



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED



JUNE 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2015**



**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.

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Account Clerk II

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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, 2015

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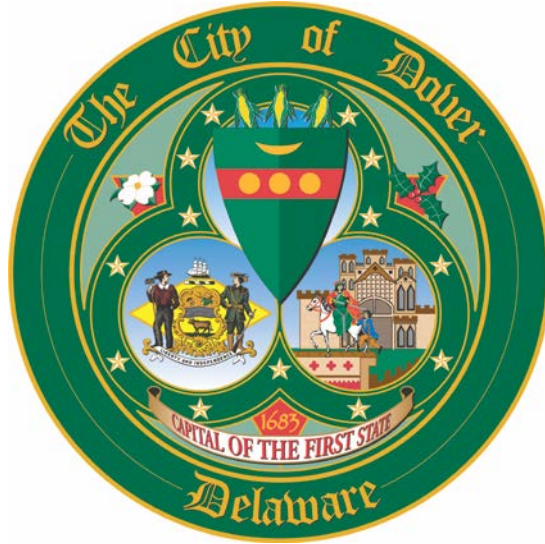


The Green –

A historical park located in old downtown Dover near the Courthouse
and the State House

Credit photo: Dover Mercury, doversociety.org.uk

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



City Hall – Flowers in bloom

Credit Photo: Greg Hughes



Calpine/Garrison Energy Center –

Officials give staff members of the Delaware State News a tour of the Garrison Energy Center under construction in Dover's Garrison Oak Technology Park

Credit Photo: delaware.newszap.com



Uzin Utz –

Officials celebrated the grand opening in September 2015

Credit Photo: delawarestatenews.net



November 30, 2015

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, 2015. 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, 2015. 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 37,618. 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 and personnel. 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. Economic growth finally appears to be improving in Dover, as evidenced by the increased building permit activity and value of construction during the fiscal year. While still below the level of growth prior to the recession, Dover is experiencing a consistent level of investment that reflects economic growth within the capital.

Residential growth has improved modestly, 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, particularly along the U.S. Route 13 corridor. Efforts to revitalize the traditional urban core of downtown Dover have continued and gained a new breath of life with the designation of Dover's Downtown Development District by Governor Jack Markell on January 11, 2015. Dover was one of three districts designated statewide, where development projects are eligible for a rebate of up to 20 percent of construction costs. These rebates, combined with other incentives offered by the City of Dover, Kent County, State of Delaware, and the Downtown Dover Partnership have generated a new interest on the part of the development community in the downtown that we expect to see translate to new development activity over the next couple of years.

Total value of construction was estimated at \$109.7 million during Fiscal Year 2015. This represents an increase in nearly \$17 million in construction value over the prior fiscal year. The City of Dover issued 3,248 business licenses in Fiscal Year 2015. Building permits issued during this period totaled 1,749 which is an increase of 771 permits over the previous year. The City of Dover Planning Office processed 25 new development applications (site plans, subdivisions and conditional uses) and four rezoning applications during the reporting period, which is a slight increase from the prior fiscal year. While this

represents a decrease in applications, some activities that previously required a site plan application are now able to be reviewed through the building permit process.

Growth and development trends during Fiscal Year 2015 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, 2015 was 37,618. This change represents a 4.3% population increase over the decennial Census.

RESIDENTIAL DEVELOPMENT

A total of 58 new residential housing starts were recorded during Fiscal Year 2015, which represents an increase of eighteen from the prior fiscal year. Construction activity continued in Nottingham Meadows, Senators Lake, and Clearview Meadows, and construction resumed in the Village of Westover and the Village of Cannon Mills. The City completed the infrastructure for a majority of the Village of Cannon Mills in fiscal year 2015. This residential development had been abandoned and became bank-owned prior to the completion of infrastructure. The progress in this neighborhood is an important step forward in moving out of the economic downturn. The Eden Hill Residential District was purchased and plans began moving forward for additional construction. Additionally, infrastructure was completed and dedicated for Phase 1 of the Residential District.

The apartment market continued to be strong in Fiscal Year 2015, with the completion of the third building at The Grande, beginning of construction at Leander Lakes, and a rezoning application to allow expansion of the Blue Hen Apartments.

DOWNTOWN DOVER REDEVELOPMENT

In October 2014 NCALL completed the Restoring Central Dover Plan, a collaborative plan involving stakeholders throughout the community that contains strategies for addressing the challenges facing central Dover. In June 2015, NCALL received a \$750,000 grant to be spent over five years for implementation of the Restoring Central Dover Plan. The Restoring Central Dover steering committee remains engaged in implementing the action items identified in the plan.

In October 2014 the City of Dover submitted an application to the State of Delaware for Downtown Development District designation. The core of the District plan was the Restoring Central Dover Plan and the Transit Center Neighborhood Plan and Design Book that was completed in 2011. Together these documents articulate a vision for downtown Dover and cohesive strategies to bring this vision to life. On January 11, 2015, Governor Jack Markell announced the three Downtown Development District designations, including Dover. Dover quickly shifted into implementation and promotion of the Downtown Development District program. As of the close of the fiscal year, two large projects (over \$250,000 in construction costs) were underway and three small projects were nearing completion. Additional projects are in the planning stages or also underway.

In summer 2015, the Solid Rock Baptist Church Community Outreach Center was completed, providing a location for community meetings and programs in the downtown area. As the fiscal year drew to a close, the construction of the Inner City Sankofa Cultural Arts Center neared completion. When complete, this is expected to be a key community center for cultural arts. Summer 2015 also brought the construction of new owner-occupied homes on South Kirkwood Street by Central Delaware Habitat for Humanity. Central Delaware Habitat for Humanity has proven to be a key partner in bolstering homeownership and redeveloping downtown Dover. Along with NCALL and Milford Housing Development Corporation, Habitat has made a commitment to focus their efforts on the construction of affordable owner-occupied homes in the core of central Dover over the next several years.

INSTITUTIONAL DEVELOPMENT

Institutional development has continued during fiscal year 2015. Delaware State University completed construction of its Applied Optics Research (OSCAR) building. Westminster Health Care Center embarked on a major renovation of its facility on McKee and College Roads.

RETAIL/COMMERCIAL DEVELOPMENT

Construction in the retail sector improved during Fiscal Year 2015, particularly on the DuPont Highway corridor. The redevelopment of the former Uno's Restaurant and Farley Printing are now the location of strip retail and restaurant centers. Renovations began on the former Walmart site that will be redeveloped into a commercial strip center with pad sites. Winner Volkswagen and Winner Ford also went to construction in fiscal year 2015. Noodles and Company opened a location in the North Dover Shopping Center, and Produce Junction purchased and made major renovations to a vacant building on North DuPont Highway.

INDUSTRIAL DEVELOPMENT

The Dover economy derives considerable benefits from a variety of large industrial and manufacturing companies including Kraft Foods, Procter and Gamble, Edgewell Family Products, and Berry Van Lines, as well as numerous small- to mid-sized industrial entities. During the fiscal year, Edgewell began a large expansion associated with bringing a product line from Canada to Dover. This was under construction as the fiscal year closed. Construction progressed on the Garrison Oak Technology Park infrastructure, the Garrison Energy Center, and the Uzin Utz Manufacturing facility. With the infrastructure nearing completion, other lots in the park are now open for development.

OFFICE DEVELOPMENT

Dover's dominance as the place for business office locations downstate has continued. The 20,000-square-foot NBR Office Building located on New Burton Road was constructed and will be occupied soon. Permits were issued for the fit-out of the State Street Commons office building, which had remained a vacant shell since its construction. While the office market had appeared to be saturated, there seems to be a slow come-back in the sector of the construction economy.

INFRASTRUCTURE

The City has several large water and sewer projects underway to upgrade pump stations, distribution mains 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, including the construction of the West Dover Connector, which will alleviate some of the traffic going through the downtown area.

Summary

While Dover continues to be affected by the nation's economic downturn, fiscal year 2015 saw meaningful growth in the state capital. While the majority of growth and development in recent years took place in the institutional sector, fiscal year 2015 brought growth in the residential and retail sectors. The development of the Garrison Oak Technical Park is also a benefit to the local economy, and now that the infrastructure development is nearly complete, the development-ready industrial lots are likely to become more attractive to industrial users. Dover remains a center for commerce, services and residential communities. As the economy rebounds, Dover is well positioned to support continued growth, and the investment 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 sold to Uzin Utz a German manufacturer of flooring compounds. The Dover Sun Park has occupied one of the parcels since 2010 and the Garrison Energy Center 305 megawatt electric generating station that had been under construction since fiscal year 2013 was completed and in operation as of May 2015.

The City completed \$0.6 million of improvements in street repaving and replacement of sidewalks in accordance with its street and sidewalk replacement program. The City also continues to install security cameras and equipment to provide for security of City assets and assist with public safety measures as demonstrated with another \$0.2 million this fiscal year.

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 2015, \$2.0 million of water and wastewater capital improvements were completed, as well as another \$1.5 million of infrastructure contributed by developers. This included the completion of the Piney Point Well, several pump station upgrades, and replacement of sewer mains on Buck Drive.

The electric utility completed capital improvements of \$2.9 million in fiscal year 2015. The major initiatives by the utility were the completion of the Horsepond Road substation upgrade, system upgrades to capacitors, lighting, and substation battery replacements. Several new services were also completed. The City’s plant operator, North American Energy Services, completed the Unit 3 Cooling Tower repairs 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 basing them on the impact they have on customer service and revenue losses. The fiscal year 2015/2016 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 in May and the final plan is approved by City Council along with the annual budget in June.

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. 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, 2015 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 9.9%. The electric utility ended the year with a budget balance of 9.8% more than the projected power supply and generation cost.

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, 2014. This was the thirtieth (30) 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. 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,



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, 2014

Executive Director/CEO



Mayor Robin R. Christiansen



City Council Members

1st Row:

Councilman at Large Timothy A. Slavin, First District: James E. Hosfelt and James L. Hutchison

2nd Row:

Second District: William F. Hare and Brian E. Lewis. Third District: Scott W. Cole and Fred A. Neil

3rd Row:

Fourth District: David L. Anderson and Roy Sudler

CITY OF DOVER, DELAWARE

List of Elected Officials

June 30, 2015

	<u>Length of Services</u>	<u>Term Expires</u>
<i>Mayor</i>		
Robin R. Christiansen	1 Year	May 2019
<i>City Council</i>		
<i>At-Large</i>		
Timothy A. Slavin*	2 Years	May 2017
<i>First District</i>		
James E. Hosfelt, Jr.	4 months	May 2019
James L. Hutchison, Sr.	4 Years	May 2017
<i>Second District</i>		
William F. Hare	4 Years	May 2017
Brian E. Lewis	4 months	May 2019
<i>Third District</i>		
Scott W. Cole	4 months	May 2019
Fred A. Neil	4 months	May 2017
<i>Fourth District</i>		
David L. Anderson	4 Years	May 2017
Roy Sudler, Jr.	4 months	May 2019
*Council President		

CITY OF DOVER, DELAWARE

List of Appointed Officials

June 30, 2015

	Length of Time in Position	Length of Time with the City
City Clerk/Assistant Treasurer - Traci A. McDowell	10 Years	29 Years
City Manager/Civil Defense Director - Scott D. Koenig	4 Years	25 Years
City Solicitor - Nicholas H. Rodriguez	47 Years	47 Years
Deputy City Solicitor - William W. Pepper	26 Years	26 Years
Council President - Timothy A. Slavin	Since 5/11/15	2 Years
City Assessor - Cheryl A. Russell	6 Years	23 Years
City Building Inspector - Ann Marie Townshend	3 Years	9 Years
City Planner - Ann Marie Townshend	9 Years	9 Years
Controller/Treasurer - Donna S. Mitchell	15 Years	15 Years
Fire Chief - Mark Hall	6 months	10 Years
Fire Marshal - Timothy P. Mullaney, Jr.	1 Year	9 Years
Police Chief - Paul M. Bernat	1 Year	25 Years

CITY OF DOVER, DELAWARE

List of Commissions & Committees

June 30, 2015

Awards Committee

Peggy Angel
Ronald R. Gough
Georgia Van Sant

Board of Adjustment

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

Board of Assessment Appeals (Formerly Tax Appeals Committee)

Thomas Burns, Real Estate Brokerage of Sales
James Galvin
William Garfinkel
John Kelly, Accounting
Todd Stonesifer, Real Estate Brokerage of Sales
James Welsh, Property Appraisal/Assessments

Civilian Pension Board of Trustees

Teresa Tieman, Chair
David L. Anderson, Councilman
Scott W. Cole, Councilman
Scott D. Koenig, City Manager
Donna S. Mitchell, Controller/Treasurer
Lester Blakeman
Kenneth Clendaniel

Compensation

K. C. Sheth
P. Raquel Bushweller
Richard Cook
Adam Perza
Louise Webb
Donna S. Mitchell, Controller/Treasurer
Kimberly Hawkins, Human Resources Director

Construction Code Appeals

Roy Sudler, Jr., Councilman, Chairman
Brian E. Lewis, Councilman
Scott D. Koenig, City Manager

Dover Fourth of July Celebration

Greg Patterson, President/Vice Chairman
Mayor Robin R. Christiansen, Chairman
Brad Holden, Vice-President
Donna Mitchell, Treasurer/Secretary
Ann Marie Townshend
Susan Betts
Sarah Zimmerman
Andrea Maucher
Karen Nickerson

Dover Housing Authority

Ami Sebastian-Hauer, Executive Director
Raymond L. Paylor
Enrico LePore
Cherrita L. Matthews
Audrey Daniels
Sandy Miffiin-Taylor
George Records
Vacancy

Public Advisory Committee of the Dover-Kent County MPO

Dr. Carlton L. Cannon, Jr.
Jonathan Contant
Karen McGloughlin

Dover Public Library Advisory

Dorothy Snyder, President
Scott W. Cole, Councilman
Zachery Carter
Lois J. Dunning
Beth Petit De Mange
Gertrude Jackson

Technical Advisory Committee of the Dover-Kent County MPO

Timothy M. Riley, District Coordinator
David L. Edgell, Vice Chairman
Aaron Chaffinch
Rick Crawford
Marc Dixon
Sharon Duca
Valerie Gray
Dave Hugg
Sarah Keifer
Ryan Long
Hans Medlarz
Milton Melendez
Mila Robinson
Catherine C. Smith
Jeff Stone
Ann Marie Townshend
Jennifer Vallee

Downtown Dover Partnership Board

Gregory V. Moore, President
Scott D. Koenig, City Manager
Ann Marie Townshend
Councilman David L. Anderson, Councilman
William F. Hare, Councilman
James E. Hosfelt, Jr., Councilman
Mayor Robin R. Christiansen
Diane Laird, Office of Economic Development
Timothy A. Slavin, Office of the Secretary of State
Brian Bushweller, State Senator - 17th District
Sean M. Lynn, State Representative - 31st District
John Tinsley - Commercial Property Owner
Cindy Small - Downtown Cultural Arts Representative
Maxine Lewis
Michael Harrington
Joseph McDaniel - Resident of Downtown Area
Paul Lakeman - Chief Executive Officer of Bayhealth Foundation
Dr. William Johnston - President of Wesley College
Anita Evans
Lucy Findlay
Gerald I. H. Street

Dover-Kent County MPO

Bradley S. Eaby, Chairman
Don Tinari, Vice Chairman
Mayor Robin R. Christiansen
Jennifer Cohan
Reginald Lovelace
Terry Pepper
Mary Ridgeway
John Sisson

Election Board

William Garfinkel, Chairman
Anita L. McDowell Boyer - First District
Cherrita L. Matthews - Second District
Curtis E. Raymond - Third District
M. Milford Caldwell - Fourth District
Traci A. McDowell, City Clerk

Ethics Commission

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

Greater Dover Arts

Brian Miller, Chairman
Chevis Anderson
Becky Cooper
N. Taylor Collins
Paul Janiga
Susan Johnston
Caroline Greene
Cheryl Scheir
Amy Spampinato
Cynthia Witt
Vacancy

Historic District

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

Human Relations

Lynne Sadusky - At-Large Representative
S. Renee Smith - First District Representative
Theodore Henderson - Second District Representative
Eugene Ruane - Second District Representative
James McGiffin - Third District Representative
Courtney Stewart - Third District Representative
Kenneth Roach - Fourth District Representative
Jane Hicks - Fourth District Representative
Vacancy - First District Representative

Kent County Tourism Board

William F. Hare, Councilman
William G. Neaton, Director of Economic Development

Legislative, Finance and Administration

William F. Hare, Chairman
Scott W. Cole, Councilman
Roy Sudler, Jr., Councilman
Andrea Maucher
Daniel T. Shevock

OPEB Board

Scott D. Koenig, City Manager
Scott W. Cole, Councilman
James E. Hosfelt, Jr., Councilman
Kim Hawkins, Human Resources Director
Donna Mitchell, Controller/Treasurer

Parks, Recreation & Community Enhancement

David L. Anderson, Chairman
James E. Hosfelt, Jr., Councilman
Brian E. Lewis, Councilman
M. Milford Caldwell, Jr.
Ann Baker Horsey

Planning Commission

First District:
Col. Robert D. Welsh, Chairman
Dr. Bobby Jones
Second District:
Michael J. Ambruso, Sr.
Thomas Holt
Third District:
Fred Tolbert, Vice Chairman
Dean Holden
Fourth District:
John H. Baldwin, Sr.
Edgar C. Cregar, Jr.
At-Large: Kathleen Still

Pension - Police

David L. Anderson
Scott W. Cole, Councilman
Scott D. Koenig, City Manager
Paul Bernat, Chief of Police
Elected Members:
(Ret. Lt.) Timothy Mullaney, Chairman
(Ret. Cpl.) Martin Stallings
(Ret. Captain) John Sigler

Property Maintenance Code Board of Appeals

Charles Martin, Representative Local Real Estate
Adam M. Perza, Representative of Homeowners
Scott D. Koenig, City Manager

Safety Advisory and Transportation

James E. Hosfelt, Jr., Councilman
James L. Hutchison, Sr., Councilman
Roy Sudler, Jr., Councilman
Dana Shelton
Thomas J. Keller, Jr.

