2,203
Current year Milford housing H/O rehab	32,700	39,700	36,776	2,924
Current year salaries	44,700	49,000	29,962	19,038
NSP expense	-	-	80,550	(80,550)
TOTAL EXPENDITURES	223,600	244,800	392,064	(147,264)
CDBG BALANCE CARRIED TO NEXT YEAR	\$ -	\$ 2,000	\$ 2,013	\$ (13)
NSP BALANCE CARRIED TO NEXT YEAR	\$ -	\$ 2,800	\$ 77,860	\$ (75,060)

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ -	\$ 209,200	\$ 209,216	\$ 16
Grants received: State	500,000	1,387,600	998,509	(389,091)
Interest earned	500	500	324	(176)
TOTAL REVENUES & BEGINNING BALANCE	500,500	1,597,300	1,208,049	(389,251)
EXPENDITURES:				
Program expenditures Grant Related	500,000	1,395,100	941,217	(453,883)
Program expenditures City Appropriated	-	62,800	62,800	-
TOTAL EXPENDITURES	500,000	1,457,900	1,004,017	453,883
Other financing sources (uses):				
Operating transfers-out	-	(60,500)	(60,500)	-
BALANCE CARRIED TO NEXT YEAR	\$ 500	\$ 78,900	\$ 143,532	\$ 64,632



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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 770,800	\$ 732,700	\$ 732,740	\$ 40
Beginning Balance - Wastewater	412,600	441,400	441,414	14
Beginning Balance - Kent County Treatment Fee	141,600	(17,300)	(17,267)	33
TOTAL BEGINNING BALANCES	1,325,000	1,156,800	1,156,887	87
REVENUES:				
Water fees	4,730,700	4,396,000	4,459,808	63,808
Wastewater fees	3,642,700	3,529,000	3,562,400	33,400
Wastewater adjustment	2,980,300	2,900,000	2,930,333	30,333
Groundwater adjustment	1,324,600	1,302,300	1,316,209	13,909
Miscellaneous services	82,000	64,400	61,802	(2,598)
Water tank space rent	333,800	321,200	360,307	39,107
Interest earnings	23,100	10,000	(582)	(10,582)
Sewer Impact Fees	323,000	237,900	230,222	(7,678)
Water Impact Fees	357,000	262,700	252,215	(10,485)
Total Revenues	13,797,200	13,023,500	13,172,714	149,214
TOTAL BEGINNING BALANCES & REVENUES	\$ 15,122,200	\$ 14,180,300	\$ 14,329,601	\$ 149,301
EXPENSES:				
Water services	\$ 433,900	\$ 474,700	\$ 498,016	\$ (23,316)
Engineering & inspection	664,400	499,000	459,073	39,927
Water construction	351,400	340,800	337,400	3,400
Water treatment plant	1,501,800	1,495,200	1,489,440	5,760
Wastewater services	945,100	885,700	900,965	(15,265)
Kent County sewer fees	3,524,800	4,030,000	3,775,903	254,097
Intrafund service fee	1,233,400	1,458,800	1,133,580	325,220
Retirees health care	200,000	200,000	200,000	-
Pension Unfunded Liability	339,400	-	-	-
Debt Service - Water	403,800	403,800	566,703	(162,903)
Debt Service - Wastewater	615,700	603,400	600,855	2,545
Other Employment Expenses	25,000	10,800	-	10,800
Transfer to Water Improvement & Extension Fund	1,200,000	1,233,200	1,233,200	-
Transfer to Wastewater Improvement & Extension Fund	1,330,000	1,330,000	1,330,000	-
Transfer to General Fund from Water	250,000	250,000	250,000	-
Transfer to General Fund from Wastewater	250,000	250,000	250,000	-
Total Expenses	13,268,700	13,465,400	13,025,135	440,265
Budget Balance - Water	1,056,400	711,700	763,636	(51,936)
Budget Balance - Wastewater	797,100	(151,800)	87,458	(239,258)
Budget Balance - Kent County Treatment Fee	-	155,000	453,372	(298,372)
Total Budget Balances - Working Capital	1,853,500	714,900	1,304,466	(589,566)
TOTAL BUDGET BALANCES & EXPENSES	\$ 15,122,200	\$ 14,180,300	\$ 14,329,601	\$ (149,301)

CITY OF DOVER
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2014

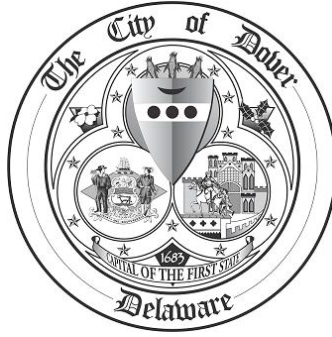
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 1,620,000	\$ 4,473,800	\$ 4,473,776	\$ (24)
Beginning Balance -Wastewater	660,900	2,807,000	2,806,996	(4)
TOTAL BEGINNING BALANCES	2,280,900	7,280,800	7,280,772	(28)
REVENUES:				
Bond Proceeds-Water 2013	-	3,000,000	3,088,139	88,139
Bond Proceeds-WW 2013	-	1,067,900	1,035,339	(32,561)
State Loan Fund-Wastewater 2011	-	62,000	62,000	-
Interest earnings	25,000	25,000	44,316	19,316
Income from sale of assets	-	-	4,343	4,343
Miscellaneous Receipts	-	66,000	88,314	22,314
Transfer from Water Fund	1,200,000	1,233,200	1,233,200	-
Transfer from Wastewater Fund	1,330,000	1,330,000	1,330,000	-
Transfer from Wastewater Impact Fee Reserve	-	1,000,000	1,000,000	-
Transfer from Water Impact Fee Reserve	390,000	-	-	-
Total Revenues	2,945,000	7,784,100	7,885,651	101,551
TOTAL BEGINNING BALANCES & REVENUES	\$ 5,225,900	\$ 15,064,900	\$ 15,166,423	\$ 101,523
EXPENSES:				
Engineering & Inspection	\$ -	\$ -	\$ -	\$ -
Water	1,476,800	\$7,641,300	1,151,743	6,489,557
Wastewater	1,251,000	5,252,400	720,231	4,532,169
Water Construction	90,000	90,000	89,500	500
Bond issue costs	-	-	115,717	(115,717)
Total Expenses	2,817,800	12,983,700	2,077,191	10,906,509
Budget Balance - Water	1,655,700	1,021,200	7,588,801	(6,567,601)
Budget Balance - Wastewater	752,400	1,060,000	5,500,431	(4,440,431)
Total Budget Balances - Working Capital	2,408,100	2,081,200	13,089,232	(11,008,032)
TOTAL BUDGET BALANCES & EXPENSES	\$ 5,225,900	\$ 15,064,900	\$ 15,166,423	\$ (101,523)