St. Jones Greenway

James Burcham
Michael P. Mercer
Ann Marie Townshend

Silver Lake

Tricia Arndt
James Burcham
Zachary Carter
David L. Edgell
Dean Holden
Lyle Allen Jones
Ann Marie Townshend

Utility Committee

James L. Hutchison, Sr., Chairman
Scott W. Cole, Councilman
Fred A. Neil, Councilman
Courtney Stewart
Lester L. Blakeman

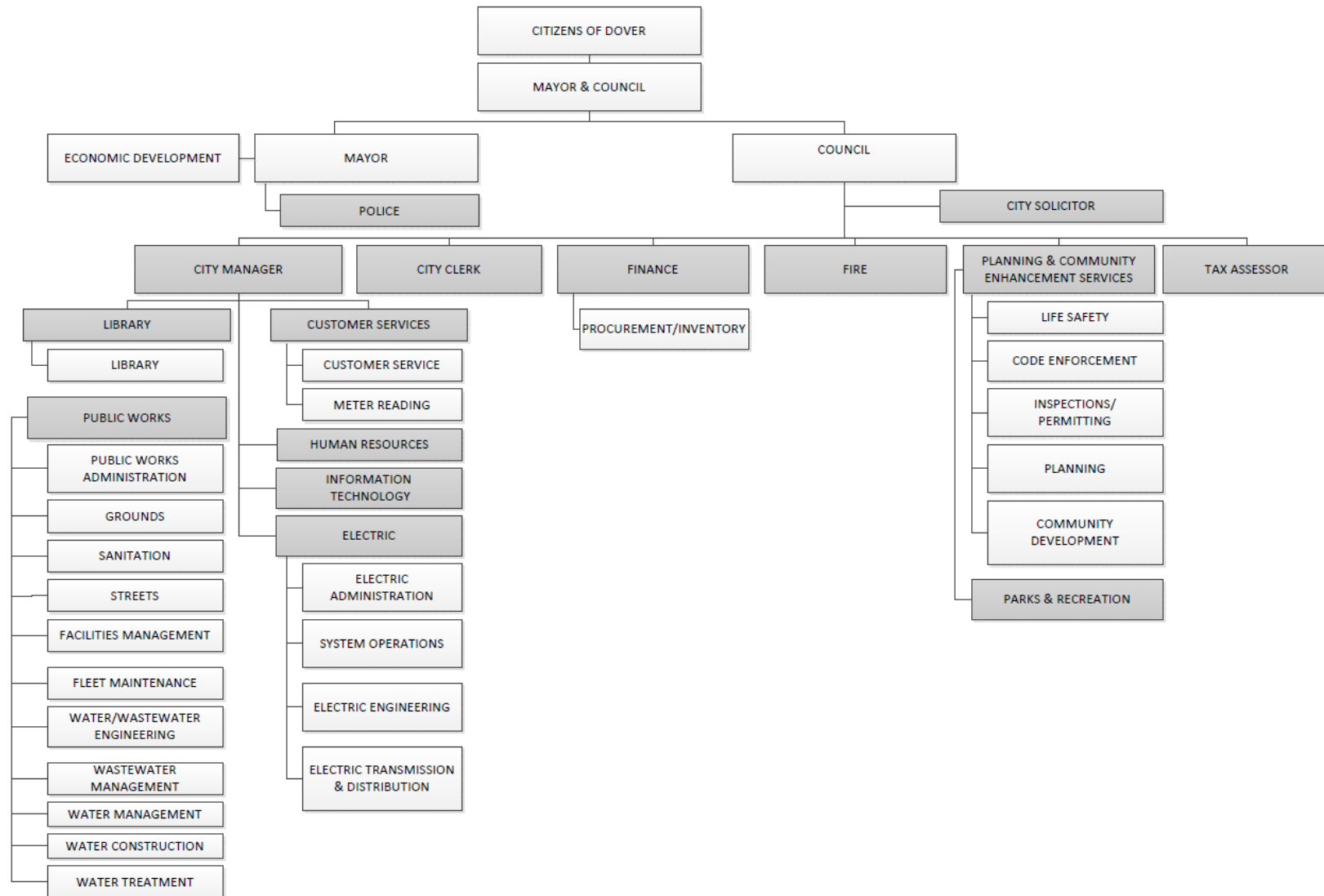
Youth Advisory Committee

Rebecca Anderson
Austin C. Auen
Jessica Deitrich
Jessica Simmons

CITY OF DOVER, DELAWARE

Organization Chart

June 30, 2015



THE CITY OF DOVER VISION

**The City of
Dover is a place
where people
want to live!**

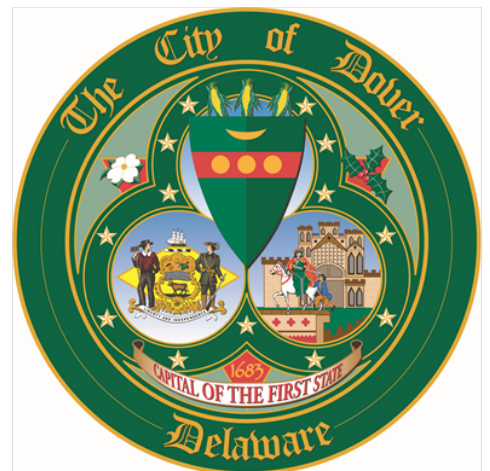
**Through the team effort of
its elected officials,
employees, and citizens,**

**Dover 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.**



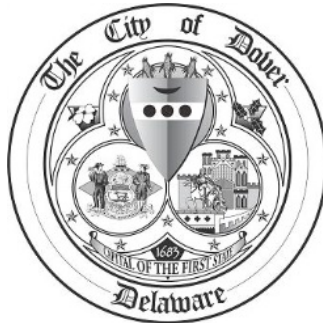


PNC Bank –

Water fountain on the corner of Loockerman and State Streets

Credit Photo: [pinterest.com](https://www.pinterest.com)

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



Loockerman Street

Credit Photo: downtowndoverpartnership.com

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, the aggregate discretely presented component units, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2015, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This change resulted in a restatement of the beginning net position as of July 1, 2014.

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; the schedules of changes in net pension liability, related ratios for the police pension plan and the general employee pension plan; the schedules of employer contributions for the police pension plan and the general employee pension plan; the schedule of the City of Dover's proportionate share of the net pension liability for the county and municipal police and firefighter's pension plan; the schedule of the City of Dover's contributions for the county and municipal police and firefighter's pension plan; and the schedule of funding status and progress for other post-employment plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

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
November 24, 2015

SB & Company, LLC

FINANCIAL SECTION

PART B

MANAGEMENT'S DISCUSSION AND ANALYSIS





Legislative Mall –

Business leaders and administrators gathered to mark Early Childhood Advocacy Day, May 6, 2015.

Credit photo:
delawareonline.com

Dover Public Library—

The 46,000 square foot library provides a state-of-the-art facility for learning, children and teen development, and community socialization.

Credit photo: Matt Wargo, sticks-and-bricks.com



© Matt Wargo Photography

The City of Dover Management’s Discussion and Analysis For the Year Ended June 30, 2015

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, 2015. 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

The financial highlights for fiscal year ended June 30, 2015 reflects the implementation of GASB Statement No. 68 - Accounting and Financial Reporting for Pensions and GASB 71- Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment to GASB Statement No. 68. As a result of the implementation of GASB 68 and conformance with other GASB pronouncements, prior period adjustments to Net Position, beginning of the year amounted to a reduction of \$36.3 million, of which \$22.1 is attributed to governmental activities and \$14.2 is attributed to business-type activities.

Total assets of the City exceeded its liabilities by \$191.1 million (net position). Of this amount, (\$6.2) million was reported as “unrestricted net position” which represents the deficit of available assets to meet the City’s obligations after restrictions. The general government reported a deficit of \$27.9 million and the business type activities, Water/Wastewater and Electric funds, reported \$21.7 million of positive unrestricted net position. The difference between the unrestricted amounts and the total net position is \$197.3 million, \$37.2 million is restricted primarily for debt and capital construction purposes and \$160.1 million is invested in capital assets net of related debt.

- The governmental activities experienced an increase of \$0.8 million invested in capital assets, a decrease in restricted net assets of \$0.1 million, and a decrease of \$20.8 million in unrestricted net position. The current year positive change in net position, coupled with the adjustment related to GASB 68 of negative \$22.1 resulted in an overall reduction in net position of \$20.1 million.
- The business-type activities experienced a \$6.9 million increase in investments in capital assets. An increase in restricted net position of \$0.6 million as well as a decrease in unrestricted net position of \$14.4 million. The current year positive change in net position coupled with the adjustment related to GASB 68 of negative \$14.2 million resulted in an overall reduction of net position of \$6.9 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 41-42) that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements (pages 43-51) 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 43-46) 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 47-49) 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 50-51) 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 53-106) 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 109-118) 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 121 through 142.

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, 2014 and 2015 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Assets						
Non-Capital Assets	\$ 14.1	\$ 16.4	\$ 87.4	\$ 81.0	\$ 101.5	\$ 97.4
Capital Assets	54.8	58.8	135.0	140.7	189.8	199.5
Total Assets	68.9	75.2	222.4	221.7	291.3	296.9
Deferred Outflow of Resources	-	2.7	-	1.2	-	3.9
Liabilities						
Current Liabilities	3.8	3.8	9.0	12.1	12.8	15.9
Non-Current Liabilities	20.9	48.2	39.5	43.7	60.4	91.9
Total Liabilities	24.7	52.0	48.5	55.8	73.2	107.8
Deferred Inflow of Resources	-	1.8	-	0.1	-	1.9
Net Position						
Net investment in Capital						
Assets	50.7	51.5	101.7	108.6	152.4	160.1
Restricted	0.6	0.5	36.1	36.7	36.7	37.2
Unrestricted	(7.1)	(27.9)	36.1	21.7	29.0	(6.2)
Total Net Position	\$ 44.2	\$ 24.1	\$ 173.9	\$ 167.0	\$ 218.1	\$ 191.1

The Changes in Net Position, for the City of Dover, as of June 30, 2014 and 2015 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program Revenues						
Charges for Services	\$ 10.1	\$ 9.9	\$ -	\$ -	\$ 10.1	\$ 9.9
Water/Wastewater Charges for Services	-	-	13.3	14.9	13.3	14.9
Electric Charges for Services	-	-	79.5	79.8	79.5	79.8
Operating Grants and Contributions	2.2	2.3	-	-	2.2	2.3
Capital Grants and Contributions	1.2	0.2	0.4	1.5	1.6	1.7
General Revenues						
Property Taxes	11.1	11.2	-	-	11.1	11.2
Transfer Taxes	1.6	1.7	-	-	1.6	1.7
Earnings on Investments-Other	0.1	0.1	0.8	0.5	0.9	0.6
Total Revenues	26.3	25.4	94.0	96.7	120.3	122.1
Expenses						
General Government	2.1	4.2	-	-	2.1	4.2
Public Safety	19.2	21.3	-	-	19.2	21.3
Public Works	7.2	4.5	-	-	7.2	4.5
Library and Recreation	2.9	3.1	-	-	2.9	3.1
Community and Economic Development	0.8	0.6	-	-	0.8	0.6
Central Services	1.4	1.4	-	-	1.4	1.4
Financial Administration	3.6	3.4	-	-	3.6	3.4
Other Post-Employment Benefits	3.4	-	-	-	3.4	-
Interest Charges	0.1	0.2	-	-	0.1	0.2
Plus (less) Indirect Expense Allocation	(4.6)	(4.8)	4.6	4.8	-	-
Water/Wastewater	-	-	10.2	10.0	10.2	10.0
Electric	-	-	71.1	64.1	71.1	64.1
Total Expenses	36.1	33.9	85.9	78.9	122.0	112.8
Changes in Net Position before Transfers	(9.8)	(8.5)	8.1	17.8	(1.7)	9.3
Transfers	8.5	10.5	(8.5)	(10.5)	-	-
Changes in Net Position	(1.3)	2.0	(0.4)	7.3	(1.7)	9.3
Net Position, beginning of year	45.5	44.2	174.3	173.9	219.8	218.1
Prior Period Adjustment - Net Pension Liability	-	(22.1)	-	(14.2)	-	(36.3)
Net Position, Beginning of Year restated	45.5	22.1	174.3	159.7	219.8	181.8
Net Position, End of Year	\$ 44.2	\$ 24.1	\$ 173.9	\$ 167.0	\$ 218.1	\$ 191.1

Governmental Activities

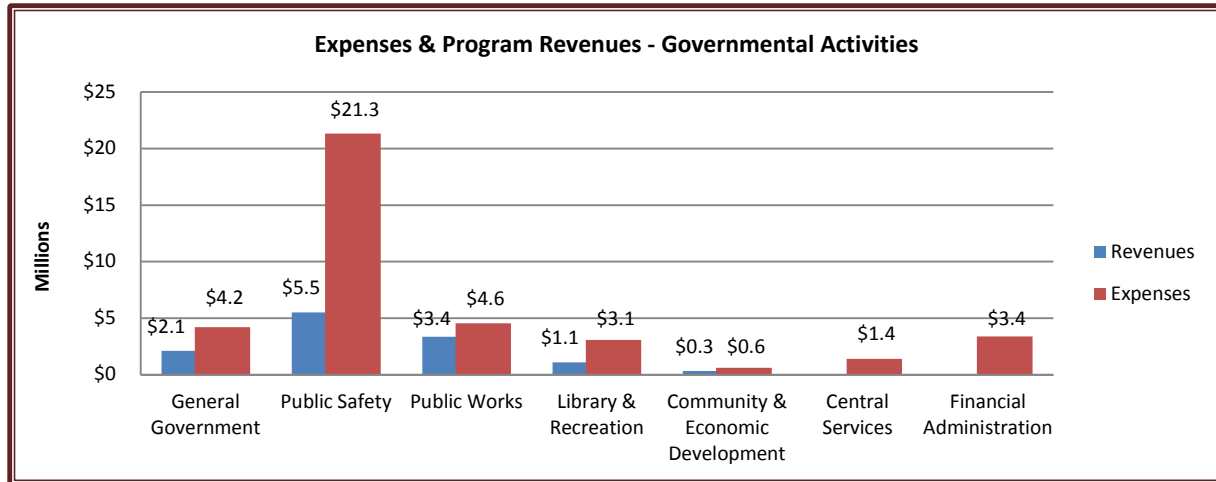
Governmental net position decreased by \$20.1 million primarily a result of the accounting for the City's net pension liability as recorded in this fiscal year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 has been implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by (\$22.1) million, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, the pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

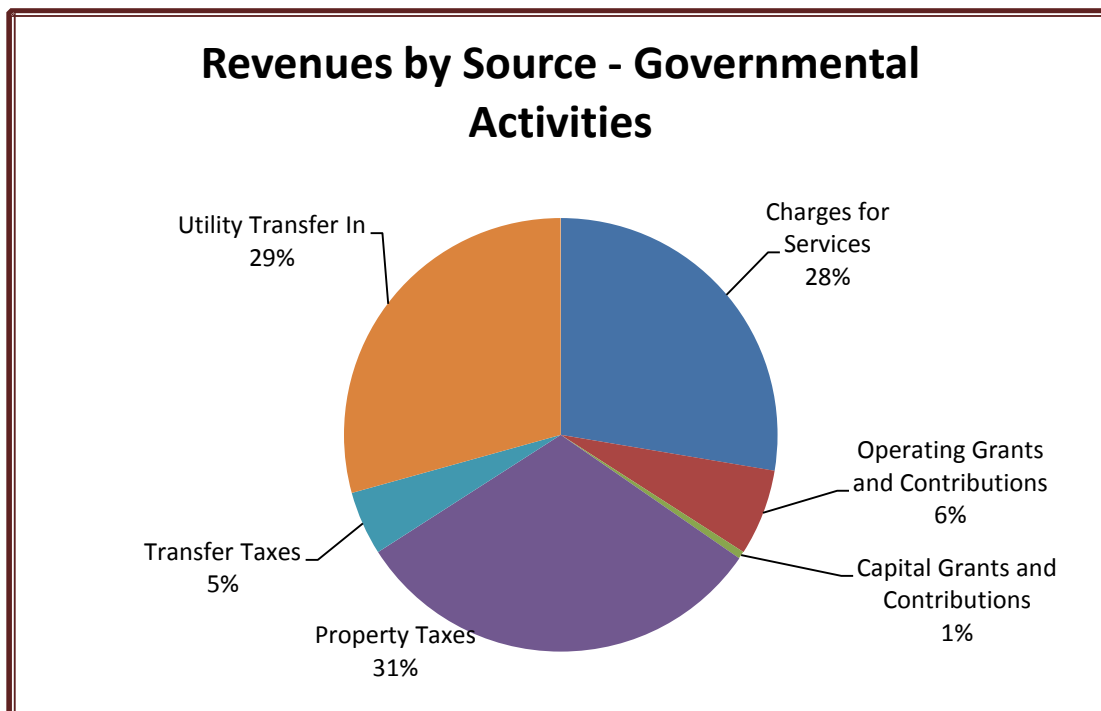
The preceding table shows changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014. Total revenues of \$25.4 million were less than the prior year by \$0.9 million. The reduction in revenues is primarily due to a large decrease in receipts for Capital Grants for State highway resurfacing projects in the amount of \$0.9 million. Other decreases were in charges for services for licenses and permits, library and recreation fees and public works, Community and Economic Development, CDBG and Library and Recreation programs. The aforementioned decreases were offset by increases in Operating Grants across the Public Safety, Public Works, Library and Recreation functions as well as increases in property tax and transfer taxes.

Total expenses in the amount of \$33.9 million reflect an overall decrease of \$2.2 million from the prior year. Public works cost decreased by \$2.7 million due to capitalizing the completed street and infrastructure for the Garrison Oak Technical Park. The indirect cost allocation to the enterprise funds increased by \$0.2 million which further reduced total expenses in the Governmental Activities. Other Post-Employment Benefits decreased by \$1.4 million in the current year and is no longer reported as a separate line item; the expense is now spread across its respective functions. The aforementioned decreases were offset by an increase in Public safety cost of \$2.1 million as a result of recording the net pension liability.

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.



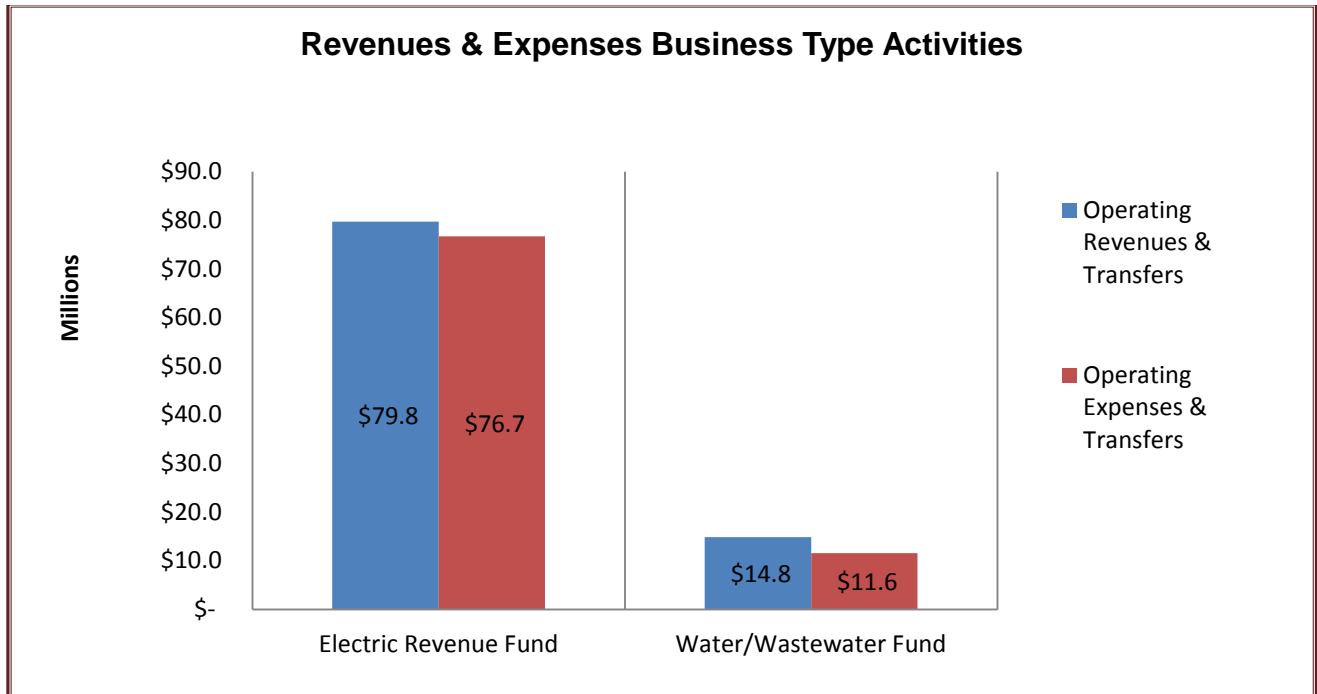
Business-Type Activities

The business-type activities saw a positive change in net position of \$7.3 million. Both the water/wastewater and electric utilities experienced an increase in charges for services of \$1.6 million and \$0.3 million respectively. Capital grants and contributions for the utilities increased by \$1.1 million. Similarly the expense for both the water/wastewater and the electric utility both decreased which resulted in a combined net decrease of \$7.0 million. Transfers out to the General Fund increased by \$2.0 million due to a change in policy adopted by City Council.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 has been implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for business type activities was restated by (\$14.2) million, to retroactively report the net pension liability as of June 30, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. As stated previously in the governmental activities section, fiscal year 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, the pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

The water/wastewater utility had a positive change in net position of \$4.7 million. The utility experienced an increase in operating income of \$1.6 million from the previous year. The increase in operating income was primarily due to an increase in water, sewer and ground water adjustment fees as well as, impact fees for both water and sewer. An increase in capital grants and contributions of \$1.1 million was related to the dedication of infrastructure in new developments. The utilities operating expenses remained consistent at \$11.1 million. Earnings on investments decreased \$0.1 million.

The electric utility realized a positive change in net position of \$2.7 million. The revenues increased slightly by \$0.3 million attributed to flat consumption, and no change to electric rates. Expenses in the Electric Fund decreased in total by \$6.8 million. The decreases were attributed to the following: \$7.2 million for power supply and generation costs and \$0.3 million for Transmission/Distribution. These decreases were offset by increases of \$0.5 million in general administration and \$0.2 million in depreciation.



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, 2015, were \$9.6 million. This represented an increase of \$1.5 million during the year. Approximately 41% of the combined fund balances, \$4.0 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, 2015, was \$9.2 million, which represents an increase of \$1.5 million from the previous fiscal year. Revenue remained consistent and expenditures increased \$4.0 million due to the street program experiencing an increase of \$1.9 million related to capital infrastructure improvements. The public safety and law enforcement divisions increased by \$1.1

million due to increases in fire for capital expenditures, Police civilian, law enforcement and administration for equipment, supplies, radios, salaries and OPEB expenditures. Debt service including bond issue costs increased \$0.5 million as a result of the 2014 bond issuance. Employee pension Appropriation increased \$0.4 million and finally the General Government and Recreational services function increased a total of \$0.3 million. The current fiscal year experienced Other Financing Sources including \$4.1 million in bond proceeds from the Series 2014 A & B bond issue and transfers-in totaling \$13.5 million.

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, 2015, the Water/Wastewater Fund has a net position of \$54.5 million, of which \$8.0 million is unrestricted. The fund's net position increased \$4.7 million during the year as explained on page 31. As of June 30, 2015, the Electric Revenue Fund has a net position of \$112.6 million, of which \$13.8 million is unrestricted. This fund experienced an increase in net position of \$2.7 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 re-appropriate budget balances for ongoing capital projects.
2. To amend the grant budgets, reserve accounts for the actual results from the prior fiscal year and 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 Fund Balance Sheet (page 43) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 45) 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 109-110).

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 124).

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 122 & 123).

The Final General Fund Budget incorporated the following changes to the Original Budget. The Budget Balance carried forward from the prior fiscal year was higher by \$1.0 million than was projected. Receipts had a net increase of approximately \$0.9 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 \$1.3 million. Increased employer contributions to the Police and Employee Pension funds, an increase in Debt Service expense and appropriations to the Contingency, Capital Asset, and Parkland reserves accounted for most of the increased budgeted expense with a slight increase in Police department to cover the grievance payout. The increases were offset by slight decreases in Sanitation services and insurance expense. The net result of these changes was a \$0.6 million increase in the revised budget balance over the Original Budget Balance (on a non-GAAP basis).

Actual revenues and other financing sources received were over the final budgeted amounts in the General Fund by \$0.3 million for the current fiscal year. The more significant positive variances were in permits and other licenses, police revenues, Court of Chancery fees, transfer taxes and the police pension grant. These revenue increases were offset with lower revenues for library revenues – county reimbursement, business licenses, and intrafund service receipts. Expenditures were approximately \$0.5 million under budget as a result of several operating departments experiencing personnel savings through attrition. The General Fund budget balance carry forward was \$0.8 million higher than budgeted as a result of the above variances.

Capital Asset and Debt Administration

At the end of the current fiscal year, the City's governmental and proprietary funds had invested \$58.8 million and \$140.7 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$4.0 million for governmental activities and the proprietary funds increased by \$5.7 million. The increase in the proprietary funds was attributed mainly to ongoing construction in progress in the water and wastewater fund for adding infrastructure at the Garrison Oak Technical Park. Additional detailed data for all capital assets of the City is presented in the Notes to the Basic Financial Statements in Note 4. The following schedule is presented in millions of dollars.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Depreciable Assets, Net						
Buildings	\$ 25.7	\$ 24.7	\$ -	\$ -	\$ 25.7	\$ 24.7
Equipment	2.3	2.3	-	-	2.3	2.3
Vehicles	1.3	1.3	-	-	1.3	1.3
General Infrastructure	19.6	22.4	-	-	19.6	22.4
Utility, Plant, Buildings, and Infrastructure	-	-	129.0	128.6	129.0	128.6
Other	0.7	0.7	-	-	0.7	0.7
Non-depreciable Assets						
Land	4.0	3.9	1.6	1.6	5.6	5.5
Construction in Progress	1.2	3.5	4.4	10.5	5.6	14.0
	<u>\$ 54.8</u>	<u>\$ 58.8</u>	<u>\$ 135.0</u>	<u>\$ 140.7</u>	<u>\$ 189.8</u>	<u>\$ 199.5</u>

The following schedule includes a new line item entitled Net Pension Liability which is a direct result of Statement No. 68 of the Governmental Accounting Standards Board implemented in this current fiscal year's financial report. The preceding year's net pension liability is not available and as such is not required to be presented. A summary of debt outstanding at June 30, 2014 and 2015 is as follows which represents an increase of \$27.3 million for the governmental funds and an increase of \$4.7 million for the proprietary funds, since the end of last year (presented in millions of dollars):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Non-current liabilities						
Liability for Compensated Absences	\$ 2.2	\$ 2.1	\$ 0.7	\$ 0.8	\$ 2.9	\$ 2.9
Bonds (Net of Discount/Issuance Cost)	4.0	7.3	38.4	41.1	42.4	48.4
OPEB Obligation	14.7	14.5	0.5	0.3	15.2	14.8
Net Pension Liability	-	24.3	-	2.1	-	26.4
	<u>\$ 20.9</u>	<u>\$ 48.2</u>	<u>\$ 39.6</u>	<u>\$ 44.3</u>	<u>\$ 60.5</u>	<u>\$ 92.5</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 4.6% of its debt limit.

Economic Factors and Next Year's Budgets and Rates

The City developed the fiscal year 2016 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 2015 were incorporated into the fiscal year 2016 budget.

- A property revaluation was completed resulting in a decrease in total assessed values of approximately \$109 billion.
- A recommended property tax increase of \$.0672 (19.9%) was approved by City Council. The tax increase is made up of a \$.0121 increase to adjust the tax rate for the revenue decrease attributed to the decline in property values and an additional \$.0551 to balance the General Fund budget.
- A rate increase for electric cost of service averaging approximately 3.0% or \$2.3 million of additional revenue. The rate increase also addressed flat growth in kilowatt sales.
- The City increased the previous headcount by twelve full-time and sixteen part-time employees. The wages and salaries budget increased \$1.1 million over the original 2015 budget. The City Council approved 9 new police officers and 6 police cadets for policing the downtown area and the public library. A new position was created for Generation Manager for the electric utility to oversee the plant operations and management of private contractors.
- Increases in wages based on collective bargaining agreements were included. For those collective bargaining agreements that were being negotiated, no increases were included.
- A 2% Bonus for top management and a 3% raise was included for non-bargaining employees.
- Benefit rate changes were included for health insurance, pension, OPEB and worker's compensation for a total \$1.0 million.
- No discretionary increases in operating expenses.
- Funded the capital investment plan with a commitment to providing dollars for necessary infrastructure and utility improvements.

The General Fund operating revenues are projected to increase by 6.4% or \$2.5 million and expenditures increasing by 6.1% or \$2.4 million. The net increase was made up of an increase in the property taxes \$1.8 million, transfer from the water/wastewater utility of \$0.3 million, and intrafund service fees of \$0.4 million. The capital investment plan for fiscal year 2016 will be financed with \$2.6 million of operating funds which represents an increase of \$0.4 million over the prior fiscal year.

The current Dover Organization of Employees (DOE) and Fraternal Order of Police (FOP) collective bargaining agreements expired on June 30, 2015. The finalization of these two agreements will affect the General Fund and Water/Wastewater Fund. The City management expects to have these two agreements finalized before January 1, 2016.

The Water/Wastewater Fund operating revenues increased 8.5% or \$1.2 million and expenses increased 11.6% or \$1.6 million. The revenue increase is largely attributed to the startup of the Garrison Energy Center, a 305 Mgw combined cycle electric generating plant, which is expected to increase water revenues by \$1.6 million. Impact fee receipts are expected to

decline by \$0.4 million. Increased expenses are attributed to greater flow through the water treatment plant and the County sewer treatment plant as related to the Garrison Energy Center of \$0.8 million, increased transfer to the General Fund of \$0.3 million, and increased capital budgets of \$0.3 million. The City continues to maintain competitive water and wastewater rates within the State of Delaware. The capital investment plan for fiscal year 2016 will be financed with \$3.3 million of operating income and \$0.2 million from impact fee reserves.

The Electric Fund overall revenues increased 1.5% or \$1.2 million and expenses decreased by 2.1% or \$1.7 million. The Electric Fund will also be utilizing a \$3.0 million transfer from the rate stabilization reserve in order to maintain operating cash requirements. The City anticipates flat growth attributed to demand response programs being implemented by large customers and conservation measures on the part of other commercial and residential customers. The expense decrease is related to a reduction of \$1.3 million in the transfer to the capital project budget, a decrease in power supply cost of \$1.0 million, and an increase of \$0.6 million increase personnel and administration expenses. Capital projects are budgeted to be financed with a \$3.5 million transfer from operating income, and \$1.9 million of developer charges for new development projects over the 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).



Schwartz Center for the Arts –

“The Schwartz Center exists to enhance the quality of life for everyone by providing a home for the performing arts, educational activities and entertainment.”

Credit Photo: schwartzcenter.com

FINANCIAL SECTION

PART C

BASIC FINANCIAL STATEMENTS





City of Dover
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 2,296,918	\$ 8,925,918	\$ 11,222,836
Investments	7,769,543	17,338,406	25,107,949
Receivables, Net	1,319,553	6,857,672	8,177,225
Internal Balances	466,789	(466,789)	-
Due from Other Governments	190,345	-	190,345
Inventory, at Cost	131,956	4,951,292	5,083,248
Prepaid Items	63,001	150	63,151
Restricted Cash and Cash Equivalents	3,081,333	7,963,846	11,045,179
Restricted Investments	18,321	31,950,800	31,969,121
Net Pension Asset	1,042,117	-	1,042,117
Net OPEB Asset	-	3,481,908	3,481,908
Land and Construction in Progress	7,368,580	12,140,031	19,508,611
Capital Assets, Net of Depreciation	51,453,517	128,593,474	180,046,991
Total Assets	<u>75,201,973</u>	<u>221,736,708</u>	<u>296,938,681</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	2,766,654	1,197,375	3,964,029
Liabilities:			
Accounts Payable and Accrued Liabilities	2,547,637	9,013,159	11,560,796
Unearned Revenue	1,060,796	356,236	1,417,032
Customer Deposits	-	2,067,817	2,067,817
Other	187,854	640,432	828,286
Non-Current Liabilities			
Due within One Year	1,642,435	3,421,365	5,063,800
Due in more than One Year	7,762,425	32,683,346	40,445,771
Due in more than One Year - OPEB	14,557,052	363,087	14,920,139
Due in more than One Year - Pension	24,271,046	7,197,187	31,468,233
Total Liabilities	<u>52,029,245</u>	<u>55,742,629</u>	<u>107,771,874</u>
Deferred Inflows of Resources:			
Pension related deferred inflows	1,845,130	141,869	1,986,999
Net Position:			
Net investment in capital assets	51,485,408	108,565,514	160,050,922
Restricted for:			
Capital Projects	57,798	36,751,850	36,809,648
Public Safety	253,225	-	253,225
Other Purposes	245,530	-	245,530
Unrestricted	(27,947,709)	21,732,221	(6,215,488)
Total Net Position	<u>\$ 24,094,252</u>	<u>\$ 167,049,585</u>	<u>\$ 191,143,837</u>

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

2015 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, 2015

Functions/Programs	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
Governmental Activities								
General Government	\$ 4,216,359	\$ (841,404)	\$ 2,116,233	\$ -	\$ -	\$ (1,258,722)	\$ -	\$ (1,258,722)
Public Safety	21,336,042	-	4,558,200	963,121	-	(15,814,721)	-	(15,814,721)
Public Works	4,560,819	(712,417)	2,578,892	705,717	67,879	(495,914)	-	(495,914)
Library and Recreation	3,079,426	-	696,179	310,400	98,500	(1,974,347)	-	(1,974,347)
Community and Economic Development	620,994	(176,520)	-	319,698	-	(124,776)	-	(124,776)
Central Services	1,393,944	(950,872)	-	-	-	(443,072)	-	(443,072)
Financial Administration	3,387,209	(2,139,233)	-	-	-	(1,247,976)	-	(1,247,976)
Interest Charges	174,912	-	-	-	-	(174,912)	-	(174,912)
Total Governmental Activities	38,769,705	(4,820,446)	9,949,504	2,298,936	166,379	(21,534,440)	-	(21,534,440)
Business Type Activities								
Water/Wastewater	9,981,318	1,341,640	14,875,806	-	1,516,932	-	5,069,780	5,069,780
Electric	64,083,271	3,478,806	79,802,674	-	-	-	12,240,597	12,240,597
Total Business Type Activities	74,064,589	4,820,446	94,678,480	-	1,516,932			
Total Primary Government	\$ 112,834,294	\$ -	\$ 104,627,984	\$ 2,298,936	\$ 1,683,311	\$ (21,534,440)	\$ 17,310,377	\$ (4,224,063)
General Revenues								
Taxes								
Property Taxes						11,176,763	-	11,176,763
Transfer Taxes						1,713,505	-	1,713,505
Earnings on Investments						92,479	544,624	637,103
Total General Revenues						12,982,747	544,624	13,527,371
Transfers						10,500,000	(10,500,000)	-
Total General Revenues and Transfers						23,482,747	(9,955,376)	13,527,371
Changes in Net Position						1,948,307	7,355,001	9,303,308
Net Position Beginning - as previously reported						44,207,967	173,893,702	218,101,669
Prior Period Adjustment - Net Pension Liability						(22,062,022)	(14,199,118)	(36,261,140)
Net Position Beginning - as restated						22,145,945	159,694,584	181,840,529
Net Position Ending						\$ 24,094,252	\$ 167,049,585	\$ 191,143,837

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

City of Dover
Governmental Fund Balance Sheet
June 30, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 2,176,523	\$ -	\$ 2,176,523
Restricted Cash and Cash Equivalents	2,537,252	544,081	3,081,333
Investments	6,381,997	-	6,381,997
Restricted Investments	18,321	-	18,321
Receivables, net			
Accounts	1,175,494	300	1,175,794
Taxes	130,759	-	130,759
Due from Other Funds	597,801	3,566	601,367
Due from Other Governments	-	190,345	190,345
Prepaid Items	49,070	181	49,251
Inventory, at Cost	131,956	-	131,956
Total Assets	<u>\$ 13,199,173</u>	<u>\$ 738,473</u>	<u>\$ 13,937,646</u>
Liabilities:			
Accounts Payable	\$ 2,081,997	\$ 179,113	\$ 2,261,110
Unearned Revenue	1,060,796	-	1,060,796
Due to Other Funds	4,246	130,332	134,578
Other	187,854	-	187,854
Total Liabilities	<u>3,334,893</u>	<u>309,445</u>	<u>3,644,338</u>
Deferred Inflows of Resources:			
Unavailable revenue	661,811	-	661,811
Total Deferred Inflows of Resources	<u>661,811</u>	<u>-</u>	<u>661,811</u>
Fund Balances:			
Non-Spendable	202,620	181	202,801
Restricted	127,706	428,847	556,553
Committed	1,041,130	-	1,041,130
Assigned	3,839,571	-	3,839,571
Unassigned	3,991,442	-	3,991,442
Total Fund Balances	<u>9,202,469</u>	<u>429,028</u>	<u>9,631,497</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,199,173</u>	<u>\$ 738,473</u>	<u>\$ 13,937,646</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, 2015

Amounts reported for governmental activities in the statement of net position (page 41) are different because:

Total fund balances for governmental funds (Page 43)	\$	9,631,497
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		58,822,097
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Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred inflows of resources	661,811	
Net Pension Asset	1,042,117	1,703,928

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	\$ 2,766,654	
Deferred Inflows - Pension	(1,845,130)	
Net Pension Liability	(24,271,046)	(23,349,522)

An internal service fund (page 47) 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.		1,248,164
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position.

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

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

Current-		
General Obligation Bonds	\$ (555,123)	
Compensated Absences	(1,087,312)	
	(1,642,435)	
Long-Term-		
General Obligation Bonds, net of discount	(6,781,566)	
Compensated Absences	(980,859)	
Net OPEB Obligation	(14,557,052)	
	(22,319,477)	(23,961,912)
Total net position of governmental activities (Page 41)	\$	24,094,252

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, 2015

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Fines	\$ 666,694	\$ 495,182	\$ 1,161,876
Library Revenue- General	68,056	-	68,056
Library Revenue County Reimbursement	412,767	-	412,767
Licenses and Permits	2,893,990	-	2,893,990
Sanitation Fees and Rebates	2,578,892	-	2,578,892
Recreation	-	66,038	66,038
Miscellaneous Services	1,650,153	-	1,650,153
Property Taxes	11,217,027	-	11,217,027
Transfer Taxes	-	1,713,505	1,713,505
Grants Received	790,427	1,698,812	2,489,239
Court of Chancery Fees	1,118,680	-	1,118,680
Investment Income	76,312	1,457	77,769
Total Revenues	21,472,998	3,974,994	25,447,992
Expenditures			
Current:			
General Government	1,425,786	-	1,425,786
Library Services	1,380,437	295,552	1,675,989
Public Safety and Law Enforcement	20,000,004	218,515	20,218,519
Public Works	1,516,786	191,872	1,708,658
Recreational Services	865,938	-	865,938
Streets and Sanitation Services	6,574,262	-	6,574,262
Engineering services	26,996	-	26,996
Financial Administration	979,112	-	979,112
Garage and Stores	419,597	-	419,597
Insurance	278,682	-	278,682
Retiree Health Care	1,636,500	-	1,636,500
Employee Pension	543,000	-	543,000
Community and Economic Development	119,788	324,686	444,474
Street Lights	775,197	-	775,197
Debt Service:			
Principal Retirement	848,069	-	848,069
Interest and Fiscal Charges	114,243	-	114,243
Bond Issuance Costs	60,668	-	60,668
Total Expenditures	37,565,065	1,030,625	38,595,690
Excess (deficiency) of Revenues over Expenditures	(16,092,067)	2,944,369	(13,147,698)
Other financing Sources (Uses)			
Proceeds from Sale of Bonds	4,135,000	-	4,135,000
Transfers in	13,500,366	-	13,500,366
Transfers out	-	(3,000,366)	(3,000,366)
Total other Financing Sources (Uses)	17,635,366	(3,000,366)	14,635,000
Net Change in Fund Balances	1,543,299	(55,997)	1,487,302
Fund Balances at Beginning of Year	7,659,170	485,025	8,144,195
Fund Balances at End of Year	\$ 9,202,469	\$ 429,028	\$ 9,631,497

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, 2015

Amounts reported for governmental activities in the statement of activities (page 42) are different because:

Net change in fund balances--total governmental funds (Page 45)	\$	1,487,302
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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	\$ 7,500,186		
Loss on assets disposed of during the year	(398,099)		
Current Year depreciation	<u>(3,068,231)</u>		4,033,856

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.		848,069
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Changes in deferred revenue that are not available to pay for current period expenditures and therefore are not reported as revenues in the funds.		(65,136)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

2014 General Obligation Bonds		(4,135,000)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		543,426
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,126,099)
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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.