**CITY OF DOVER
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2014**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 7,152,400	\$ 6,620,900	\$ 6,620,900	\$ -
REVENUES:				
Direct base sales	76,286,700	78,971,700	76,928,295	(2,043,405)
Rental income	251,000	180,000	159,109	(20,891)
Miscellaneous services	602,000	579,100	619,442	40,342
Utility tax	1,492,200	1,312,300	1,258,957	(53,343)
Green Energy	135,800	130,000	127,926	(2,074)
Interest earned-operating	119,400	12,000	213,178	201,178
Transfer from Rate Stabilization	4,000,000	7,000,000	7,000,000	-
Intrafund Services - Water/Wastewater	98,500	98,500	130,787	32,287
Total Revenues	82,985,600	88,283,600	86,437,694	(1,845,906)
TOTAL BEGINNING BALANCE & REVENUE	\$ 90,138,000	\$ 94,904,500	\$ 93,058,594	\$ (1,845,906)
EXPENSES:				
Power Supply & Generation				
Power Supply	\$ 23,832,000	\$ 26,458,900	\$ 29,484,681	\$ (3,025,781)
Power Supply Management	996,000	996,000	996,000	-
Dover Sun Park Energy	1,565,800	1,729,200	1,821,037	(91,837)
Solar Renewal Energy Credits	300,000	352,600	337,741	14,859
Capacity Charges	15,787,200	15,614,100	15,504,095	110,005
PJM Charges - Transmission & Fees	4,740,000	7,420,000	7,433,120	(13,120)
PJM Charges - Load	12,812,900	17,274,000	14,855,117	2,418,883
Total Power Supply	60,033,900	69,844,800	70,431,791	(586,991)
Plant Operations	6,015,800	5,791,600	5,729,922	61,678
Capacity Credits	(15,079,800)	(15,079,800)	(15,065,472)	(14,328)
PJM Credits	(397,000)	(5,314,800)	(5,946,189)	631,389
PJM Spot Market Energy	(230,500)	(1,004,500)	(862,233)	(142,267)
Generation Fuels	-	1,603,800	2,715,284	(1,111,484)
Total Generation	(9,691,500)	(14,003,700)	(13,428,688)	(575,012)
Utility Tax	1,492,200	1,312,300	1,258,957	53,343
Administration	597,000	628,400	548,055	80,345
Transmission/Distribution	3,302,500	3,776,300	3,789,955	(13,655)
Electrical Engineering	1,192,200	1,285,300	1,312,063	(26,763)
Systems Operations	543,600	675,800	739,407	(63,607)
Meter Reading	220,300	273,800	284,229	(10,429)
Contractual Services - Power Supply	100,000	100,000	28,074	71,926
Provision for Uncollectible	200,000	200,000	200,000	-
Retirees Health Care	513,300	513,300	513,300	-
OPEB Trust Contribution	975,700	975,700	975,700	-
Pension Trust Contribution	1,314,200	-	-	-
Green Energy Payment to DEMEC	135,800	130,000	127,926	2,074
Interest on Deposits	27,000	20,000	20,278	(278)
Intrafund Service Fees	3,319,400	3,572,700	3,426,456	146,244
Other Appropriations:				
Electric Capital Project Fund	5,448,600	4,918,600	4,918,600	-
General Fund	8,000,000	8,000,000	8,000,000	-
Debt Service	3,301,900	3,301,900	3,308,739	(6,839)
Workers Compensation	-	-	-	-
Future Capacity Reserve	-	-	-	-
Rate Stabilization Fund	-	-	-	-
Other Employment Expenses	150,000	125,700	-	125,700
Inventory Reserve	-	-	-	-
TOTAL EXPENSES	81,176,100	85,650,900	86,454,842	(803,942)
Budget Balance - Working Capital	8,961,900	9,253,600	6,603,752	2,649,848
TOTAL BUDGET BALANCE & EXPENSES	\$ 90,138,000	\$ 94,904,500	\$ 93,058,594	\$ 1,845,906

CITY OF DOVER
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,091,000	\$ 3,868,500	\$ 3,980,178	\$ 111,678
TOTAL BEGINNING BALANCES	3,091,000	3,868,500	3,980,178	111,678
REVENUES:				
Transfer from Electric Revenue Fund	5,448,600	4,918,600	4,918,600	-
Interest Earnings	25,200	25,200	6,506	(18,694)
Income from Sale of Assets	-	-	14,439	14,439
General Service Billing	440,000	440,000	250,238	(189,762)
Total Revenues	5,913,800	5,383,800	5,189,783	(194,017)
TOTAL BEGINNING BALANCES & REVENUES	\$ 9,004,800	\$ 9,252,300	\$ 9,169,961	\$ (82,339)
EXPENSES:				
Power Plant	\$ 2,117,800	\$ 2,130,000	\$ 1,547,017	\$ 582,983
Transmission/Distribution	1,100,000	1,144,600	467,144	677,456
Engineering	2,405,800	2,615,500	1,213,271	1,402,229
Total Expenses	5,623,600	5,890,100	3,227,432	2,662,668
Budget Balance - Improvement & Extension Fund	3,381,200	3,362,200	5,942,529	(2,580,329)
Total Budget Balances - Working Capital	3,381,200	3,362,200	5,942,529	(2,580,329)
TOTAL BUDGET BALANCES & EXPENSES	\$ 9,004,800	\$ 9,252,300	\$ 9,169,961	\$ 82,339



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.