Decrease in compensated absences	\$ 125,791		
Decrease in net OPEB obligation - General Fund	<u>111,181</u>		236,972

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.

		124,917
Change in net position of governmental activities (Page 42)	<u>\$</u>	<u>1,948,307</u>

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

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover
Statement of Net Position - Proprietary Funds
June 30, 2015

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 6,713,838	\$ 2,212,080	\$ 8,925,918	\$ 120,395
Investments	7,763,241	9,575,165	17,338,406	1,387,546
Receivables, Net	1,047,001	5,810,671	6,857,672	13,000
Due from Other Funds-Charges	96	584	680	-
Inventory	61,247	4,890,045	4,951,292	-
Prepaid Items	50	100	150	13,750
Total Current Assets	<u>15,585,473</u>	<u>22,488,645</u>	<u>38,074,118</u>	<u>1,534,691</u>
Non-Current Assets:				
Restricted Assets				
Cash	2,033,069	5,930,777	7,963,846	-
Investments	3,295,106	28,655,694	31,950,800	-
Net OPEB Asset	-	3,481,908	3,481,908	-
Land and Construction in Progress	8,317,866	3,822,165	12,140,031	-
Capital Assets, Net of Depreciation	<u>46,518,295</u>	<u>82,075,179</u>	<u>128,593,474</u>	<u>-</u>
Total Non-Current Assets	<u>60,164,336</u>	<u>123,965,723</u>	<u>184,130,059</u>	<u>-</u>
Total Assets	<u>75,749,809</u>	<u>146,454,368</u>	<u>222,204,177</u>	<u>1,534,691</u>
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	<u>234,488</u>	<u>962,887</u>	<u>1,197,375</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	4,945,792	4,067,367	9,013,159	286,527
Due to Other Funds - Charges	134,209	333,260	467,469	-
Deferred Revenue	-	356,236	356,236	-
Accrued Interest Payable	121,955	518,477	640,432	-
Customer Deposits	-	2,067,817	2,067,817	-
Revenue Bonds Payable	761,996	2,365,000	3,126,996	-
Liability for Compensated Absences	<u>80,148</u>	<u>214,221</u>	<u>294,369</u>	<u>-</u>
Total Current Liabilities	<u>6,044,100</u>	<u>9,922,378</u>	<u>15,966,478</u>	<u>286,527</u>
Non-Current Liabilities:				
Net OPEB Obligation	363,087	-	363,087	-
Net Pension Liability	2,065,204	5,131,983	7,197,187	-
Revenue Bonds Payable	12,888,791	19,315,000	32,203,791	-
Liability for Compensated Absences	<u>104,398</u>	<u>375,157</u>	<u>479,555</u>	<u>-</u>
Total Non-Current Liabilities	<u>15,421,480</u>	<u>24,822,140</u>	<u>40,243,620</u>	<u>-</u>
Total Liabilities	<u>21,465,580</u>	<u>34,744,518</u>	<u>56,210,098</u>	<u>286,527</u>
Deferred Inflows of Resources:				
Pension Related Deferred Inflows	<u>27,783</u>	<u>114,086</u>	<u>141,869</u>	<u>-</u>
	<u>54,490,934</u>	<u>112,558,651</u>	<u>167,049,585</u>	<u>-</u>
Net Position				
Net investment in capital assets	44,348,170	64,217,344	108,565,514	-
Restricted for Capital Construction	2,165,379	34,586,471	36,751,850	-
Unrestricted	<u>7,977,385</u>	<u>13,754,836</u>	<u>21,732,221</u>	<u>1,248,164</u>
Total Net Position	<u>\$ 54,490,934</u>	<u>\$ 112,558,651</u>	<u>\$ 167,049,585</u>	<u>\$ 1,248,164</u>

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

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Basic Financial Statements – Part C

City of Dover
Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 13,409,541	\$ 78,278,464	\$ 91,688,005	\$ -
Miscellaneous Services/Income	1,438,982	1,484,573	2,923,555	526,261
Total Operating Revenues	14,848,523	79,763,037	94,611,560	526,261
Operating Expenses				
Water/Wastewater Services	7,815,361	-	7,815,361	-
General Administrative	1,357,479	2,937,003	4,294,482	269,762
Power Supply	-	50,040,968	50,040,968	-
Transmission/Distribution	-	3,508,209	3,508,209	-
Engineering	-	1,364,077	1,364,077	-
Metering	-	346,943	346,943	-
Systems Operations	-	671,048	671,048	-
Utility Tax	-	1,266,872	1,266,872	-
Depreciation	1,811,207	4,863,653	6,674,860	-
Contractual Services	-	-	-	8,560
Taxes	-	-	-	34,966
Retirees Health Care	77,506	1,523,100	1,600,606	-
Self Insurance-Workers' Compensation	-	-	-	102,766
Total Operating Expenses	11,061,553	66,521,873	77,583,426	416,054
Operating Income/Loss	3,786,970	13,241,164	17,028,134	110,207
Non-Operating Revenues (Expenses)				
Interest Earned:				
Operating Funds	38,866	6,957	45,823	-
Reserve Funds	24,767	165,827	190,594	5,047
Net Decrease in Fair Value of Investments	71,428	236,779	308,207	9,663
Interest and Fiscal Charges	(261,405)	(1,040,204)	(1,301,609)	-
Gain on Sale of Assets	27,283	39,637	66,920	-
Total Non-Operating Revenue (expenses)	(99,061)	(591,004)	(690,065)	14,710
Income/Loss before Contributions and Transfers	3,687,909	12,650,160	16,338,069	124,917
Contractor Contributions - Infrastructure	1,516,932	-	1,516,932	-
Transfers Out	(500,000)	(10,000,000)	(10,500,000)	-
Total transfers	(500,000)	(10,000,000)	(10,500,000)	-
Change in Net Position	4,704,841	2,650,160	7,355,001	124,917
Total net position--beginning as previously reported	52,338,787	121,554,915	173,893,702	1,123,247
Prior period adjustment - Net Pension Liability	(2,552,694)	(11,646,424)	(14,199,118)	-
Total Net Position--Beginning as restated	49,786,093	109,908,491	159,694,584	1,123,247
Total Net Position--Ending	\$ 54,490,934	\$ 112,558,651	\$ 167,049,585	\$ 1,248,164

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

2015 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, 2015

	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	\$ 14,798,104	\$ 80,259,699	\$ 95,057,803	\$ -
Payments to Suppliers (including Purchased Power)	(2,323,409)	(56,935,987)	(59,259,396)	(141,458)
Payments to Employees	(1,758,446)	(4,318,510)	(6,076,956)	-
Payments of Personnel Related Costs	(1,096,484)	(2,911,725)	(4,008,209)	513,666
Internal Activity--Payments from (to) Other Funds	(204,204)	-	(204,204)	-
Other Receipts (Payments) including Claims Paid	2,340,891	10,264,752	12,605,643	(485,174)
Net Cash Provided by (used for) Operating Activities	<u>11,756,452</u>	<u>26,358,229</u>	<u>38,114,681</u>	<u>(112,966)</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(500,000)	(10,000,000)	(10,500,000)	-
Net Cash Used for Noncapital Financing Activities	<u>(500,000)</u>	<u>(10,000,000)</u>	<u>(10,500,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(7,271,665)	(3,409,114)	(10,680,779)	-
Principal Paid on Revenue Bond Maturities	(761,560)	(2,260,000)	(3,021,560)	-
Interest Paid on Capital Debt	(384,141)	(1,040,204)	(1,424,345)	-
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(8,417,366)</u>	<u>(6,709,318)</u>	<u>(15,126,684)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest on Investments	38,866	6,957	45,823	-
Redemption of Investment Securities	2,500,000	4,365,870	6,865,870	(15,629)
Purchase of Investment Securities	(2,628,472)	(5,964,827)	(8,593,299)	14,616
Interest on Restricted Cash	24,767	165,827	190,594	-
Net Cash Provided by (used for) Investing Activities	<u>(64,839)</u>	<u>(1,426,173)</u>	<u>(1,491,012)</u>	<u>(1,013)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,774,247	8,222,738	10,996,985	(113,979)
Balances--Beginning of the Year as restated	5,972,660	(79,881)	5,892,779	234,374
Balances--End of the Year	<u>\$ 8,746,907</u>	<u>\$ 8,142,857</u>	<u>\$ 16,889,764</u>	<u>\$ 120,395</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 3,786,970	\$ 13,241,164	\$ 17,028,134	\$ 110,207
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	1,811,207	4,863,653	6,674,860	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Receivables	(67,863)	344,935	277,072	5,833
(Increase)/Decrease in Due from Other Funds	17,444	37,268	54,712	-
(Increase)/Decrease in Inventory	1,504	(1,020,411)	(1,018,907)	-
(Increase)/Decrease in Prepaid Items	50	24,378	24,428	-
(Increase)/decrease in NPA for pension	370,398	6,996,511	7,366,909	(229,006)
(Increase)/decrease in deferred outflow of resources	-	(962,887)	(962,887)	-
Increase/(decrease) in accounts payable and accrued expenses	3,955,143	(950,440)	3,004,703	-
Increase/(decrease) in deferred revenue	-	82,970	82,970	-
Increase/(decrease) in due to other funds	(104,733)	(216,710)	(321,443)	-
Increase/(Decrease) in Customer Deposits	-	31,489	31,489	-
Increase/(Decrease) in Liability for Compensated Absences	15,839	53,464	69,303	-
Increase/(Decrease) in NPO for OPEB	(122,494)	(1,413,224)	(1,535,718)	-
Increase/(Decrease) in Net pension liability	2,065,204	5,131,983	7,197,187	-
Increase/(decrease) in deferred inflow of resources	27,783	114,086	141,869	-
Net Cash Provided by Operating Activities	<u>\$ 11,756,452</u>	<u>\$ 26,358,229</u>	<u>\$ 38,114,681</u>	<u>\$ (112,966)</u>
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ 71,428	\$ 236,779	\$ 308,207	\$ 9,663
Capital Contributions - Infrastructure	1,516,932	-	1,516,932	-

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

City of Dover
Statement of Net Position
Fiduciary Funds
June 30, 2015

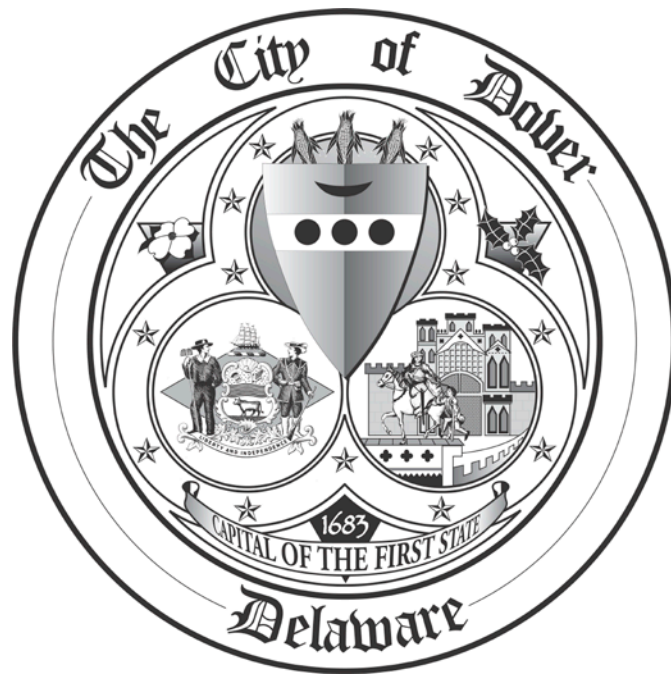
	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 2,463,985	\$ 536,417	\$ 795,935
Investments at Fair Value - Mutual Funds	45,211,782	21,913,123	-
Receivables	-	-	49,685
Prepaid Items	-	-	1,000
Total Assets	<u>47,675,767</u>	<u>22,449,540</u>	<u>846,620</u>
Liabilities			
Accounts Payable	-	1,250	45,027
Due to Agencies	-	-	801,593
Total Liabilities	<u>-</u>	<u>1,250</u>	<u>\$ 846,620</u>
Net Position			
Net Position Held in Trust for Retirement Benefits	<u>\$ 47,675,767</u>	<u>\$ 22,448,290</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, 2015

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Net Investment Income	\$ 1,238,133	\$ 515,676
City's Contribution-Payroll Based	2,876,512	1,945,407
City's Contribution-Lump Sum	1,298,000	3,359,600
Employee Contribution	209,446	-
State Grants	629,910	-
Other	879	-
Total Additions	<u>6,252,880</u>	<u>5,820,683</u>
Deductions:		
Benefit Payments	5,257,483	2,124,589
General Administration	24,586	-
Total Deductions	<u>5,282,069</u>	<u>2,124,589</u>
Change in Net Position	970,811	3,696,094
Net Position - Beginning	<u>46,704,956</u>	<u>18,752,196</u>
Net Position - Ending	<u><u>\$ 47,675,767</u></u>	<u><u>\$ 22,448,290</u></u>

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



Notes to Financial Statements

Year Ended June 30, 2015

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NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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, 2015.

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 nine 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 two 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 and grant fund revenues which have a ninety-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. 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 implementation of this pronouncement is included in the current year financial statements, note disclosures and required supplementary information.

The above GASB statement does have a material effect on the financial position of the City, as explained in Note 8 - Change in Accounting Principle and Restatement of Net Position and Note 18 – Retirement Plans.

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. 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. The implementation of this pronouncement has been applied simultaneously with the provisions of GASB 68 as explained in Note 8.

GASB Statement No. 72, “Fair Value Measurement and Application”, was issued in February 2015 and is effective for periods beginning after June 15, 2015. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. The statement also clarifies the definition of “fair value”.

GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, was issued in June 2015 and is effective for periods beginning after June 15, 2016. The objective of this statement is to provide guidance for improving the usefulness of information about defined benefit OPEB plans that are administered through trusts that meet the specified criteria; this Statement requires two financial statements – a statement of fiduciary net position and a statement of changes in fiduciary net position. This statement also replaces statements No. 43 as amended and statement No. 57.

GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, was issued in June 2015 and is effective for periods beginning after June 15, 2015. The objective of this statement is to identify in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with general accepted accounting principles (GAAP) and the framework for selecting those principles.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” was issued in June 2015 and is effective for periods beginning after June 15, 2017. This statement’s objectives are to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. It also replaces statements No. 45 and No. 57 and establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 77, “Tax Abatement Disclosures” was issued in August 2015 and is effective for periods beginning after December 15, 2015. The objective of this statement is to assist the users of financial statements in determining how tax abatements affect the financial position and results of operations, including its ability to raise resources in the future.

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, Substance Abuse Prevention Program Fund 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. Transfers are also made from the Realty Transfer Tax Fund, Municipal Street Aid Fund, Electronic Red Light Safety Program (ERLSP) 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.

Several Special Revenue Funds represent pass-throughs of State collected revenues on behalf of the City or other State revenues provided for in the State of Delaware code. These receipts are thereafter transferred to the General Fund in support of public safety, City maintenance of State roads and other public services

Several 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	\$200,018
Water/Wastewater Fund	108,254
Electric Revenue Fund	541,766

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, 2015 total \$43,014,300 including cash and cash equivalents of \$11,045,179 and \$31,969,121 in investments. Of this amount, \$3,099,654 is attributed to governmental activities and \$39,914,646 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, 2015, by the operating departments is billed and accounted for in the month the information is received.

L. Bond Accounts/Issuance Costs

The City recognizes 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 outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pensions are explained in Note 18.

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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value. Deferred inflows of resources related to pensions are explained in Note 18.

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 by City Council through a motion or an adopted City ordinance which is approved by City Council's 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, 2015, the carrying amount of unrestricted cash totaled \$11,222,836 and the bank cash balances totaled \$11,583,532. The carrying amount of restricted cash totaled \$11,045,179 and the bank cash balances on restricted accounts totaled \$11,142,631. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary fund deposits of \$3,796,337 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, 2015, 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	\$ 11,157,391	2.21
U. S. Government Agencies	14,004,528	2.36
Municipal Obligations	3,543,067	2.56
Corporate Bonds	18,444,237	2.85
Non U.S. Securities	1,278,417	2.29
Certificate of Deposit	8,227,886	1.33
Fair Value of fixed income securities	56,655,526	
Portfolio weighted average maturity		2.34
Other investments:		
Money Market Mutual Funds & Certificate of Deposit	398,386	
Equity Stock and Other	23,158	
Total Other Investments	421,544	
Total Government-Wide Investments	\$ 57,077,070	

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 2.34 years.

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, 2015, 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+	21.30%
U.S. Government Agency	N/A	AA+	16.00%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A-1 to A-1+ Long-Term AA-	15.70%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	N/A	
Corporate Notes/Bonds	A	A to AAA	37.70%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAA-m	AAA-m	
Municipal Obligations	A	A+ to AA	8.60%

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	\$ 6,998,213	1.13
Short-term corporate bond open-end mutual funds	1,382,446	0.23
Intermediate-term corporate bond open-end mutual funds	8,599,920	1.17
Long-term corporate bond open-end mutual funds	<u>3,688,302</u>	1.65
Fair value of fixed income investments	20,668,883	
Portfolio weighted average maturity		1.04
Other investments:		
Domestic equity open-end mutual funds	32,229,677	
International equity open-end mutual funds	<u>14,226,346</u>	
Fair value of other investments	<u>46,456,022</u>	
Total fair value OPEB and pension funds	<u>\$ 67,124,905</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	6.00%
Inflation Protected Bonds	5.00%	Inflation Protected Bonds	5.00%
Intermediate Term Bonds	8.00%	Intermediate Term Bonds	6.00%
Long Term Bonds	9.00%	Long Term Bonds	7.00%
High Yield Bond	8.00%	High Yield Bond	7.00%
Large Cap Value	10.00%	Large Cap Value	12.00%
Large Cap Growth	10.00%	Large Cap Growth	13.00%
Mid Cap	5.00%	Mid Cap	7.00%
Small Cap	8.00%	Small Cap	9.00%
Real Estate Investment	7.00%	Real Estate Investment	7.00%
Foreign Equity	10.00%	Foreign Equity	10.00%
Emerging Markets	10.00%	Emerging Markets	9.00%
	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, 2015 is presented on the following page:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,903,883	\$ -	\$ -	\$ 3,903,883
Construction in progress	1,230,647	3,335,832	1,101,782	3,464,697
Total capital assets, not being depreciated	5,134,530	3,335,832	1,101,782	7,368,580
Capital assets, being depreciated:				
Buildings	30,631,662	-	1,435,125	29,196,537
Furniture and fixtures	833,722	-	7,400	826,322
Equipment	7,824,788	424,462	272,906	7,976,344
Vehicles	5,214,924	490,699	491,322	5,214,301
Lights	633,363	8,267	-	641,630
Improvements other than buildings	41,440,529	4,342,708	-	45,783,237
Total capital assets, being depreciated	86,578,988	5,266,136	2,206,753	89,638,371
Less accumulated depreciation for:				
Buildings	(4,863,225)	(633,887)	1,045,641	(4,451,471)
Furniture and fixtures	(286,009)	(71,634)	7,400	(350,243)
Equipment	(5,526,668)	(364,241)	270,905	(5,620,004)
Vehicles	(3,925,607)	(457,577)	484,708	(3,898,476)
Lights	(475,588)	(10,760)	-	(486,348)
Improvements other than buildings	(21,848,180)	(1,530,132)	-	(23,378,312)
Total accumulated depreciation	(36,925,277)	(3,068,231)	1,808,654	(38,184,854)
Total capital assets, being depreciated, net	49,653,711	2,197,905	398,099	51,453,517
Governmental activities capital assets, net (continued)	\$ 54,788,241	\$ 5,533,737	\$ 1,499,881	\$ 58,822,097

	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	1,690,462	3,228,236	2,554,599	2,364,099
Total capital assets, not being depreciated	3,148,528	3,228,236	2,554,599	3,822,165
Capital assets, being depreciated				
Buildings	17,666,269	9,680	-	17,675,949
Production	65,913,284	647,777	-	66,561,061
Transmission	35,084,087	815,200	-	35,899,287
Distribution	62,388,947	1,370,647	366,619	63,392,975
Administration	1,743,754	-	-	1,743,754
Vehicles	645,747	43,120	80,918	607,949
Total capital assets, being depreciated	183,442,088	2,886,424	447,537	185,880,975
Less accumulated depreciation for:				
Buildings	(12,172,080)	(403,996)	-	(12,576,076)
Production	(44,002,794)	(1,420,983)	-	(45,423,777)
Transmission	(12,776,190)	(1,269,151)	-	(14,045,341)
Distribution	(28,382,673)	(1,629,534)	269,916	(29,742,291)
Administration	(1,427,205)	(108,985)	-	(1,536,190)
Vehicles	(517,428)	(31,005)	66,312	(482,121)
Total accumulated depreciation	(99,278,370)	(4,863,654)	336,228	(103,805,796)
Total capital assets, being depreciated, net	84,163,718	(1,977,230)	111,309	82,075,179
Total electric revenue fund capital assets, net	87,312,246	1,251,006	2,665,908	85,897,344
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	2,667,694	7,318,851	1,831,919	8,154,626
Total capital assets, not being depreciated	2,830,934	7,318,851	1,831,919	8,317,866
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	16,272,761	1,191,288	56,277	17,407,772
Distribution mains, hydrants, and accessories	20,635,045	547,794	-	21,182,839
Sewage plant mains, and pumping stations	33,137,241	1,547,770	56,276	34,628,735
Vehicles and equipment	5,194,622	264,303	103,515	5,355,410
Total capital assets, being depreciated	75,239,669	3,551,155	216,068	78,574,756
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(7,384,968)	(368,101)	21,103	(7,731,966)
Distribution mains, hydrant, and accessories	(6,572,687)	(396,106)	-	(6,968,793)
Sewage plant mains, and pumping stations	(12,600,589)	(766,481)	21,103	(13,345,967)
Vehicles and equipment	(3,803,607)	(280,519)	74,391	(4,009,735)
Total accumulated depreciation	(30,361,851)	(1,811,207)	116,597	(32,056,461)
Total capital assets, being depreciated, net	44,877,818	1,739,948	99,471	46,518,295
Total water/wastewater fund capital assets, net	47,708,752	9,058,799	1,931,390	54,836,161
Business-type activities capital assets, net	\$ 135,020,998	\$ 10,309,805	\$ 4,597,298	\$ 140,733,505

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

Governmental activities:	
General government	\$ 1,665
Central services	91,987
Public safety	433,078
Public works	1,844,744
Library and recreation	655,081
Financial administration	41,676
Total depreciation expense - governmental activities	<u>\$ 3,068,231</u>

In accordance with accounting principles generally accepted in the United States of America, \$125,832 of interest paid during the construction of projects for enterprise funds is capitalized. This amount is netted against the \$3,096 of interest earned on the project funds.

During the fiscal year there were impaired assets across the following departments/functions:

- Water and Wastewater Fund for a backhoe in the amount of \$29,125 and there were two - 20" comminutor's (a machine that cuts up solids in raw sewage in preparation for purifying treatment) for \$35,173 each.
- Electric Fund for a freightliner chassis in the amount of \$96,704.
- Library and Recreation for a few assets associated with the Parks and Recreation building slated for demolition including an HVAC replacement, storage building, copier and rubber roof all totaling \$391,483.

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>						
2012 General Obligation Bonds	\$ 3,500,000	\$ 3,216,939	2.60%	6/25/13 - 5/25/19	No	Construction of New Library, Street Paving Program
2014 General Obligation Bonds Series A	\$ 3,660,000	\$ 3,644,750	Variable = (65% of Daily LIBOR rate) plus .666%	11/14/14 - 5/14/22	No	Street and storm water infrastructure at the Garrison Oak Technology Park, police and fire radios, and firefighter's breathing apparatus
2014 General Obligation Bonds Series B	\$ 475,000	\$ 475,000	0.90%	7/1/15 - 7/1/16	No	Refunding 2003 bond issue
<u>Business Type Activities</u>						
<u>Water/Wastewater Bonds</u>						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 4,856,884	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	\$ 2,045,311	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	\$ 718,368	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	\$ 5,790,000	2.00%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2013 Revenue Bonds	\$ 6,125,000	\$ 240,224	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	\$ 19,790,000	4.81%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
2010 Revenue Bonds	\$ 8,810,000	\$ 1,890,000	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, 2015 – General Obligation Bonds

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

2012 Series	\$ 3,216,939
2014 Series A	3,644,750
2014 Series B	475,000
	<u>\$ 7,336,689</u>

The total General Obligation Bonds outstanding amount includes \$555,123 payable within one year.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2015:

i. General Long-Term Debt

Item	Balance 7/01/14	Additions	Reductions	Balance 6/30/15	Payable within one Year
Compensated Absences	\$ 2,193,961	\$ 1,273,284	\$ 1,399,074	\$ 2,068,171	\$ 1,087,312
General Obligation Bonds	4,049,758	4,135,000	848,069	7,336,689	555,123
OPEB Obligation	14,668,233	-	111,181	14,557,052	-
Net Pension Liability	22,062,022	2,209,024	-	24,271,046	-
Sub-total of General Long-Term Debt	<u>\$ 42,973,974</u>	<u>\$ 7,617,308</u>	<u>\$ 2,358,324</u>	<u>\$ 48,232,958</u>	<u>\$ 1,642,435</u>

During the fiscal year 2015, the City issued Series 2014 A & B General Obligation bonds. The proceeds from both series 2014 A are to be used to finance (1) Street and Storm-water infrastructure at the Garrison Oak Technology Park, (2) Radio equipment for Police and Fire operations and (3) Self-contained breathing apparatus for firefighters and (4) to pay for the costs of issuance of said bonds. The Series 2014 B proceeds are to refund the remaining 2003 General Obligation Bonds with an interest rate of 3.87% the new Series 2014 B bonds interest rate is .90% thereby saving the City approximately \$14,800 in interest expense.

Note: The Net Pension Liability is a result of implementing GASB 68 of which \$22,062,022 is a prior period adjustment.

ii. Enterprise Funds Debt – Water/Wastewater Fund

Item	Balance 7/01/14	Additions	Reductions	Balance 6/30/15	Payable within one Year
Compensated Absences	\$ 168,707	\$ 108,015	\$ 92,176	\$ 184,546	\$ 80,148
Revenue Bonds-Water and Wastewater	6,125,000	-	335,000	5,790,000	325,000
State of Delaware Municipal Revenue Bond - Wastewater	6,136,205	-	320,729	5,815,476	328,385
State of Delaware Municipal Revenue Bond - Water	2,151,142	-	105,831	2,045,311	108,611
OPEB Obligation	485,581	-	122,494	363,087	-
Net Pension Liability	2,552,694	-	487,490	2,065,204	-
Sub-total of Water/ Wastewater Fund	<u>15,066,635</u>	<u>108,015</u>	<u>853,736</u>	<u>14,198,420</u>	<u>842,144</u>

Note: The Net Pension Liability is a result of implementing GASB 68 of which \$2,552,694 is a prior period adjustment.

iii. Enterprise Funds Debt – Electric Revenue Fund

Item	Balance 7/01/14	Additions	Reductions	Balance 6/30/15	Payable within one Year
Compensated Absences	\$ 535,914	\$ 286,459	\$ 232,995	\$ 589,378	\$ 214,221
Revenue Bonds	23,940,000	-	2,260,000	21,680,000	2,365,000
Net Pension Liability	11,646,424	-	6,514,441	5,131,983	-
Sub-total of Electric Revenue Fund	24,475,914	286,459	2,492,995	22,269,378	2,579,221
Sub-total of Enterprise Fund Debt	39,542,549	394,474	3,346,731	36,467,798	3,421,365
Grand Totals of Long-Term Debt	<u>\$ 82,516,523</u>	<u>\$ 8,011,782</u>	<u>\$ 5,705,055</u>	<u>\$ 84,700,756</u>	<u>\$ 5,063,800</u>

Note: The Net Pension Liability reflects the implementation of GASB 68 and its effects of the accounting change coupled with the prior period adjustment of \$11,646,424.

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, 2015.

D. Debt Service Requirements

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

iv. Governmental Activities:

Fiscal Year	2012 General Obligation Bonds		2014 General Obligation Bonds Series A		2014 General Obligation Bonds Series B		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 142,123	\$ 83,280	\$ 183,000	\$ 28,488	\$ 230,000	\$ 14,285	\$ 681,176
2017	146,142	79,261	183,000	26,951	245,000	4,900	685,254
2018	150,041	75,362	183,000	25,491	-	-	433,894
2019	2,778,633	65,457	183,000	24,031	-	-	3,051,121
2020	-	-	183,000	22,632	-	-	205,632
2021	-	-	183,000	21,111	-	-	204,111
2022	-	-	2,546,750	18,038	-	-	2,564,788
Total	<u>\$ 3,216,939</u>	<u>\$ 303,360</u>	<u>\$ 3,644,750</u>	<u>\$ 166,742</u>	<u>\$ 475,000</u>	<u>\$ 19,185</u>	<u>\$ 7,825,976</u>

i. Business-type Activities

A. Water/Wastewater Fund

Fiscal Year	2000 Municipal Revenue Bonds (Wastewater)		2009 Municipal Revenue Bonds (Wastewater)		2010 Municipal Revenue Bonds (Water)		2011 Municipal Revenue Bonds (Wastewater)		2013 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 44,679	\$ 8,250	\$ 251,160	\$ 95,888	\$ 108,611	\$ 52,679	\$ 32,546	\$ 25,578	\$ 325,000	\$ 187,518
2017	46,302	6,627	256,208	90,840	111,464	49,825	33,729	24,395	330,000	177,694
2018	47,984	4,945	261,358	85,690	114,392	46,897	34,955	23,170	340,000	167,643
2019	49,727	3,202	266,611	80,437	117,397	43,892	36,225	21,900	355,000	157,219
2020	51,532	1,396	271,970	75,078	120,481	40,808	37,541	20,584	360,000	146,493
2021	-	-	277,437	69,611	123,646	37,643	38,905	19,219	375,000	135,469
2022	-	-	283,013	64,035	126,895	34,395	40,318	17,806	385,000	124,069
2023	-	-	288,702	58,346	130,228	31,061	41,783	16,341	395,000	112,369
2024	-	-	294,505	52,543	133,649	27,640	43,302	14,823	410,000	100,294
2025	-	-	300,424	46,624	137,160	24,129	44,875	13,250	215,000	90,919
2026	-	-	306,463	40,585	140,764	20,526	46,505	11,619	220,000	84,256
2027	-	-	312,623	34,425	144,461	16,828	48,195	9,930	225,000	77,106
2028	-	-	318,906	28,142	148,257	13,033	49,946	8,178	235,000	69,281
2029	-	-	325,316	21,732	152,151	9,138	51,761	6,364	245,000	60,269
2030	-	-	331,855	15,193	156,148	5,141	53,642	4,483	255,000	50,269
2031	-	-	338,526	8,522	79,607	1,039	55,592	2,534	265,000	39,869
2032	-	-	171,807	1,718	-	-	28,548	514	275,000	29,069
2033	-	-	-	-	-	-	-	-	285,000	17,869
2034	-	-	-	-	-	-	-	-	295,000	6,084
Total	\$ 240,224	\$ 24,420	\$ 4,856,884	\$ 869,409	\$ 2,045,311	\$ 454,674	\$ 718,368	\$ 240,688	\$ 5,790,000	\$ 1,833,759

B. Electric Revenue Fund

Fiscal Year	2008 Revenue Bonds		2010 Revenue Bonds		Business-type Activities
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 475,000	\$ 930,579	\$ 1,890,000	\$ 47,250	\$ 4,476,754
2017	695,000	901,329	-	-	2,725,430
2018	730,000	865,704	-	-	2,724,756
2019	765,000	831,580	-	-	2,730,209
2020	800,000	798,706	-	-	2,726,609
2021	840,000	763,856	-	-	2,682,807
2022	880,000	726,756	-	-	2,684,309
2023	925,000	686,694	-	-	2,687,547
2024	970,000	644,056	-	-	2,692,836
2025	1,015,000	599,394	-	-	2,488,800
2026	1,065,000	551,928	-	-	2,489,672
2027	1,120,000	501,400	-	-	2,491,995
2028	1,175,000	446,125	-	-	2,493,896
2029	1,230,000	386,000	-	-	2,489,760
2030	1,290,000	323,000	-	-	2,486,761
2031	1,355,000	256,875	-	-	2,404,595
2032	1,420,000	187,500	-	-	2,116,188
2033	1,485,000	114,875	-	-	1,904,777
2034	1,555,000	38,875	-	-	1,896,993
Total	<u>\$ 19,790,000</u>	<u>\$ 10,555,232</u>	<u>\$ 1,890,000</u>	<u>\$ 47,250</u>	<u>\$ 49,394,694</u>

6. **RESTRICTED NET POSITION**

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

Governmental Activities

Grants-capital projects	This represents the State DOT grant reported in the non-major special revenue funds.	\$ 57,798
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	253,225
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 the interest from an endowment from Mary Elizabeth Paton and the verizon reserve.	245,530
Total Restricted Net Position		<u><u>\$ 556,553</u></u>

Business Type Activities

Net restricted position for construction purposes - expendable

Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 2,165,379
Electric	Restrictions on investments imposed by bond covenants	34,586,471
Total Restricted Net Position		<u><u>\$ 36,751,850</u></u>

7. **FUND BALANCES & NET POSITION**

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

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

Committed fund balances represent amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of City Council through a motion or an adopted

city ordinance. 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 General Fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The composition of the City fund balances is as follows:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Inventory & Prepaids	\$ 181,026	\$ 181	\$ 181,207
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	202,620	181	202,801
Restricted for:			
Library Endowment Interest	1,727	-	1,727
Verizon cable franchise	125,979	-	125,979
Highway resurfacing	-	57,798	57,798
ERLSP	-	100	100
Realty Transfer Tax	-	9	9
CDBG	-	77,081	77,081
Neighborhood Stabilization Program	-	10,209	10,209
Substance Abuse Prevention	-	98,181	98,181
Municipal Street Aid	-	135	135
Library Grants	-	30,390	30,390
Police Grants	-	154,944	154,944
Subtotal Restricted for:	127,706	428,847	556,553
Committed to:			
Contingency	720,334	-	720,334
Parkland	320,796	-	320,796
Subtotal Committed to:	1,041,130	-	1,041,130
Assigned to:			
Capital Assets	3,827,714	-	3,827,714
Police Investigations	11,857	-	11,857
Subtotal Assigned to:	3,839,571	-	3,839,571
Unassigned	3,991,442	-	3,991,442
Total fund balances	<u>\$ 9,202,469</u>	<u>\$ 429,028</u>	<u>\$ 9,631,497</u>

8. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 44,207,967	\$ 173,893,702
GASB 68 and 71 Adjustment	(22,062,022)	(14,199,118)
Net position June 30, 2014, as restated	<u>\$ 22,145,945</u>	<u>\$ 159,694,584</u>

During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to \$22,145,945 and \$159,694,584 respectively.

9. PROPERTY TAXES

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

Beginning of fiscal year for taxes	July 1
Tax rate levied	June 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

As of June 30, 2015 there were two property owners with material delinquent taxes in the amount of \$50,300 and \$31,833.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

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

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	\$ 130,332
	Water/ Wastewater Fund	134,209
	Electric Revenue Fund	333,260
Water/ Wastewater Fund	General Fund	96
Electric Fund	General Fund	584
Non-Major Governmental Funds	General Fund	3,566
Total		<u>\$ 602,047</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	\$ 3,000,366
Water/ Wastewater Fund	500,000
Electric Revenue Fund	10,000,000
Total	<u>\$ 13,500,366</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.

11. 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 \$59,969 in rental income and the second lease is with Garrison Energy Center which generated \$32,325 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, 2015, the City had leases with three tenants for the remaining space available. Lease revenue is \$223,065 in the Electric Revenue Fund consisting of office space rental of \$146,565, substation rental of \$60,000 and pole attachment rentals of \$16,500.

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 \$344,842 in the current fiscal year.

12. MATERIAL COMMITMENTS

- A. The City is the guarantor on two loans for the Dover Fire Department, a separate entity from the City of Dover. The City included in a 2014 tax-exempt borrowing the funds needed to purchase new radios and new self-contained breathing apparatus equipment for all volunteer fire fighters. The annual debt service payment of \$34,900 on this equipment will be included in the General Fund future debt service expenditures. The City also budgets monies to assist the volunteer fire company with payments on firefighting apparatus. The apparatus payments are budgeted as expenditures in the Governmental Capital Projects Fund budget.

The payments are as follows:

Ladder #2 (paid off in FY 2015)	\$ 92,352
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, 2020. 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 2015 annual cost for management and the incentive is \$266,401 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 principal and interest on both of the loans is paid monthly from rental receipts the Partnership receives from its current tenants on the properties.

13. FORWARD CONTRACTS

Pursuant to the July 1, 2011 Energy Management Agreement between the City and The Energy Authority (TEA), the City has formed an Executive Risk Management Committee (ERMC). The ERMC has adopted a Governing Policy for Energy Commodity Risk Management (Policy) aimed at addressing the energy commodity risks and the Procedures and Controls Manual for Energy Commodity Risk Management ("Procedures Manual"). The Procedures Manual further

describes the risk management philosophy under which TEA, the City's designated provider of energy risk management services conducts its activities.

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

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

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

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

Counterparty Credit Risk (\$000's)

Counterparty	Counterparty or Guarantor Credit Rating	Counterparty Threshold	Line Availability	Maximum Amount of Loss due to Credit Risk w/o Respect to Collateral (\$)	Collateral Description
AEP Energy Partners, Inc.	BBB	\$10,000	\$9,818	\$182	No Collateral if exposure under specified threshold
Barclays Bank, PLC	A-	\$15,000	\$15,000	\$0	No Collateral if exposure under specified threshold
BP Energy Company	BBB+	\$15,000	\$14,896	\$104	No Collateral if exposure under specified threshold
EDF Trading North America, LLC	BBB+	\$18,000	\$17,883	\$117	No Collateral if exposure under specified threshold
Exelon Generation Company, LLC	BBB	\$30,000	\$29,861	\$139	No Collateral if exposure under specified threshold
Constellation Energy Services, Inc.	NR	No threshold	\$0	\$0	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	\$12,264	\$2,736	No Collateral if exposure under specified threshold
Morgan Stanley Capital Group, Inc	A-	\$15,000	\$13,283	\$1,717	Unlimited dollars are guaranteed by Morgan Stanley
NextEra Energy Power Marketing, LLC	BBB+	\$15,000	\$12,522	\$2,478	Up to \$15,000 is guaranteed by NextEra Energy Capital Holdings which is guaranteed by NextEra Energy, Inc.
NJR Energy Services Company	NR	No threshold	\$0	\$29	No Collateral if exposure under specified threshold
Sempra Energy Trading LLC	NR	No threshold	\$0	\$0	No Collateral if exposure under specified threshold
Sequent Energy Management, L.P.	BBB+	\$5,000	\$4,995	\$5	No Collateral if exposure under specified threshold

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 2014. As of June 30, 2015, there is \$286,426 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, 2015.

Workers' Compensation activity is as follows:

	2015	2014
Claims payable beginning of year	\$ 515,432	\$ 481,951
Claims incurred	98,665	529,020
Payment of claims	(327,671)	(495,539)
Claims payable end of year	<u>\$ 286,426</u>	<u>\$ 515,432</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 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, 2015:

Retirees and beneficiaries receiving benefits	259
Terminated plan members entitled to but not yet receiving the benefits	15
Active eligible plan members	<u>326</u>
Total	<u>600</u>

Substantially all City employees become eligible for post-retirement benefits if they reach retirement age while working for the City. The costs of providing these benefits are shared between the City and the retired employee.