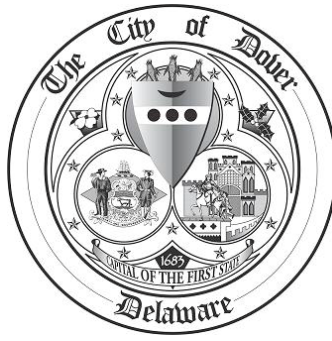
Budgetary schedule is included for public review of budgetary compliance.

CITY OF DOVER
INTERNAL SERVICE FUND - WORKERS' COMPENSATION

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

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning Balance	\$ 1,200,600	\$ 1,267,800	\$ 1,267,842	\$ 42
Interest Earned	10,600	10,600	21,156	10,556
City Contribution	490,700	490,700	502,143	11,443
Miscellaneous Revenue	-	3,100	834	(2,266)
TOTAL REVENUES	\$ 1,701,900	\$ 1,772,200	\$ 1,791,975	\$ 19,775
OPERATING EXPENSES:				
Program Expenses	\$ 450,000	\$ 450,000	\$ 490,730	\$ (40,730)
Contractual Services	57,000	57,000	20,000	37,000
Insurance	76,500	92,600	89,487	3,113
Bank Fees	600	600	1,256	(656)
State of Delaware - Self-Insurance Tax	37,000	37,000	33,774	3,226
TOTAL EXPENSES	\$ 621,100	\$ 637,200	\$ 635,247	\$ 1,953
BUDGET BALANCE - CARRY FORWARD	\$ 1,080,800	\$ 1,135,000	\$ 1,156,728	\$ 21,728



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.

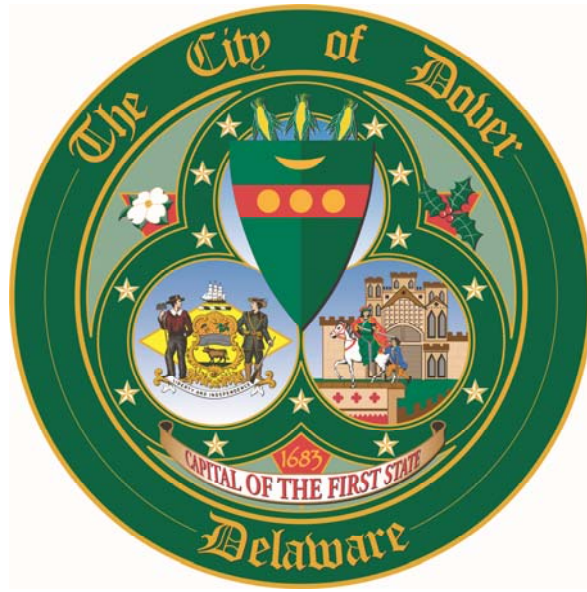
DOVER LIBRARY FOUNDATION

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, 2014

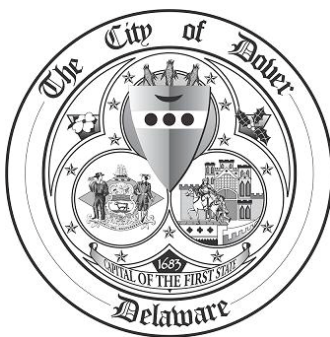
	BALANCE		BALANCE	
	JUNE 30, 2013	ADDITIONS	DEDUCTIONS	JUNE 30, 2014
DOWNTOWN DOVER PARTNERSHIP				
ASSETS:				
Cash	\$ 240,629	\$ 3,301,244	\$ 3,079,786	\$ 462,087
Receivables	50,771	9,785	7,026	53,530
Prepaid Items	45	-	45	-
Total Assets	\$ 291,445	\$ 3,311,029	\$ 3,086,857	\$ 515,617
LIABILITIES:				
Vouchers Payable	\$ 75,800	\$ 1,752,665	\$ 1,780,295	\$ 48,170
Deposit Payable	7,015	20,417	-	27,432
Due to Agencies	208,630	231,385	-	440,015
Total Liabilities	\$ 291,445	\$ 2,004,467	\$ 1,780,295	\$ 515,617
4TH JULY CELEBRATION COMMITTEE				
ASSETS:				
Cash	\$ 24,802	\$ 36,087	\$ 23,570	\$ 37,319
Total Assets	\$ 24,802	\$ 36,087	\$ 23,570	\$ 37,319
LIABILITIES:				
Vouchers Payable	\$ 340	\$ 23,254	\$ 23,117	\$ 477
Due to Agencies	24,462	36,087	23,707	36,842
Total Liabilities	\$ 24,802	\$ 59,341	\$ 46,824	\$ 37,319
TOTAL-ALL AGENCY FUNDS				
ASSETS:				
Cash & Investments	\$ 265,431	\$ 3,337,331	\$ 3,103,356	\$ 499,406
Receivables	50,771	9,785	7,026	53,530
Prepaid Items	45	-	45	-
Total Assets	\$ 316,247	\$ 3,347,116	\$ 3,110,427	\$ 552,936
LIABILITIES:				
Vouchers Payable	\$ 76,140	\$ 1,775,919	\$ 1,803,412	\$ 48,647
Deposit Payable	7,015	20,417	-	27,432
Due to Agencies	233,092	267,472	23,707	476,857
Total Liabilities	\$ 316,247	\$ 2,063,808	\$ 1,827,119	\$ 552,936

STATISTICAL SECTION



This section of the City of Dover's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the statements, note disclosures and required supplementary information says about the Government's overall financial health.