Employee Benefits and Contributions

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 (AFSCME), 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. A ratified union contract went into effect October 30, 2014 for the American Federation of State, County, and Municipal Employees (AFSCME), Council 81 for contract period October 30, 2014 through June 30, 2017.

The City also 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.

The eligibility provisions for early retirement are as follows:

SUMMARY OF PRINCIPAL PLAN PROVISIONS As of JULY 1, 2014

Benefits for Civilians:

- a) Covered Groups: Full-time DOE (formerly IUE), IBEW, AFSCME and non-union employees and their dependents are covered.
- b) Eligibility: Satisfaction of either of the following eligibility requirements:
 - (1) Unreduced Retirement: Attainment of the earlier of the following conditions:
 - (a) Later of attainment of age 65 and completion of 10 years of service.
 - (b) If hired prior to May 1, 1994, later of attainment of age 50 and completion of 20 years of service.
 - (c) If hired prior to May 1, 1994, completion of 25 years of service.
 - (d) If hired on or after May 1, 1994, later of attainment of age 55 and completion of 80 points (age plus service).
 - (2) Reduced Retirement: For DOE, AFSCME and non-union members hired prior to July 1, 1994, attainment of age 55 and completion of 10 years of service. Other members who meet this condition have the option to pay 100% of the premiums for coverage.
 - (3) Vested Termination: For DOE, AFSCME and non-union members hired prior to July 1, 1994, completion of 10 years of service. Coverage commences upon attainment of age 65. Coverage is not available to other members.

SUMMARY OF PRINCIPAL PLAN PROVISIONS

(Continued)

(4) Active Death: Surviving spouses of members eligible for an unreduced pension upon death or for DOE and non-union members hired prior to July 1, 1994, completion of 10 years of service.

c) Premium Cost Sharing: Cost-sharing varies by employee group, date of retirement and/or date of hire as follows:

(1) Non-Union Employees:

- a. None if retired prior to July 1, 1991
- b. 0% for individual coverage and 25% for spouse coverage if retired on or after July 1, 1991 and prior to July 1, 2012
- c. 15% for individual and spouse coverage if retired on or after July 1, 2012

(2) DOE Employees:

- a. None if retired prior to September 1, 1991
- b. 0% for individual coverage and 25% for spouse coverage if retired on or after September 1, 1991 and prior to June 1, 2013
- c. 15% for individual and spouse coverage if retired on or after June 1, 2013

(3) IBEW Employees:

- a. 0% for individual coverage and 25% for spouse coverage if hired prior July 1, 1986
- b. 0% for individual coverage and 100% for spouse coverage if hired on or after July 1, 1986 and prior to July 1, 2014
- c. 20% for individual coverage and 100% for spouse coverage if hired on or after July 1, 2014

(4) AFSCME Employees:

- a. 0% for individual coverage and 25% for spouse coverage if retire prior to July 1, 2015
- b. 15% for individual and spouse coverage if hired prior to May 20, 2014 and retire on or after July 1, 2015
- c. 20% for individual coverage and 100% for spouse coverage if hired on or after May 20, 2014

d) Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.

e) Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B premiums for 2014 and 2015 are both \$104.90. Spouses are not eligible for the reimbursement. Eligible retirees are:

- (1) Non-union employees who were hired prior to July 28, 2009.
- (2) IBEW employees who retired prior to July 1, 2009.
- (3) DOE employees who retired prior to January 31, 2010.

SUMMARY OF PRINCIPAL PLAN PROVISIONS (Continued)

Benefits for Police Officers:

- a) Covered Groups: Full-time FOP employees and their dependents are covered. Only provisions for members hired on after September 1, 1982 are shown.
- b) Eligibility: Satisfaction of either of the following eligibility requirements:
 - (1) Unreduced Retirement: Attainment of the earlier of the following conditions:
 - (a) Later of attainment of age 62 and completion of 10 years of service.
 - (b) Completion of 20 years of service.
 - (c) Later of completion of 10 years of service and 75 points (age plus service).
 - (2) Reduced Retirement: Not applicable.
 - (3) Vested Termination: None.
 - (4) Active Death: Surviving spouses of members eligible for an unreduced pension upon death.
- c) Premium Cost Sharing:
 - (1) None if retired prior to July 1, 1991
 - (2) 0% for individual coverage and 25% for spouse coverage is retired on or after July 1, 1991 and prior to July 1, 2012
 - (3) 15% for individual and spouse coverage if retire on or after July 1, 2012
- d) Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.
- e) Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B premium for 2014 and 2015 are \$104.90 and \$104.90, respectively. Spouses are not eligible for the reimbursement. Eligible retirees are members who retired prior to September 30, 2006.

Employer Contributions:

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	\$ 3,295,855
Water/Wastewater Fund	300,009
Electric Revenue Fund	1,709,143
Total Benefit Provided	<u>\$ 5,305,007</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	\$ 3,809,600	\$ 3,354,495	\$ 183,137	\$ 271,968
Interest on OPEB obligation	850,534	953,435	31,563	(134,464)
Adjustment to annual required contribution	(1,002,026)	(1,123,256)	(37,185)	158,415
Annual OPEB Cost	3,658,108	3,184,674	177,515	295,919
Employer Contributions	(5,305,007)	(3,295,855)	(300,009)	(1,709,143)
Increase/(decrease) in net OPEB obligation	(1,646,899)	(111,181)	(122,494)	(1,413,224)
Net OPEB obligation (asset) at beginning of year	13,085,130	14,668,233	485,581	(2,068,684)
Net OPEB obligation (asset) at end of year	<u>\$ 11,438,231</u>	<u>\$ 14,557,052</u>	<u>\$ 363,087</u>	<u>\$ (3,481,908)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation thru fiscal year 2015 are as follows:

Fiscal Year Ended <u>June 30</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
2013	\$ 5,948,117	67.6%	\$ 12,392,061
2014	\$ 5,779,249	88.0%	\$ 13,085,130
2015	\$ 3,658,108	145.0%	\$ 11,438,231

For the 2015 fiscal year the City of Dover has at least funded the full funding Annual Required Contribution (ARC). In 2009 the City elected a ten-year phase-in plan to achieve the appropriate funding level, due to this change, the phase-in has been eliminated in determining the interest rate assumption used for the liabilities and costs under GASB 45. 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 July 1, 2014, the most recent GASB 45 Actuarial Valuation date, the plan was 36.6% funded. The actuarial accrued liability for benefits was \$51.2 million, and the actuarial value of assets was \$18.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.5 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$17.1 million, and the ratio of the UAAL to the covered payroll was 190.3%.

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 July 1, 2014 actuarial valuation. Investments are valued at market rates. For the 2014 and 2015 fiscal years, the City has at least funded the full funding Annual Required Contribution (ARC). Previously, the City was phasing into full funding over a 10-year period. The funded discount rate was decreased 50 basis points from 7.0% to 6.5% and the phase-in was eliminated since the City is fully funding the ARC. The healthcare trend assumption has been updated and modified to reflect the provisions of the Affordable Care Act.

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 \$7,839,114 (market value) as of June 30, 2015, with 129 contributing active employees. The Nationwide plan has assets of \$3,157,648 (market value) as of June 30, 2015 with 22 contributing active 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 participate in 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, 2015, there are 328 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 2015 the total wages were \$20.1 and the total pensionable wages were \$18.4 for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2015 is 328.

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 both established and 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 have elected 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, 2015, there were 119 full-time employees enrolled in the 401a plan. The City contributed a total of \$272,405 on wages of approximately \$5.3 million. Employees contributed \$157,964 to the 401a Money Purchase Plan and \$540,965 to the 457 Deferred Compensation Plans (see also Note 17). The market value of the 401a plan assets totaled \$4,756,752 as of June 30, 2015.

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 employer 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, 2015

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 779,712	\$ 1,684,273	\$ 2,463,985
Investments at fair value	11,605,133	33,606,649	45,211,782
Total Assets	12,384,845	35,290,922	47,675,767
Net position held in trust	<u>\$ 12,384,845</u>	<u>\$ 35,290,922</u>	<u>\$ 47,675,767</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:

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

The City of Dover, Delaware
Combining Statement of Changes in Pension Trust Fund Net Position
For the Year Ended June 30, 2015

	Police Pension	General Pension	Totals
Additions			
Net investment income	\$ 283,144	\$ 954,989	\$ 1,238,133
City's contribution - payroll based	-	2,876,512	2,876,512
City's contribution - lump sum	755,000	543,000	1,298,000
Employee contribution	-	209,446	209,446
State contributions	629,910	-	629,910
State contributions - COLA increases	-	-	-
Other	879	-	879
Total Additions to Net Position	1,668,933	4,583,947	6,252,880
Deductions			
Benefit payments	1,557,641	3,699,842	5,257,483
General administration	5,794	18,792	24,586
Refund of pension contribution	-	-	-
Change in net position	105,498	865,313	970,811
Net Position - Beginning	12,279,347	34,425,609	46,704,956
Net Position - Ending	<u>\$ 12,384,845</u>	<u>\$ 35,290,922</u>	<u>\$ 47,675,767</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 Trust 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.

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 July 1, 2014, valuation date, there are 47 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 liability.

The State Contributes to the pension fund on behalf of the City based on 1) an allocation to the City based on a 0.25% surcharge on insurance policies issued in the state and the number of officers employed and 2) 75% of the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For the fiscal year ending June 30, 2015, the State contributed \$629,910.

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 liability. The City's actuary is Milliman of Wayne, Pennsylvania. The ADC is based on an amortization of the unfunded actuarial accrued liability over 30 years beginning July 1, 1994 on a closed basis. For the fiscal year ending June 30, 2015, there are 10 years remaining.

Total contributions to the plan for the fiscal year ending June 30, 2015 are anticipated to be \$1.39 million, which would be 117.8% of the ADC.

Net Pension Liability

As of June 30, 2015, the most recent measurement date for the actuarial valuation, the plan was 60.50% funded. The total pension liability for benefits was \$20.5 million, and the fiduciary net position was \$12.4 million, which resulted in a net pension liability (NPL) of \$8.1 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. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	10 years
Amortization period	Closed
Asset valuation method	Current market value
Actuarial assumptions:	
Investment rate of return	6.5% (See supplementary schedule in RSI)
Discount rate	6.5%
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

Changes in Actuarial Assumptions or Methods

The following changes have been made to the economic assumptions used in the actuarial

valuations:

- The interest rate was reduced from 7.0% to 6.5%
- The inflation assumption was reduced from 2.75% to 2.5%

The best-estimate range for the long term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2014. The target allocation and best estimates of real rate of return for each major asset class are in the following table:

**Police Pension Fund
Long-Term Expected Rate of Return**

Asset Class	Index	Target Allocation*	Long-Term Expected Real Real Rate of Return
Cash	Citigroup 90-Day T-Bills	4.00%	0.50%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	4.00%	0.95%
Intermediate-Term Bonds	Barclays Intermediate Gov/Cred	6.00%	1.52%
Long-Term Bonds	Barclays Long Gov/Cred	7.00%	2.98%
High Yield Bonds	Barclays High Yield	7.00%	4.00%
Inflation-Indexed Bonds	ML Index	5.00%	1.05%
Large Cap US Equities	S&P 500	25.00%	5.61%
Mid Cap US Equities	Russell Mid Caps	6.00%	6.36%
Small Cap US Equities	Russell 2000	7.00%	7.36%
Developed Foreign Equities	MSCI EAFE	12.00%	6.02%
Emerging Market Equities	MSCI Emerging Markets	9.00%	8.81%
Real Estate (REITS)	FTSE NAREIT Equity REIT	8.00%	5.56%
Assumed Inflation - Mean			2.50%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			4.95%
Portfolio Nominal Arithmetic Mean Return			7.47%
Portfolio Standard Deviation			13.18%

Police Pension Fund
Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2014	\$ 19,499,000	\$ 12,279,347	7,219,653
Changes for the year:			
Interest on total pension liability	1,311,335	-	1,311,335
Effect of economic/demographic gains or losses	286,306	-	286,306
Effect of assumptions changes or inputs	932,000	-	932,000
Benefit payments	(1,557,641)	(1,557,641)	-
Employer contributions	-	1,385,789	(1,385,789)
Net investment income	-	283,144	(283,144)
Administrative expenses	-	(5,794)	5,794
Balances as of June 30, 2015	\$ 20,471,000	\$ 12,384,845	\$ 8,086,155

Sensitivity Analysis

The following presents the net pension liability of the City of Dover, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Total pension liability	\$ 22,591,000	\$ 20,471,000	\$ 18,680,000
Fiduciary net position	12,384,845	12,384,845	12,384,845
Net pension liability	10,206,155	8,086,155	6,295,155

Pension Expense, Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$1,796,053 as calculated in the following chart:

Police Pension Expense

Pension Expense	July 1, 2014 to June 30, 2015
Interest on total pension liability	\$ 1,311,335
Administrative expenses	5,794
Expected investment return net of investment Expenses	(853,442)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	286,306
Recognition of assumption changes or inputs	932,000
Recognition of investment gains or losses	114,060
Pension Expense	<u>1,796,053</u>

As of June 30, 2015, the City reported deferred outflows of resources related to pension from the following sources:

	Police Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings	\$ 456,238
Total Deferred Outflows of Resources	<u>\$ 456,238</u>

The City did not report deferred inflows of resources for the period ending June 30, 2015.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Police Pension Plan
Fiscal Year Ending June 30:	
2016	\$ 114,060
2017	114,060
2018	114,060

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. As of the valuation date, July 1, 2014, 121 employees and 207 retirees participate in the plan, while 112 employees are enrolled in the defined contribution plan, which began July 1, 2000. The General Employee Pension Plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	205
Active employees Fully Vested	83
Non-Vested	31
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, 2015, 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' 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, 2015 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 City makes payroll based contributions equal to the normal cost rate for active members in the plan. Over the last couple of years, the City has also made payroll based contributions supplemented by lump sum contributions to pay the amortization of the unfunded liability. The Actuarially Determined Contribution is based on an amortization of the unfunded actuarial accrued liability over 15 years beginning July 1, 2014 on a closed basis. For fiscal year 2015 the amortization period has been decreased from 21 years of a 30 year amortization period to 15 years (closed) this is due to the additional City contributions over the past three years. 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.

Net Pension Liability

As of June 30, 2015, the most recent measurement date for the actuarial valuation, the plan was 60.15% funded. The total pension liability for benefits was \$58.7 million, and the fiduciary net position was \$35.3 million, which resulted in a net pension liability (NPL) of \$23.4 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$5.9 million and the ratio of the NPL to the covered payroll was 398.73%.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar of projected payroll
Amortization period	Closed
Asset valuation method	Smooths gains and losses over a 5-year period
Actuarial Assumptions:	
Investment rate of return	6.5% (See supplementary schedule in RSI)
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2000 Healthy Annuitant Mortality Table

Changes in Actuarial Assumptions or Methods

The following changes have been made to the economic assumptions used in the actuarial valuation:

- The interest rate was reduced from 7.0% to 6.5%
- The salary increase assumption was reduced from 4.0% to 3.0%
- The inflation assumption was reduced from 2.75% to 2.5%

The version of the Entry Age Normal cost method used in the valuation has been modified slightly to be consistent with the version required for calculations under GASB 67 and 68. The July 1, 2014 valuation date determines the June 30, 2015 and June 30, 2016 fiscal year end contributions.

The best-estimate range for the long term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2014. The target allocation and best estimates of real rate of return for each major asset class are in the following table:

General Employee Pension Plan Long-Term Expected Rate of Return

Asset Class	Index	Target Allocation*	Long-Term Expected Real Rate of Return
Cash	Citigroup 90-Day T-Bills	4.50%	0.50%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	2.50%	0.95%
Intermediate-Term Bonds	Barclays Intermediate Gov/Crex	6.00%	1.52%
Long-Term Bonds	Barclays Long Gov/Cred	8.00%	2.98%
High Yield Bonds	Barclays High Yield	7.00%	4.00%
Inflation-Indexed Bonds	ML Index	5.00%	1.05%
Large Cap US Equities	S&P 500	25.00%	5.61%
Mid Cap US Equities	Russell Mid Caps	6.00%	6.36%
Small Cap US Equities	Russell 2000	7.00%	7.36%
Developed Foreign Equities	MSCI EAFE	12.00%	6.02%
Emerging Market Equities	MSCI Emerging Markets	9.00%	8.81%
Real Estate (REITS)	FTSE NAREIT Equity REIT	8.00%	5.56%
Assumed Inflation - Mean			2.50%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			4.95%
Portfolio Nominal Arithmetic Mean Return			7.49%
Portfolio Standard Deviation			13.19%
Long-Term Expected Rate of Return			6.50%

Discount Rate: The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return of 6.50%.

Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2014	\$ 56,519,000	\$ 34,425,609	\$ 22,093,391
Changes for the year:			
Service cost	458,969	-	458,969
Interest on total pension liability	3,861,154	-	3,861,154
Effect of economic/demographic gains or losses	(422,281)	-	(422,281)
Effect of assumptions changes or inputs	1,956,000	-	1,956,000
Benefit payments	(3,699,842)	(3,699,842)	-
Employer contributions	-	3,419,512	(3,419,512)
Member contributions	-	209,446	(209,446)
Net investment income	-	954,989	(954,989)
Administrative expenses	-	(18,792)	18,792
Balances as of June 30, 2015	\$ 58,673,000	\$ 35,290,922	\$ 23,382,078

Sensitivity Analysis

The following presents the net pension liability of the City of Dover, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Total pension liability	\$ 65,923,000	\$ 58,673,000	\$ 52,663,000
Fiduciary net position	35,290,922	35,290,922	35,290,922
Net pension liability	30,632,078	23,382,078	17,372,078

Pension Expense, Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$2,439,139 as calculated in the following chart:

General Employee Pension Expense

Pension Expense	July 1, 2014 to June 30, 2015
Service cost	\$ 458,969
Interest on total pension liability	3,861,154
Administrative expenses	18,792
Member contributions	(209,446)
Expected investment return net of investment Expenses	(2,406,707)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(117,300)
Recognition of assumption changes or inputs	543,333
Recognition of investment gains or losses	290,344
Pension Expense	<u>2,439,139</u>

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	General Employee Pension Plan
Deferred Outflows of Resources	
Changes in assumptions	\$ 1,412,667
Net difference between projected and actual earnings	<u>1,161,374</u>
Total Deferred Outflows of Resources	<u>\$ 2,574,041</u>
Deferred Inflows of Resources	
Net differences between expected and actual experience	<u>\$ (304,981)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	General Employee Pension Plan
Fiscal Year Ending June 30:	
2016	\$ 716,377
2017	716,377
2018	545,964

iii. Delaware State Police Pension Plan

Plan Description and Contribution Information

The City participates in the “County and Municipal Police and Firefighters’ Pension Plan” (the Plan) is a cost sharing multiple-employer defined-benefit plan established in the Delaware code. The City’s 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 can participate in this plan.

The General Assembly is responsible for setting benefits, contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the board).

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two exofficio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the plan are commingled with other Plans for investment purposes, the Plan’s assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

As of June 30, 2015 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	46
Active employees:	
Fully Vested 5 years	72
Non-Vested	23

The following are brief descriptions of the Plan. For a more complete description, please refer to the DPERS CAFR.