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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

The information contained in these schedules will help the reader assess the affordability of the City's current levels of outstanding debt as well as 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.

2014 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Invested in capital assets, net of related debt	\$ 50,738,483	\$ 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
Restricted	612,054	721,682	482,780	1,774,167	1,250,342	1,758,470	1,602,932	1,591,678	887,235	2,023,096
Unrestricted	(7,142,570)	(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
Total governmental activities net position	44,207,967	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
Business-type activities										
Invested in capital assets, net of related debt	101,670,949	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
Restricted	36,123,755	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
Unrestricted	36,098,998	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
Total business-type activities net position	173,893,702	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
Primary government										
Invested in capital assets, net of related debt	152,409,432	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
Restricted	36,735,809	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
Unrestricted	28,956,428	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
Total primary government net position	\$ 218,101,669	\$ 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

2014 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 1,288,977	\$ 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
Public safety	19,219,986	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
Public Works	6,594,829	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
Library and recreation	2,942,800	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
Community and economic development	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907	711,743
Central services	512,586	454,816	469,385	599,498	544,611	550,886	586,274	552,042	447,877	236,451
Financial administration	1,368,048	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
Other post-employment benefits	3,348,267	5,119,778	6,534,630	6,142,627	2,843,480	2,441,541	-	-	-	-
Interest on long-term debt	122,812	114,785	90,161	75,397	78,581	87,491	82,657	106,815	118,130	129,352
Total governmental activities expenses	36,074,859	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
Business-type activities										
Water and Sewer	11,397,992	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
Electric	74,481,048	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
Total business-type activities	85,879,040	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
Total primary government expenses	121,953,899	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,137,574	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
Public safety	4,676,162	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
Public works	2,595,648	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
Library and recreation	699,622	656,001	632,824	632,861	650,283	715,404	788,875	1,100,412	549,959	447,948
Operating grants and contributions	2,159,616	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
Capital grants and contributions	1,226,559	2,107,444	6,292,303	856,338	169,130	1,090,838	647,724	790,612	500,103	1,983,669
Total governmental activities program revenues	13,495,181	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
(Continued)										

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
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(Table 2 Continued - Changes in Net Position)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Program Revenues										
Business-type activities:										
Charges for services:										
Water and Sewer	13,268,213	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
Electric	79,489,192	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
Capital Contributions	401,947	-	441,285	997,750	392,855	-	2,078,040	705,572	272,000	368,740
Total business-type activities program revenues	93,159,352	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
Total primary government program revenues	106,654,533	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
Net (expense)/revenue:										
Governmental activities	(22,579,678)	(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)
Business-type activities	7,280,312	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
Total primary government net revenue (expense)	(15,299,366)	(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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	11,094,479	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
Transfer taxes	1,543,626	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
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	3,750
Investment earnings	142,390	36,793	141,925	137,218	268,748	585,264	726,683	1,230,540	640,381	332,853
Transfers	8,500,000	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
Total governmental activities	21,280,495	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
Business-type activities:										
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	(127,477)	(13,264)
Investment earnings	832,919	112,402	630,420	554,787	837,564	1,748,376	2,652,414	2,664,831	1,528,672	1,312,098
Transfers	(8,500,000)	(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)
Total business-type activities	(7,667,081)	(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)
Total primary government	13,613,414	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
Change in Net Position										
Government activities	(1,299,183)	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
Business-type activities	(386,769)	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
Total primary government	\$ (1,685,952)	\$ 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

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Table 3

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 315,580	\$ 709,817	\$ 528,145	\$ 2,023,169	\$ 2,158,007	\$ 1,099,450
Unreserved	-	-	-	-	7,242,323	8,305,396	9,387,795	7,046,831	6,515,829	4,156,574
Non-spendable	207,884	227,457	198,175	191,567	-	-	-	-	-	-
Restricted	129,476	131,237	83,356	85,070	-	-	-	-	-	-
Committed	723,300	936,899	920,475	3,484,203	-	-	-	-	-	-
Assigned	3,163,431	3,519,012	658,890	614,559	-	-	-	-	-	-
Unassigned	3,435,079	3,391,714	3,007,983	3,385,209	-	-	-	-	-	-
Total General Fund	7,659,170	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
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	-	872,309	881,332	5,180,097	5,248,929	2,829,793	2,984,929
Non-spendable	2,447	-	13,099	4,203	-	-	-	-	-	-
Restricted	482,578	590,445	399,424	764,512	-	-	-	-	-	-
Assigned	-	123,349	171,381	289,221	-	-	-	-	-	-
Total all other governmental funds	485,025	713,794	583,904	1,057,936	872,309	881,332	5,180,097	5,248,929	2,829,793	2,984,929
Total fund balances	\$ 8,144,195	\$ 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

NOTE

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

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Table 4

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Fines	\$ 1,011,156	\$ 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
Library revenue	498,553	471,065	475,822	444,455	465,387	514,458	517,697	989,006	451,705	346,652
Licenses and permits	2,952,015	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
Sanitation fees and rebates	2,595,648	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
Recreation	49,144	40,446	44,522	44,292	36,100	47,079	34,111	12,793	-	-
Miscellaneous services	1,831,683	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
Taxes	12,655,035	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
Grants	3,416,319	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
Court of Chancery fees	1,034,460	917,700	863,220	766,340	675,390	738,240	883,880	929,120	792,280	710,380
Investment income	122,490	45,198	117,405	112,722	237,631	513,873	638,782	1,154,829	603,451	315,642
Total revenues	26,166,503	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
Expenditures										
General government	1,271,523	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
Library services	1,697,982	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
Public safety	19,130,832	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
Public works	2,572,965	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
Recreational services	683,363	651,341	827,230	834,124	746,868	869,134	2,699,725	1,452,987	705,241	617,624
Streets and sanitation services	4,634,091	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
Engineering services	-	-	-	-	-	-	-	314,728	289,208	253,299
Financial administration	1,002,539	909,877	902,009	866,314	895,570	1,009,240	1,055,619	829,002	725,963	687,450
Garage and stores	415,593	431,542	503,036	490,113	526,286	491,450	486,966	402,915	417,202	418,710
Insurance	272,895	241,395	198,241	203,343	197,723	199,643	176,947	165,584	153,202	168,430
Retiree health care lump sum	1,636,500	1,620,600	1,614,241	1,297,509	1,006,397	3,265,857	758,185	736,286	645,457	590,587
Employee pension unfunded liability	121,000	1,693,500	1,545,000	1,544,978	-	-	134,775	402,204	-	-
Street lights	774,533	878,760	986,430	968,562	956,860	937,013	917,438	624,243	545,426	534,682
Community and economic development	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907	711,743
Miscellaneous	-	-	-	-	-	-	-	-	-	16,000