County and Municipal Police and Firefighter’s Pension Plan

a. Plan Description and Eligibility

The Plan covers police officers and firefighters employed by a county or municipality of the State that have joined the Plan.

b. Service Benefits

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

c. Vesting

Five years of credited service.

d. Retirement

Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

e. Disability Benefits:

Duty – Total Disability – 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Duty – Partial Disability – Calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

Non-Duty – Same as Service Benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents. Partial disability is subject to a minimum of 30% of final average monthly compensation.

f. Survivor Benefits

If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

g. Contributions:

Employer – Determined by Board of Pension Trustees. Employer contributions were 14.2%, 15.5% and 14.8% of earnings for the Fiscal Year 2015, 2014 and 2013 respectively. The City's contributions to the plan for years ended June 30, 2013, 2014 and 2015 were \$936,894, \$990,588 and \$933,750 respectively and were equal to the required contributions for each year. Total eligible full-time wages covered by the State plan were \$6.6 million this fiscal year

Member – 7% of compensation.

Basis of Presentation

The Schedules of Employer Allocations and Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers.

Employer Allocation Percentage Methodology

The amounts assigned to each employer in the Schedule of Pension Amounts by Employer is each employer's proportional share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense (the Collective Pension Amounts) determined in accordance with Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*. Management has elected to allocate the employer's proportionate shares of the collective pension amounts based on the percentage of actual employer contributions as documented in the Schedule of Employer Allocations. The City's proportionate share percentage is 9.6334%.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2014, the City reported a net pension asset of \$1,042,117 for its proportionate share of the collective net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the percentage of actual employer contributions. The components of the proportionate share of the net pension liability (asset) of the Plan as of June 30, 2014 were as follows (Dollar values expressed in thousands):

Year	(1) Total proportionate share of the pension liability	(2) Plan fiduciary proportionate share of the net position	(3) The Employers' proportionate share of the net pension liability (asset) (1)-(2)
2014	\$ 23,298	\$ 24,340	\$ (1,042)

For the year ended June 30, 2015, the City recognized pension expense of \$581,087. As of June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Delaware State Police Pension Plan
Deferred Outflows of Resources	
City contributions subsequent to the measurement date	<u>\$ 933,750</u>
Deferred Inflows of Resources	
Net differences between expected and actual experience	<u>\$ 1,682,018</u>

The \$933,750 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Delaware State Police Pension Expense

Pension Expense	June 30, 2014
Service cost	\$ 1,377,287
Member contributions	(471,748)
Administrative expenses	9,633
Interest on the total pension liability	1,528,146
Projected earnings on plan investments	(1,460,712)
Amortization of investment return differences	<u>(401,520)</u>
Pension Expense	581,087

The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on DPERS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The amortization period is 11 years for the County and Municipal Police Pension Plan for deferred amounts arising in 2014. The annual difference between the projected and actual earnings on investments is amortized over a five-year closed period beginning the year in which the difference occurs. The amounts of deferred outflows (inflows) of resources reported as of June 30, 2014 will be recognized in pension expense as follows:

	Delaware State Police Pension Plan
Fiscal Year Ending June 30:	
2016	\$ 401,532
2017	401,532
2018	401,532

The proportionate share of the total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, and updated procedures were used to roll forward the total pension liability to June 30, 2014. The proportionate share of the total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of June 30, 2013. These actuarial valuations used the following actuarial assumptions:

Actuarial Assumptions

Investment rate of return/Discount rate ¹	7.2%
Projected salary increases ¹	4% to 11.5%
Cost-of-living adjustments	Ad hoc

Inflation is included at 3% the total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

The change in assumptions about future economic or demographic factors or other inputs is amortized over the average of the expected remaining service life of active and inactive members which is 11 years. The first year of amortization is recognized as pension expense with the remaining years either a deferred outflow or deferred inflow. The collective amount of change in assumptions for Fiscal year ending June 30, 2014 is \$0.00.

Mortality rates were based on the Sex distinct RP – 2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is

based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation are summarized in the following table:

Asset class:	<u>Long-Term expected real rate of return</u>
Domestic equity	5.7%
International equity	5.7
Fixed income	2.0
Alternative investments	7.8

Discount rate: The discount rate for all plans used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability of the Plan, calculated using the discount rate of 7.2%, as well as what the Plans' net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (dollar values expressed in thousands):

<u>Plans</u>	<u>1% Decrease</u>	<u>Discount rate</u>	<u>1% Increase</u>
City of Dover's proportionate share of the net pension liability	\$ 2,730,395	\$ (1,042,045)	\$ (4,131,765)

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
860 Silver Lake Blvd
Dover, DE 19904

Or at the following web address: 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**



**Emergency
Preparedness**



**Fire
Protection**



Electricity

**Inspections
& Code
Enforcement**



**Leaf
Collection**



Library

Parks



**Planning &
Zoning**

**Police
Protection**



Recreation



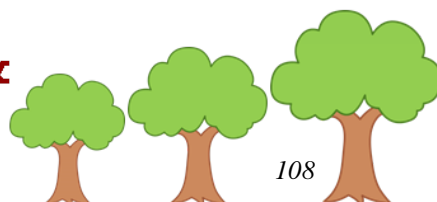
**Snow
Removal**

**Street
Maintenance
/Cleaning**



**Trash
Collection**

**Tree
Maintenance &
Management**



**Water/
Sewage**



2015 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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,393,000	\$ 4,361,500	\$ 4,361,532	\$ 32
REVENUES:				
Fines & Police Revenue	566,000	566,000	603,357	37,357
911 Fee	63,300	63,300	63,337	37
Interest Earnings	40,000	40,000	29,326	(10,674)
Library Revenues - General	71,600	71,600	68,056	(3,544)
Library Revenues - County Reimbursement	450,000	490,000	412,767	(77,233)
Business Licenses	1,460,000	1,460,000	1,403,100	(56,900)
Permits & Other Licenses	1,354,200	1,354,200	1,490,182	135,982
Miscellaneous Revenues	53,900	27,600	135,393	107,793
Police Extra Duty Fees	659,500	659,500	503,043	(156,457)
Property Taxes	11,049,200	11,068,600	11,127,284	58,684
Bid Revenue	50,000	67,700	49,479	(18,221)
Recreations Revenue	148,800	148,800	149,318	518
Franchise Fees	636,000	656,400	683,354	26,954
Transfer Tax	1,250,000	1,525,200	1,713,788	188,588
Trash Fees	2,595,600	2,580,000	2,578,892	(1,108)
Garrison Farm Rent	101,400	92,300	92,294	(6)
Court of Chancery Fees	1,023,000	1,074,400	1,118,680	44,280
Internet Revenue	-	-	7	7
Sale of Assets	-	-	15	15
Intrafund Service Receipts Water/Wastewater	1,354,900	1,371,100	1,341,640	(29,460)
Intrafund Service Receipts Electric	3,508,100	3,588,200	3,478,806	(109,394)
2003 GO Bond Redemption	-	475,000	475,000	-
Grants:				
Green Energy Grant	98,500	98,500	98,500	-
Miscellaneous Grants	25,000	25,000	5,494	(19,506)
Police Pension Grant	500,000	500,000	629,910	129,910
Transfer from Police Grant Funds	124,000	124,000	127,130	3,130
Transfer from Municipal Street Aid	663,900	664,200	664,266	66
Transfer from Civil Traffic Penalties	500,000	450,000	495,182	45,182
Transfer from Verizon, Contingency and CI Reserves	4,000	54,000	58,733	4,733
Transfer from Water/Wastewater Fund	500,000	500,000	500,000	-
Transfer from Electric Fund	10,000,000	10,000,000	10,000,000	-
Total Revenues	38,850,900	39,795,600	40,096,333	300,733
TOTAL BEGINNING BALANCE & REVENUES	\$ 42,243,900	\$ 44,157,100	\$ 44,457,865	\$ 300,765

(continued)

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Required Supplementary Information – Part D

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	\$ 309,500	\$ 319,100	\$ 303,440	\$ 15,660
Fire	716,100	716,100	681,170	34,930
Library	1,393,100	1,422,000	1,380,437	41,563
Recreation	706,400	710,800	658,615	52,185
Planning Commission	444,100	446,000	450,400	(4,400)
Public Inspections	602,100	609,200	581,480	27,720
Life Safety	504,800	544,800	504,840	39,960
Code Enforcement	418,400	418,500	392,859	25,641
Economic Development	223,000	223,400	226,308	(2,908)
Police	14,698,600	15,119,300	15,347,116	(227,816)
Streets	665,100	674,200	543,832	130,368
Sanitation	2,248,000	2,224,800	2,185,408	39,392
Allocated Expenditures:				
Human Resources	379,700	386,500	361,384	25,116
Customer Services	1,040,300	1,045,500	1,045,588	(88)
City Manager	592,500	595,900	553,558	42,342
Information Technology	728,700	739,500	730,046	9,454
Finance	947,100	971,100	946,618	24,482
Public Services-Administration	514,800	518,100	522,935	(4,835)
Facilities Management	677,800	690,400	688,162	2,238
Engineering	192,600	193,700	26,996	166,704
Central Services	535,600	545,900	534,298	11,602
Vehicle Maintenance	776,700	799,700	786,500	13,200
City Clerk	383,200	386,700	377,564	9,136
Mayor	74,900	82,500	77,861	4,639
Council	106,600	106,600	92,870	13,730
Grounds Maintenance	1,123,800	1,130,900	952,159	178,741
Insurance	724,800	675,000	674,775	225
Contribution to Downtown Dover Partnership	70,000	70,000	70,000	-
Tree Grant Expense	25,000	25,000	-	25,000
Other Employment Expenses	500,000	-	-	-
Retiree Benefits	1,636,500	1,636,500	1,636,500	-
Subtotal	33,959,800	34,027,700	33,333,719	693,981
Debt Service - Principal and Interest	708,600	948,400	962,312	(13,912)
Transfer to Capital Asset Reserve	-	60,000	60,000	-
Transfer to Parkland Reserve	-	25,000	25,000	-
Transfer to Capital Fund for Projects	2,196,000	2,196,000	2,196,000	-
Transfer to Criminal Investigation Reserve	-	-	7,200	(7,200)
Transfer to Police Pension Fund	500,000	500,000	629,910	(129,910)
Transfer to Uncollectible Reserve	50,000	50,000	50,113	(113)
Transfer to Contingency Reserve	-	300,000	300,000	-
Appropriation to Police Pension Fund	655,000	755,000	755,000	-
Appropriation to General Pension Fund	-	543,000	543,000	-
Street Lights	774,500	774,500	775,197	(697)
Total Expenditures	38,843,900	40,179,600	39,637,451	542,149
Budget Balance - Working Capital	3,400,000	3,977,500	4,820,414	(842,914)
Total Budget Balance & Expenditures	\$ 42,243,900	\$ 44,157,100	\$ 44,457,865	\$ (300,765)
Budget Balance - Working Capital			\$ 4,820,414	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			(222)	
Deferred Revenues - Non-spendable			(647,724)	
Inventory & Prepaids - Non-spendable			(181,026)	
Unassigned Fund Balance			<u>\$ 3,991,442</u>	

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 \$300,765 with increases in police fines, building permits and other licenses, property taxes, Franchise fees, transfer taxes, Court of Chancery fees, police pension grant and Civil traffic penalties. The major source of decrease in revenues was attributed to the intrafund service fees related to attrition and retirements thus reducing service to the proprietary funds. Additional decreases were attributed to business licenses, library revenues, police extra duty fees, and grant receipts. Expenditures were lower than budget by \$542,149 across several functions as a result of personnel reductions through attrition and retirements. The Police department expenditures exceeded their budget as a result of an increase in personnel related expenses. The net result is an increase of \$842,914 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 re-appropriate budget balances for ongoing capital projects.
2. To amend the grant budgets, reserve accounts for the actual results of the prior fiscal year, and 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 Actuarially Determined Contribution (ADC) is based on an amortization of the unfunded actuarial accrued liability over 30 years beginning July 1, 1994 on a closed basis. For the fiscal year ending June 30, 2015, there are 10 years remaining.

Schedule of Changes in Net Pension Liability, Related Ratios (in Thousands)
POLICE PENSION
Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Interest on total pension liability	\$ 1,311	\$ 1,325
Effect of economic/demographic (gains) or losses	286	25
Effect of assumption changes or inputs	932	-
Benefit payments	<u>(1,557)</u>	<u>(1,548)</u>
Net change in total pension liability	972	(198)
Total pension liability, beginning	<u>19,499</u>	<u>19,697</u>
Total pension liability, ending (a)	<u><u>\$ 20,471</u></u>	<u><u>\$ 19,499</u></u>
Fiduciary Net Position		
Employer contributions	\$ 1,386	\$ 1,229
Investment income net of investment expenses	283	1,583
Benefit payments	(1,557)	(1,548)
Administrative expenses	<u>(6)</u>	<u>(20)</u>
Net change in plan fiduciary net position	106	1,244
Fiduciary net position, beginning	<u>12,279</u>	<u>11,035</u>
Fiduciary net position, ending (b)	<u><u>\$ 12,385</u></u>	<u><u>\$ 12,279</u></u>
Net pension liability, ending = (a) - (b)	<u><u>\$ 8,086</u></u>	<u><u>\$ 7,220</u></u>
Fiduciary net position as a % of total pension liability	60.50%	62.97%

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
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
2015	1,176,422	1,385,789	(209,367)	-	N/A

NET PENSION LIABILITY

Net Pension Liability	June 30, 2015	June 30, 2014
Total pension liability	\$ 20,471,000	\$ 19,499,000
Fiduciary net position	12,384,845	12,279,347
Net pension liability	8,086,155	7,219,653
Fiduciary net position as a % of total pension liability	60.50%	62.97%
Covered payroll	-	-
Net pension liability as a % of covered payroll	N/A	N/A

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amortization: The amortization period is 10 years for the 2015 fiscal year and will decline by 1 each year until 1 year.
Amortization period	Closed
Asset valuation method	The Market Value of Assets
Actuarial assumptions:	
Investment rate of return	6.5% (See supplementary schedule in RSI)
Discount rate	6.5%
Projected salary increases	none, no remaining active participants
Includes inflation at	2.5%
Automatic cost of living (retirees)	2.0%
Mortality	RP-2000 Healthy Annuitant Mortality projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date.

The July 1, 2014 valuation date determines the June 30, 2015 and June 30, 2016 fiscal year end contributions.

B. Employee Pension Plan

The Actuarially Determined Contribution (ADC) is based on an amortization of the unfunded actuarial liability over 15 years beginning July 1, 2014 on a closed basis.

Schedule of Changes in Net Pension Liability, Related Ratios (in Thousands)
General Pension
Fiscal Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 459	\$ 484
Interest on total pension liability	3,861	3,810
Effect of economic/demographic (gains) or losses	(422)	111
Effect of assumption changes or inputs	1,956	-
Benefit payments	(3,700)	(3,654)
Net change in total pension liability	2,154	751
Total pension liability, beginning	56,519	55,768
Total pension liability, ending (a)	<u>\$ 58,673</u>	<u>\$ 56,519</u>
Fiduciary Net Position		
Employer contributions	\$ 3,420	\$ 3,473
Member contributions	209	212
Investment income net of investment expenses	955	4,153
Benefit payments	(3,700)	(3,654)
Administrative expenses	(19)	(20)
Net change in plan fiduciary net position	865	4,164
Fiduciary net position, beginning	34,426	30,263
Fiduciary net position, ending (b)	<u>\$ 35,291</u>	<u>\$ 34,427</u>
Net pension liability, ending = (a) - (b)	<u>\$ 23,382</u>	<u>\$ 22,092</u>
Fiduciary net position as a % of total pension liability	60.15%	60.91%
Covered payroll	\$ 5,864	\$ 5,971
Net pension liability as a % of covered payroll	398.73%	370.03%

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
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%
2015	2,983,776	3,419,512	(435,736)	5,864,089	58.31%

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amortization: The amortization period is 15 years for the 2015 fiscal year and will decline by 1 each year until 1 year.
Remaining amortization period	15 years
Amortization period	Closed
Asset valuation method	The Market Value of Assets
Actuarial Assumptions:	
Investment rate of return	6.5% (See supplementary schedule in RSI)
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2000 Healthy Annuitant Mortality projected on a generational basis using Scale AA. As a generational table, it reflects mortality improvements both before and after the measurement date.

The July 1, 2014 valuation date determines the June 30, 2015 and June 30, 2016 fiscal year end contributions.

C. State Police Pension Plan

The County & Municipal Police and Firefighter's Pension Plan is a cost sharing multiple-employer defined-benefit pension plan established in the Delaware Code.

Schedule of the City of Dover's Proportionate Share of the Net Pension Liability
County & Municipal Police and Firefighter's Pension Plan
Fiscal Year Ended June 30, 2015

	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability(asset)	9.6334%	10.4595%
City's proportionate share of the net pension liability(asset)	\$ (1,042,117)	\$ 1,057,035
City's covered-employee payroll	\$ 6,582,053	\$ 6,387,459
City's proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	(15.83%)	16.55%
Plan fiduciary net position as a percentage of the total pension liability	104.47%	95.30%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Schedule of City of Dover's Contributions
County & Municipal Police and Firefighter's Pension Plan
Fiscal Year Ended June 30, 2015

	<u>2014</u>	<u>2013</u>
Contractually required contribution (ERS)	\$ 990,588	\$ 906,987
Contributions in relation to the contractually required contribution	(990,588)	(906,987)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 6,582,053	\$ 6,387,459
Contributions as a percentage of covered-employee payroll	15.05%	14.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015 is not available.