(Continued)

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
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(Table 4 - Continued Changes in Fund Balances of Governmental Funds)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenditures										
Debt service										
Principal	429,239	296,003	275,000	270,000	260,000	365,000	350,000	368,384	464,480	490,171
Interest	122,812	73,071	52,734	65,225	68,410	77,319	87,468	96,644	107,959	121,350
Other charges (issuance of debt)	-	1,029	27,255	-	-	-	-	-	-	-
Total expenditures	35,442,421	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
Excess of revenues over (under) expenditures	(9,275,918)	(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)
Other financing sources (uses)										
Bond proceeds	-	2,648,500	851,500	-	-	-	-	-	-	-
Transfers in	11,458,445	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
Transfers out	(2,958,445)	(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)
Sale of capital assets	-	-	-	-	-	-	-	-	-	3,750
Total other financing sources (uses)	8,500,000	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
Net change in fund balances	<u>\$ (775,918)</u>	<u>\$ 3,467,330</u>	<u>\$ (2,783,617)</u>	<u>\$ 388,332</u>	<u>\$ (1,466,333)</u>	<u>\$ (5,199,492)</u>	<u>\$ 777,108</u>	<u>\$ 2,815,300</u>	<u>\$ 3,262,676</u>	<u>\$ 1,635,818</u>
Debt service as a percentage of noncapital expenditures	1.74%	1.14%	1.07%	0.85%	1.05%	1.42%	1.49%	1.66%	2.25%	2.43%
Capital outlay included in total expenditures (1)	\$ 3,777,578	\$ 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

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
2014	\$ 11,094,479	\$ 1,543,626	\$ 12,638,105
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

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.)

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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
2014	\$ 4,525,547,960	\$ 1,365,654,100	\$ 3,159,893,860	\$ 4,525,547,960	69.82%	\$ 0.3378
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

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

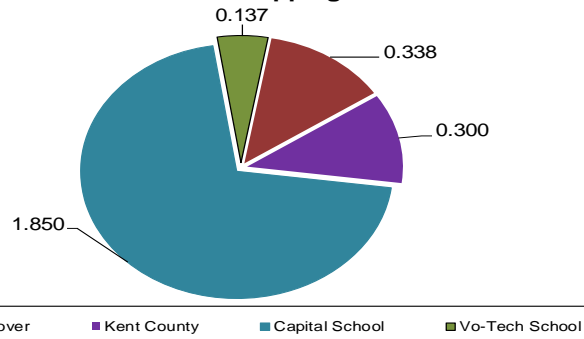
City of Dover, Delaware
Property Tax Rates - All Direct and Overlapping
Governments with the Capital School District
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

- 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	
2014	\$ 0.3378	\$ 0.300	\$ 1.850	\$ 0.1372	\$ 2.625
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 *

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

Property Tax Rates - FY 2014
All Direct & Overlapping Governments



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Table 8

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

TAX PAYERS	2014 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2005 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$146,847,600	1	4.65%	\$87,257,686	1	4.95%
Dover Mall LP/Dover Commons	87,751,600	2	2.78%	45,018,200	2	2.55%
Dover Medical Center	27,270,100	3	0.86%	-	-	-
Dover South Coast Partnership	25,035,100	4	0.79%	9,777,500	9	0.55%
Kraft-General Foods Corp.	19,565,300	5	0.62%	31,425,800	3	1.78%
Robino Bay Court Plaza	14,400,000	6	0.46%	6,593,000	-	0.37%
Berks City Real Estate LLC	13,492,400	7	0.43%	7,635,700	-	0.43%
Millers Dover Downs	13,463,600	8	0.43%	4,632,200	-	0.26%
G & I VA Dover Country Club LLC	13,176,500	9	0.42%	7,184,200	-	0.41%
McKee Road Business Park LLC	12,774,400	10	0.40%	8,821,700	-	0.50%
Del-Homes Catalog Group	-	-	-	9,241,600	10	0.52%
Dover Wipes	-	-	-	20,965,800	4	1.19%
K.W. Lands/Sheraton/Hampton	-	-	-	9,987,300	8	0.57%
Playtex Apparel Inc.	-	-	-	10,812,400	7	0.61%
Energizer(was Playtex Products Inc.)	-	-	-	13,724,600	5	0.78%
Woodmill Capital Advisors LLC	-	-	-	12,367,200	6	0.70%
	\$373,776,600		11.84%	\$285,444,886		16.17%

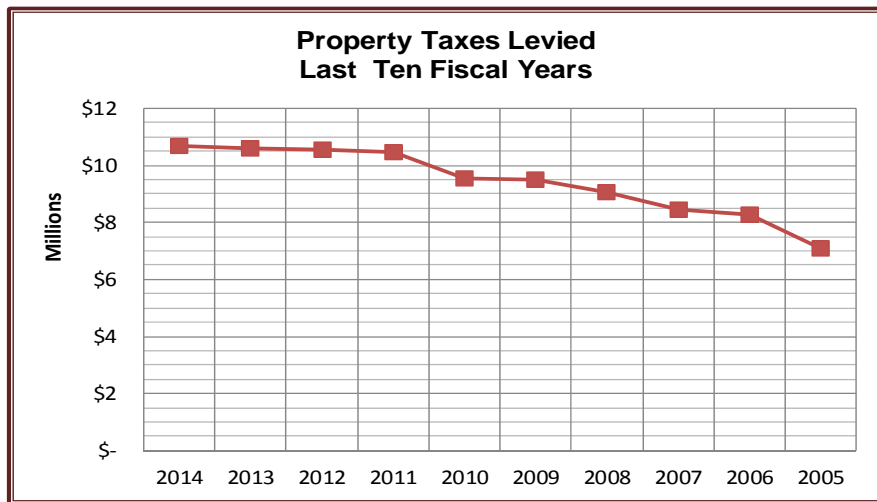
Source: Tax Assessor's Office, City of Dover

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
2014	\$ 10,696,886	\$ 10,493,954	98.1%	\$ -	\$ 10,493,954	98.10%
2013	10,594,623	10,398,888	98.2%	181,590	10,580,478	99.87%
2012	10,549,631	10,280,930	97.5%	263,665	10,544,595	99.95%
2011	10,481,734	10,166,681	97.0%	310,913	10,477,594	99.96%
2010	9,525,034	9,314,327	97.8%	207,790	9,522,117	99.97%
2009	9,512,522	9,206,158	96.8%	305,439	9,511,597	99.99%
2008	9,074,777	8,937,384	98.5%	137,294	9,074,678	100.00%
2007	8,448,462	8,242,898	97.6%	205,557	8,448,455	100.00%
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%	168,760	7,109,977	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	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population
	General Obligation Bonds	Capital Leases	Water/Sewer Revenue Bonds	Electric Revenue Bonds	Capital Leases				
2014	\$ 4,049,758	\$ -	\$ 14,412,347	\$ 23,940,000	\$ -	\$ 42,402,105	5.4%	1,130	37,540
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

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	Net Taxable Assessed Value	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2014	37,540	\$3,159,893,860	\$ 4,049,758	\$ 4,049,758	0.13%	107.88
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

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 ⁽¹⁾	Ratio of Debt Service to Total General Expenditures
2014	\$ 429,239	\$ 122,812	\$ 552,051	\$ 39,646,120	1.39%
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%

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, 2014**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 4,049,758	100%	\$ 4,049,758
Kent County ⁽¹⁾	47,453,047	6%	2,847,183
Capital School District ⁽²⁾	<u>69,989,915</u>		<u>-</u>
TOTAL	<u>\$ 121,492,720</u>		<u>\$ 6,896,941</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 \$47,453,047 as of June 30, 2014. Although, Kent County's bonds are general obligation bonds, \$42,549,433 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2014 the net outstanding debt was \$69,989,915. Percentage and amount applicable to the City is not available.

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
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Table 14

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 157,995	\$ 159,075	\$ 156,429	\$ 155,838	\$ 144,341	\$ 144,965	\$ 697,621	\$ 724,537	\$ 631,827	\$ 441,087
Net (Taxable) Assessed Value on Books	3,159,894	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
Total net debt applicable to limit	4,050	4,479	1,550	1,820	2,080	2,445	2,795	3,140	3,475	3,805
Legal Debt Margin	\$ 153,945	\$ 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	2.56%	2.83%	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>\$ 3,159,894</u>
Debt Limit - 5 Percent of Total Assessed Value	\$ 157,995
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>4,050</u>
LEGAL DEBT MARGIN	<u>\$ 153,945</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
2014	\$ 79,476,865	\$ 68,594,189	\$ 10,882,676	\$ 2,170,000	\$ 1,131,854	\$ 3,301,854	3.30
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

Source: City of Dover Financial Records.

NOTES

- | | | | | | | | | | |
|--|---|--|--------------------|---------------|---------------------------------|--------------|---------------------|---------------|---|
| <p>1. Coverage required by the bond resolution is 1.25.</p> | <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>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>\$ 79,474,753</td> </tr> <tr> <td>Interest Earned-Operating Funds</td> <td><u>2,112</u></td> </tr> <tr> <td>Total Gross Revenue</td> <td>\$ 79,476,865</td> </tr> </table> | Gross Revenue: | | Operating Revenues | \$ 79,474,753 | Interest Earned-Operating Funds | <u>2,112</u> | Total Gross Revenue | \$ 79,476,865 | <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> |
| Gross Revenue: | | | | | | | | | |
| Operating Revenues | \$ 79,474,753 | | | | | | | | |
| Interest Earned-Operating Funds | <u>2,112</u> | | | | | | | | |
| Total Gross Revenue | \$ 79,476,865 | | | | | | | | |
| <p>3. Direct operating expenses do not include depreciation expense.</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> | | | | | | | | |
| <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> | | | | | | | | | |

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
2014	\$ 13,307,253	\$ 9,326,405	\$ 3,980,848	\$ 1,132,806	3.51
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

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 \$0.8 million respectively, resulting in an increase in debt service.
6. In Fiscal year 2014, the City issued Water and Sewer Revenue Bonds in the amount of \$6,125,000. These bonds were issued to refund the Series 2013 Water and Wastewater Revenue bonds and provide \$4,005,960 for two capital projects.

Table 17

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

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	37,540	\$ 788,039,680	\$ 20,992	29.8	6,527	6.4%
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%

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: 2011-2013 American Community Survey 3-Year Estimate - 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
Current Year and Nine Years Ago

Name	2014			2005		
	Numbers of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Dover Air Force Base ⁽¹⁾	6,400	1	31.8%	8,900	1	31.2%
State of Delaware ⁽²⁾	4,500	2	22.4%	8,791 ⁽³⁾	2	30.8%
Bayhealth Medical Center ⁽²⁾	3,282	3	16.3%	2,754	4	9.6%
Dover Downs Co., Inc.	1,409	4	7.0%	896	7	3.1%
Dover Mall LP ⁽³⁾	1,000	5	5.0%	3,200	3	11.2%
Capital School District	1,000	7	5.0%	750	8	2.6%
Delaware State University	1,112	6	5.5%	1,150	5	4.0%
Kraft Foods Inc.	606	8	3.0%	621	9	2.2%
Energizer Personal Care (Playtex Produ	490	9	2.4%	1,105	6	3.9%
City of Dover	330	10	1.6%	378	11	1.3%
	<u>20,129</u>			<u>28,545</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. Figures estimated by Employer

Table 19

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assessor	3.0	3.0	3.0	3.0	4.5	4.5	4.5	3.0	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	4.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0
Customer Services	15.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	14.0	16.0
Delaware Prevention Network	-	-	-	-	-	-	-	-	-	1.0
Facilities Management	7.0	9.0	12.0	13.0	13.0	13.0	13.0	12.0	12.0	13.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Human Resources	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	3.5	3.5
Information Technology	5.0	5.0	5.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
Library	13.0	13.0	12.0	17.5	18.0	18.0	18.0	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	5.0	6.0	8.0	8.0	8.0	8.0	5.0	5.0	5.0
Police Civilian	31.0	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	93.0	91.0	90.0	93.0	93.0	91.0	90.0	87.0
Procurement & Inventory aka Central Services	4.0	4.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0	7.0
Public Services, Administration	5.0	6.0	5.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0
Public Services, Inspections	6.0	7.0	7.0	7.0	7.0	7.0	16.0	15.0	15.0	14.5
Public Services, Life Safety	3.0	3.0	3.0	4.0	4.0	4.0	-	-	-	-
Public Services, Economic Development	3.0	3.0	3.0	3.0	3.0	3.0	-	-	-	-
Public Services, Weed and Seed	-	-	-	-	-	-	-	-	1.0	1.0
Planning	4.5	4.5	5.0	5.0	6.0	6.0	5.0	5.0	4.0	3.0
Code Enforcement	5.0	4.0	4.0	4.5	5.0	5.0	-	-	-	-
Community Development	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works, Grounds Maintenance	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0	15.0
Public Works, Sanitation	11.0	11.0	13.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Public Works, Streets	8.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Works E & I	-	-	-	-	-	-	-	-	-	3.0
General Fund Total	270.0	269.0	279.0	289.0	298.5	301.5	298.5	288.0	283.5	281.5
Public Utilities, Electric Administration	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	10.0	12.5	12.5	12.5	20.5	20.5	19.5
Public Utilities, Electric System OPS	5.0	5.0	5.0	5.0	5.0	5.0	5.0	-	-	-
Public Utilities, Electric Meter Reading	3.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0
Public Utilities, Electric Transmission and Distribution	24.0	24.0	25.0	25.0	28.0	28.0	28.0	29.0	29.0	29.0
Electric Fund Total	45.0	45.0	47.0	47.0	53.5	53.5	54.5	57.5	57.5	56.5
Public Utilities, Construction	3.0	5.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0
Public Utilities, Wastewater Engineering	5.0	6.0	6.0	6.0	8.0	8.0	8.0	3.0	3.0	-
Public Utilities, Wastewater T & D	11.0	10.0	10.0	9.0	11.0	11.0	11.0	11.0	11.0	9.5
Public Utilities, Water T & D	4.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.5
Public Utilities, Water Treatment Plant	11.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	8.0	8.0
Water Meter Reading	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Water/Wastewater Fund Total	34.0	36.0	36.0	35.0	42.0	42.0	42.0	37.0	36.0	31.0
Total Full-Time Equivalents	349.0	350.0	362.0	371.0	394.0	397.0	395.0	382.5	377.0	369.0

Source: City of Dover Budget

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Table 20

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

	June 30, 2014	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
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	14909.33	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
Land area - Square Miles	23.29	23.29	23.29	23.29	23.29	22.586	22.586	23.303	22.929	22.991
Total Miles of Street	164.49	164.08	162.81	158.94	159.62	159.62	159.62	155.62	153.76	152.96
City Maintained Miles of Streets	105.14	104.73	103.46	101.59	100.27	100.27	100.27	96.27	94.41	93.61
State Maintained Miles of Streets	53.35	59.35	59.35	57.35	59.35	59.35	59.35	59.35	59.35	59.35
Dover Population - U. S. Census data	37,089	36,047	36,047	36,047	32,043	32,043	32,043	32,043	32,043	32,043
Dover Population - City Count	37,366	36,492	36,267	36,047	36,559	35,997	35,503	34,689	33,965	33,389
Registered Voters	22,779	21,998	22,362	21,454	21,897	21,897	20,181	19,084	19,502	18,714
Electric Utility:										
Generating Units	4	4	4	4	4	4	4	4	4	4
Co-Generating Unit	1	1	1	1	1	1	1	1	0	0
	5	5	5	5	5	5	5	5	4	4
Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	176 mw	176 mw	175 mw	175 mw
Co-Generating Capacity	16 mw	16 mw	16 mw	16 mw	16 mw	16 mw	16 mw	16 mw		
	191 mw	191 mw	191 mw	191 mw	191 mw	191 mw	192 mw	192 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	15	16	16
High Peak Load	164.162 mw	171 mw	172 mw	162.6 mw	164.082 mw	155.656 mw	175 mw	176 mw	160	160
Customers:										
Residential	19,900	19,990	19,908	19,782	19,785	19,682	19,137	18,578	18,297	17,867
Commercial	3,412	3,412	3,354	3,386	3,370	3,497	3,664	3,422	3,280	2,813
Primary	37	37	39	38	36	37	37	36	32	32
Vapor Lights Only	811	811	811	820	843	850	880	872	867	867
69 KV Industrial	5	4	4	4	4	4	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	0	149	149
Total Customers Sales \$	\$78,179,196	\$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
Total Customers Sales kWh	720,874,705	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
PowerSupply										
\$	\$55,822,253	\$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
kWh	733,775,177	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
Fire Department:										
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)	160	100	100	100	120	80	100	100	100	100
Equipment	15	15	15	14	14	14	18	14	14	11

2014 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 20 – Continued

	June 30, 2014	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
Parks and Recreation:										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	24	24	24	22	22	22	22	22	22	22
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Substation	0	0	0	0	0	0	0	0	0	0
Uniformed Personnel	94	93	93	93	90	92	92	90	88	87
Automobiles	77	75	78	67	66	66	66	66	71	79
Motorcycles	7	7	7	7	7	7	7	5	5	5
Motor Boats	0	0	0	1	1	1	1	1	1	1
Bicycles	12	12	12	4	4	4	4	4	4	4
Specialty Vehicles	7	7	7	7	7	6	6	6	6	5
Trailers	2	2	2	3	3	3	3	4	4	3
Public Library:										
Books	100,262	97,801	93,050	103,091	138,931	121,312	119,392	120,203	111,496	101,631
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	21,008	16,929	15,265	14,409	15,572	15,356	11,917	11,507	7,171	10,138
Members	37,531	34,308	32,717	33,466	36,534	39,354	37,587	37,036	39,202	48,626
Magazines Subscriptions	191	187	217	178	201	193	287	359	359	359
Newspapers	10	11	11	19	19	19	29	15	12	12
Circulation of Books	463,113	444,333	407,611	400,130	375,632	428,633	408,827	400,336	398,666	398,842
Electronic Downloads - Books	17,219	11,770	2,635	-	-	-	-	-	-	-
Water Utility:										
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)	223.15	222.3	217.5 miles	215.7 miles	215.7 miles	215.7 miles	196 miles	176 miles	176 miles	185 miles
Average Day (Gallons Pumped)	4,197,984	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
Peak Day (Gallons)	6,305,000	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
Water Production (Gallons Pumped)	1,532,264,000	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
Total Water Consumption (Gallons Billable)	1,374,855,000	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
Average Day (Gallons Billable)	3,766,726	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
Number of Metered Customers	12,341	12,373	12,385	12,330	13,863	13,375	13,229	11,962	11,764	11,625
Number of New Connections	0	0	55	0	488	146	284	198	139	475
Wastewater Utility:										
Pumping Stations	40	40	40	42	42	42	42	42	38	34
Wastewater Mains	187.59 miles	186.87 miles	186.87 miles	185 miles	185 miles	185 miles	185 miles	185 miles	185 miles	160 miles
Average Day (Gallons Pumped)	3,415,901	4,312,742	4,379,033	4,230,819	5,385,060	4,220,493	4,277,219	4,755,479	4,715,498	5,122,685
Peak Day (Gallons Pumped)	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	5,983,000
Wastewater Discharge (Gallons Pumped)	1,246,804,000	1,574,151,000	1,602,726,000	1,544,249,000	1,965,547,000	1,540,480,000	1,561,185,000	1,735,750,000	1,721,156,750	1,869,780,000
Wastewater Discharge (Gallons Billable)	17,861,000,000	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
Average Day (Gallons Billable)	3,415,901	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
Number of New Connections	0	5	55	0	488	146	Not Available	Not Available	Not Available	350
Water Treatment Plant:										
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
Sales to Customers:										
Water Fees	\$4,459,808	\$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
Wastewater Fees	\$3,562,400	\$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
Wastewater Adjustment	\$2,930,333	\$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

Sources: Various City departments

Table 21
City of Dover, Delaware
Summary of Insurance
as of June 30, 2014

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<u>Property</u>		
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	\$ 25,000	\$500 Deductible
Robbery or Safe Burglary of Other Property		
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	\$1,000,000
Damages to Premises Rented to You Limit (Any One Premises)	\$ 100,000
Medical Expenses	-
Sewer Back Up	\$1,000,000 (resulting from negligence)
Failure to Supply	\$1,000,000
Sexual Abuse Each Person	\$1,000,000
Sexual Abuse Total Limit	\$2,000,000

Statutory Cap Limits of Coverage Endorsement

Delaware Each Occurrence Statutory Cap Limit	\$ 300,000
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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
<u>Public Entity Management Liability</u> - Claims Made	
Retroactive Date: 7/1/1996	
Aggregate Limit	\$3,000,000
Each Wrongful Act Limit	\$1,000,000
Deductible	\$ 25,000
<u>Employment Practices Liability</u> - 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:	
<u>Automobile</u>	
Liability	\$1,000,000
Personal Injury Protection	\$ 300,000
Uninsured/Underinsured Motorist (Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	\$1,000,000
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:	
<u>Excess Crime</u>	
Employee Theft per Loss (Over Policy# 630OB165227)	\$500,000 excess of \$500,000

Table 21 – Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Umbrella Excess Liability Coverage:	
<u>Umbrella</u>	
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 Or Event	\$ 10,000
<u>Umbrella Underlying Policies:</u>	
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
Cyber Liability Coverage:	
<u>Cyber Liability – Claims Made</u>	
Retroactive Date: 12/01/2012	
Aggregate Limit	\$25,000
Third Party Liability – Each Wrongful Act Limit	\$25,000
Network & Information Security Liability	\$ 1,000
First Party Liability Security Breach Notification & Remediation Expenses	\$10,000
Deductible	\$ 1,000
Crisis Management Service Expenses	\$10,000
Deductible	\$ 1,000
Pollution Liability Coverage:	
<u>Pollution Liability</u>	
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
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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
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Bond – Public Officials Bond - Donna Mitchell – Treasurer

Limit:	\$100,000
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Bond- Public Officials Bond - Traci McDowell – City Clerk/Assistant Treasurer

Limit:	\$100,000
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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

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