3. OTHER POST-EMPLOYMENT 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%
7/1/2013	13,627,223	70,414,000	56,786,777	19.4%	17,521,727	324%
7/1/2014	18,752,196	51,224,521	32,472,325	36.6%	17,059,787	190%

Valuation Date	July 1, 2014
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	6.5%
Discount Rate	6.5%
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

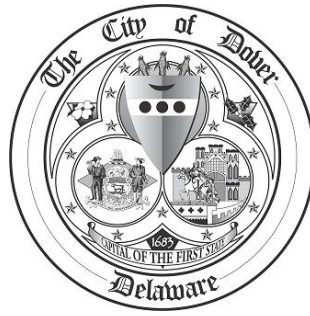
- Combined Fund Statements**
- Budgetary Schedules**





St. Jones River at Silver Lake Park

Credit Photo: delaware.newszap.com



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, 2015

	General Fund	General Capital Projects Fund	Total General Funds
Assets:			
Cash and Cash Equivalents	\$ 1,136,269	\$ 1,040,254	\$ 2,176,523
Restricted Cash and Cash Equivalents	130	2,537,122	2,537,252
Investments	4,912,645	1,469,352	6,381,997
Restricted Investments	18,321	-	18,321
Receivables, net			
Accounts	1,145,164	30,330	1,175,494
Taxes	130,759	-	130,759
Due from Other Funds	597,801	-	597,801
Prepaid Items	49,070	-	49,070
Inventory, at Cost	131,956	-	131,956
Total Assets	<u>\$ 8,122,115</u>	<u>\$ 5,077,058</u>	<u>\$ 13,199,173</u>
Liabilities:			
Accounts Payable	\$ 1,225,361	\$ 856,636	\$ 2,081,997
Deferred Revenue	1,002,971	57,825	1,060,796
Due to Other Funds	4,246	-	4,246
Other	187,854	-	187,854
Total Liabilities	<u>2,420,432</u>	<u>914,461</u>	<u>3,334,893</u>
Deferred Inflows of Resources:			
Unavailable revenue	647,724	14,087	661,811
Total Deferred Inflows of Resources	<u>647,724</u>	<u>14,087</u>	<u>661,811</u>
Fund Balances:			
Non-Spendable			
Inventory and Prepaids	181,026	-	181,026
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	1,727	-	1,727
Verizon Cable Franchise	125,979	-	125,979
Committed			
Contingency	720,334	-	720,334
Parkland Reserve	-	320,796	320,796
Assigned			
Police Investigations	11,857	-	11,857
Capital Assets	-	3,827,714	3,827,714
Unassigned	3,991,442	-	3,991,442
Total Fund Balances	<u>5,053,959</u>	<u>4,148,510</u>	<u>9,202,469</u>
Total Liabilities and Fund Balances	<u>\$ 8,122,115</u>	<u>\$ 5,077,058</u>	<u>\$ 13,199,173</u>

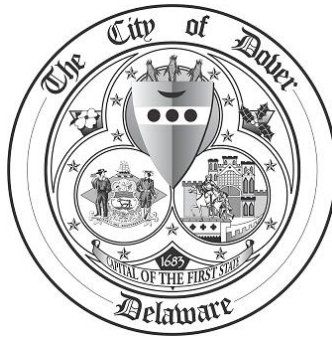
The City of Dover
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances of the General Fund
For the Year Ended June 30, 2015

	General Fund	General Capital Projects Fund	Total General Funds
Revenues			
Fines	\$ 666,694	\$ -	\$ 666,694
Library Revenue- General	68,056	-	68,056
Library Revenue County Reimbursement	412,767	-	412,767
Licenses and Permits	2,893,282	-	2,893,282
Sanitation Fees and Rebates	2,578,892	-	2,578,892
Miscellaneous Services	1,622,157	86,491	1,708,648
Property Taxes	11,176,763	-	11,176,763
Grants Received	733,904	70,609	804,513
Court of Chancery Fees	1,118,680	-	1,118,680
Investment Income	29,326	1,773	31,099
Total Revenues	21,300,521	158,873	21,459,394
Expenditures			
Current:			
General Government	1,425,786	-	1,425,786
Library Services	1,380,437	-	1,380,437
Public Safety and Law Enforcement	18,892,375	1,107,629	20,000,004
Public Works	1,450,839	65,947	1,516,786
Recreational Services	658,615	207,323	865,938
Streets and Sanitation Services	2,729,240	3,845,021	6,574,261
Engineering services	26,996	-	26,996
Financial Administration	979,112	-	979,112
Garage and Stores	369,926	49,672	419,598
Insurance	278,682	-	278,682
Retiree Health Care	1,636,500	-	1,636,500
Employee Pension	543,000	-	543,000
Community and Economic Development	119,788	-	119,788
Street Lights	775,197	-	775,197
Debt Service:			
Principal Retirement	848,069	-	848,069
Interest and Fiscal Charges	114,243	-	114,243
Bond Issuance Costs	-	60,668	60,668
Total Expenditures	32,228,805	5,336,260	37,565,065
Excess (deficiency) of Revenues over Expenditures	(10,928,284)	(5,177,387)	(16,105,671)
Other Financing Sources and Uses			
Proceeds from Sale of Bonds	475,000	3,660,000	4,135,000
Reserve Transfers	(392,200)	(406,500)	(798,700)
Interfund Transfers	11,304,366	2,196,000	13,500,366
Total other Financing Sources and Uses	11,387,166	5,449,500	16,836,666
Net Change in Fund Balances	458,882	272,113	730,995
Fund Balances at Beginning of Year	\$ 4,361,532	\$ 2,654,625	\$ 7,016,157
Fund Balances at End of Year	\$ 4,820,414	\$ 2,926,738	\$ 7,747,152
 Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ (222)	\$ (66)	\$ (288)
Deferred Revenues - Non-spendable	(647,724)	(14,087)	(661,811)
Inventory & Prepaids - Non-spendable	(181,026)	-	(181,026)
Capital Asset - Assigned	-	(2,912,585)	(2,912,585)
Unassigned Fund Balance	\$ 3,991,442	\$ -	\$ 3,991,442

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 117,100	\$ 2,324,100	\$ 2,324,129	\$ 29
Beginning Balance - Library Project	-	330,500	330,496	(4)
REVENUES:				
Bond Proceeds	2,661,100	3,593,300	3,660,000	66,700
State Grant - Other	153,000	208,000	70,609	(137,391)
Transfer from General Fund for Projects	2,196,000	2,196,000	2,196,000	-
Transfer from Parkland Reserve	-	104,000	104,000	-
Income from Sale of Assets	-	-	86,491	86,491
Interest Earnings	-	-	1,773	1,773
Miscellaneous Receipts	918,300	-	-	-
Total Revenues	5,928,400	6,101,300	6,118,873	17,573
TOTAL BEGINNING BALANCE & REVENUES	\$ 6,045,500	\$ 8,755,900	\$ 8,773,498	\$ 17,598
EXPENDITURES:				
Fire	\$827,300	\$827,300	\$526,617	\$ 300,683
Grounds Maintenance	68,100	86,700	65,947	20,753
Police	499,100	603,200	581,012	22,188
Procurement & Inventory	-	55,000	49,672	5,328
Recreation	146,000	284,400	207,323	77,077
Streets	3,956,400	5,917,900	3,597,163	2,320,737
Sanitation	256,500	255,000	247,858	7,142
Loan Issuance Costs	75,000	61,100	60,668	432
Subtotal	5,828,400	8,090,600	5,336,260	2,754,340
Transfer to Parkland Reserve	100,000	180,000	180,000	-
Transfer to Capital Asset Reserve	-	330,500	330,500	-
Total Expenditures	5,928,400	8,601,100	5,846,760	2,754,340
Budget Balance - Working Capital	117,100	154,800	2,926,738	(2,771,938)
Budget Balance & Expenditures	\$ 6,045,500	\$ 8,755,900	\$ 8,773,498	\$ (17,598)
Budget Balance - Working Capital			\$ 2,926,738	
Perspective and GAAP (Non-GAAP) Differences:				
Deferred Revenue - non-spendable			(14,087)	
Fair value of investment adjustment			(66)	
Assigned to Capital assets			915,129	
Committed to Parks & Recreation improvements			320,796	
Total Fund Balances			\$ 4,148,510	



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

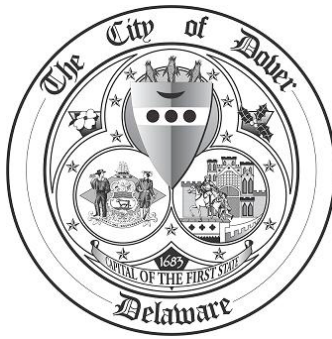
The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

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.

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, 2015

	POLICE GRANTS	LIBRARY GRANTS	MUNICIPAL STREET AID	CDBG/NSP HOUSING GRANTS	STATE D.O.T. GRANTS	SUBSTANCE ABUSE PREV. GRANT	ERLSP	REALTY TRANSFER TAX	TOTALS
ASSETS:									
Cash	\$ 201,410	\$ 51,549	\$ 135	\$ 80,527	\$ 101,309	\$ 109,042	\$ 100	\$ 9	\$ 544,081
Receivables	300	-	-	-	-	-	-	-	300
Due from other funds-charges	-	-	-	170	3,396	-	-	-	3,566
Prepaid items	-	181	-	-	-	-	-	-	181
Due from other governments	37,659	-	-	6,703	72,552	-	73,431	-	190,345
TOTAL ASSETS	239,369	51,730	135	87,400	177,257	109,042	73,531	9	738,473
LIABILITIES AND FUND BALANCE:									
Liabilities:									
Vouchers Payable	27,634	21,159	-	-	119,459	10,861	-	-	179,113
Due to other funds-charges	56,791	-	-	110	-	-	73,431	-	130,332
Total Liabilities	84,425	21,159	-	110	119,459	10,861	73,431	-	309,445
Fund Balances:									
Nonspendable	-	181	-	-	-	-	-	-	181
Restricted	154,944	30,390	135	87,290	57,798	98,181	100	9	428,847
Total Fund Balances	154,944	30,571	135	87,290	57,798	98,181	100	9	429,028
TOTAL LIABILITIES AND FUND BALANCES	\$ 239,369	\$ 51,730	\$ 135	\$ 87,400	\$ 177,257	\$ 109,042	\$ 73,531	\$ 9	\$ 738,473

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2015

	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	\$ 327,717	\$ 281,313	\$ 664,194	\$ 281,119	\$ 10,549	\$ 105,890	\$ 28,030	\$ -	\$ -	\$ 1,698,812
Recreation revenue	-	-	-	-	-	-	66,038	-	-	66,038
Police fines	-	-	-	-	-	-	-	495,182	-	495,182
Transfer taxes	-	-	-	-	-	-	-	-	1,713,505	1,713,505
Investment income (loss)	810	-	107	-	-	248	-	-	292	1,457
TOTAL REVENUES	328,527	281,313	664,301	281,119	10,549	106,138	94,068	495,182	1,713,797	3,974,994
EXPENDITURES:										
Program expenditures	218,515	295,552	-	240,337	10,549	191,872	73,800	-	-	1,030,625
TOTAL EXPENDITURES	218,515	295,552	-	240,337	10,549	191,872	73,800	-	-	1,030,625
Excess (deficiency) of revenues over (under) expenditures	110,012	(14,239)	664,301	40,782	-	(85,734)	20,268	495,182	1,713,797	2,944,369
OTHER FINANCING SOURCES (USES):										
Operating transfers-out	(127,130)	-	(664,266)	-	-	-	-	(495,182)	(1,713,788)	(3,000,366)
Net Change in fund balances	(17,118)	(14,239)	35	40,782	-	(85,734)	20,268	-	9	(55,997)
FUND BALANCE										
AT BEGINNING OF YEAR	172,062	44,810	100	46,508	-	143,532	77,913	100	-	485,025
FUND BALANCE										
AT END OF YEAR	\$ 154,944	\$ 30,571	\$ 135	\$ 87,290	\$ -	\$ 57,798	\$ 98,181	\$ 100	\$ 9	\$ 429,028

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 77,200	\$ 172,100	\$ 172,062	\$ (38)
Interest earned	-	-	810	810
Grants received	339,000	436,400	327,717	(108,683)
TOTAL REVENUES & BEGINNING BALANCE	416,200	608,500	500,589	(107,911)
EXPENDITURES:				
Personnel	-	17,900	14,397	(3,503)
Program expenses/supplies	156,000	222,600	137,014	(85,586)
Computer hardware	50,000	47,800	21,293	(26,507)
Telephone/fax	15,000	15,000	15,864	864
Training/Conference/Food/Travel	32,000	45,000	22,018	(22,982)
Consulting/audit fees	1,000	1,000	737	(263)
Contractual services	6,000	10,200	7,192	(3,008)
TOTAL EXPENDITURES	260,000	359,500	218,515	(140,985)
Other financing uses:				
Operating transfers - out	(124,000)	(124,000)	(127,130)	(3,130)
BALANCE CARRIED TO NEXT YEAR	\$ 32,200	\$ 125,000	\$ 154,944	\$ 29,944

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 17,300	\$ 44,800	\$ 44,810	\$ 10
Grants received: State	274,100	278,900	278,813	(87)
Grants received: Federal	-	2,500	2,500	-
TOTAL REVENUES & BEGINNING BALANCE	291,400	326,200	326,123	(77)
EXPENDITURES:				
Program expenditures/supplies (State Grant)	28,000	35,200	33,381	(1,819)
Program expenditures/supplies Fed Grant)	-	2,500	2,500	-
Office Supplies	24,000	28,000	27,855	(145)
Printing/duplicating	8,900	14,000	12,161	(1,839)
Postage	100	100	39	(61)
Books	128,900	132,600	126,972	(5,628)
Furniture/Fixtures	2,000	7,800	7,353	(447)
Audio visual supplies	74,000	75,100	73,543	(1,557)
Training/conference/food/travel	3,500	4,300	4,229	(71)
Office equipment repairs	2,000	5,700	4,946	(754)
Office equipment lease	-	1,500	1,468	(32)
Other Equipment	-	1,200	1,105	(95)
Contractual services	-	900	-	(900)
Computer hardware	2,700	-	-	-
TOTAL EXPENDITURES	274,100	308,900	295,552	(13,348)
BALANCE CARRIED TO NEXT YEAR	\$ 17,300	\$ 17,300	\$ 30,571	\$ 13,271

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 100	\$ 100	\$ -
State Grant - Operations	663,900	664,200	664,194	(6)
Interest Earned	-	-	107	107
TOTAL REVENUES & BEGINNING BALANCE	664,000	664,300	664,401	101
Other financing uses:				
Operating transfers-out	(663,900)	(664,200)	(664,266)	(66)
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 100	\$ 135	\$ 35

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, 2015

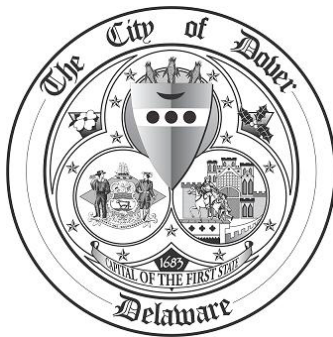
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	\$ -	\$ 2,100	\$ 2,013	\$ (87)
Beginning balance NSP	-	-	77,860	77,860
Federal grant received	235,000	284,200	273,028	(11,172)
Revenue from NSP	-	-	8,091	8,091
TOTAL REVENUES & BEGINNING BALANCE	235,000	286,300	360,992	74,692
EXPENDITURES:				
Prior year Closing cost/down payment program	-	200	193	7
Prior year MHDC home repair	-	2,000	1,881	119
Prior year Elizabeth W Murphey school	-	1,200	1,135	65
Prior year Ncall Research Inc.	-	2,300	2,237	63
Prior year Milford housing H/O rehab	-	3,000	2,934	66
Current year closing cost/down payment program	102,800	102,800	101,875	925
Current year Dover interfaith ministry	27,500	27,500	27,500	-
Current year Elizabeth W Murphey school	50,000	50,000	50,000	-
Current year Ncall Research Inc.	7,700	7,700	1,263	6,437
Current year salaries	47,000	87,500	46,713	40,787
NSP expense	-	-	674	(674)
TOTAL EXPENDITURES	235,000	284,200	236,405	47,795
CDBG BALANCE CARRIED TO NEXT YEAR	\$ -	\$ 2,100	\$ 39,310	\$ (37,210)
NSP BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ 85,277	\$ (85,277)
Fund Balance - Working Capital			124,587	
GAAPDifferences				
Deferred Revenue - non-spendable			(37,297)	
Total Fund Balance			<u>87,290</u>	

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 78,900	\$ 143,500	\$ 143,532	\$ 32
Grants received: State	500,000	1,677,800	105,890	(1,571,910)
Interest earned	500	500	248	(252)
TOTAL REVENUES & BEGINNING BALANCE	579,400	1,821,800	249,670	(1,572,130)
EXPENDITURES:				
Program expenditures Grant Related	500,000	1,677,800	191,872	(1,485,928)
TOTAL EXPENDITURES	500,000	1,677,800	191,872	1,485,928
BALANCE CARRIED TO NEXT YEAR	\$ 79,400	\$ 144,000	\$ 57,798	\$ (86,202)

CITY OF DOVER
SUBSTANCE ABUSE PREVENTION PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 41,000	\$ 41,000	\$ 77,913	\$ 36,913
Grants revenue	55,600	55,600	28,030	(27,570)
Recreation revenue	33,000	33,000	66,038	33,038
TOTAL REVENUES & BEGINNING BALANCE	129,600	129,600	171,981	42,381
EXPENDITURES:				
Temporary help/benefits	54,000	54,000	40,211	(13,789)
Program expenditures/supplies	55,600	55,600	33,589	(22,011)
TOTAL EXPENDITURES	109,600	109,600	73,800	(35,800)
BALANCE CARRIED TO NEXT YEAR	\$ 20,000	\$ 20,000	\$ 98,181	\$ 78,181



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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 658,400	\$ 783,500	\$ 783,541	\$ 41
Beginning Balance - Wastewater	(98,500)	19,900	19,921	21
Beginning Balance - Kent County Treatment Fee	155,000	-	-	-
TOTAL BEGINNING BALANCES	714,900	803,400	803,462	62
REVENUES:				
Water fees	4,616,400	4,616,400	4,889,046	272,646
Wastewater fees	3,706,800	3,706,800	3,735,855	29,055
Wastewater adjustment	2,902,600	2,902,600	2,952,857	50,257
Groundwater adjustment	1,862,500	1,862,500	1,831,784	(30,716)
Miscellaneous services	156,600	64,000	74,111	10,111
Water tank space rent	331,900	331,900	344,842	12,942
Interest earnings	23,000	23,000	-	(23,000)
Sewer Impact Fees	427,900	416,700	482,236	65,536
Water Impact Fees	472,700	462,400	536,922	74,522
Total Revenues	14,500,400	14,386,300	14,847,653	461,353
TOTAL BEGINNING BALANCES & REVENUES	\$ 15,215,300	\$ 15,189,700	\$ 15,651,115	\$ 461,415
EXPENSES:				
Water services	\$ 485,300	\$ 488,600	\$ 399,530	\$ 89,070
Engineering & inspection	500,900	502,400	468,706	33,694
Water construction	252,500	253,300	260,383	(7,083)
Water treatment plant	1,576,900	1,582,200	1,452,318	129,882
Wastewater services	974,100	975,400	790,525	184,875
Kent County sewer fees	3,655,000	4,004,200	4,127,919	(123,719)
Intrafund service fee	1,354,900	1,371,100	1,341,640	29,460
Retirees health care	200,000	200,000	200,000	-
Debt Service - Water	534,100	560,100	486,635	73,465
Debt Service - Wastewater	617,900	591,900	650,647	(58,747)
Other Employment Expenses	17,700	5,500	-	5,500
Transfer to Water Improvement & Extension Fund	1,200,000	1,200,000	1,205,285	(5,285)
Transfer to Wastewater Improvement & Extension Fund	1,800,000	1,800,000	1,803,104	(3,104)
Transfer to General Fund from Water	250,000	250,000	250,000	-
Transfer to General Fund from Wastewater	250,000	250,000	250,000	-
Transfer to Impact Fee Reserve-Water	-	-	226,485	(226,485)
Transfer to Impact Fee Reserve-Wastewater	-	-	275,279	(275,279)
Total Expenses	13,669,300	14,034,700	14,188,456	(153,756)
Budget Balance - Water	1,020,100	861,600	1,305,737	(444,137)
Budget Balance - Wastewater	(739,200)	293,400	156,923	136,477
Budget Balance - Kent County Treatment Fee	1,265,100	-	-	-
Total Budget Balances - Working Capital	1,546,000	1,155,000	1,462,660	(307,660)
TOTAL BUDGET BALANCES & EXPENSES	\$ 15,215,300	\$ 15,189,700	\$ 15,651,116	\$ (461,416)

CITY OF DOVER
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2015

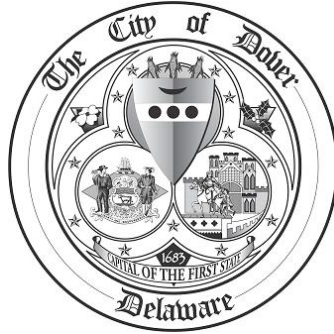
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 1,021,200	\$ 7,178,100	\$ 7,178,064	\$ (36)
Beginning Balance -Wastewater	1,060,000	5,677,600	5,677,607	7
TOTAL BEGINNING BALANCES	2,081,200	12,855,700	12,855,671	(29)
REVENUES:				
Interest earnings	25,000	40,000	39,883	(117)
Income from sale of assets	-	-	27,283	27,283
Transfer from Water Fund	1,200,000	1,200,000	1,205,285	5,285
Transfer from Wastewater Fund	1,800,000	1,800,000	1,803,104	3,104
Transfer from Water Impact Fee Reserve	1,315,600	1,315,600	1,315,600	-
Total Revenues	4,340,600	4,355,600	4,391,155	35,555
TOTAL BEGINNING BALANCES & REVENUES	\$ 6,421,800	\$ 17,211,300	\$ 17,246,826	\$ 35,526
EXPENSES:				
Water	1,336,900	7,526,500	3,392,546	4,133,954
Wastewater	3,273,200	7,785,600	4,277,921	3,507,679
Water Treatment Plant	38,100	38,100	33,771	4,329
Total Expenses	4,648,200	15,350,200	7,704,238	7,645,962
Budget Balance - Water	858,700	833,500	4,990,615	(4,157,115)
Budget Balance - Wastewater	914,900	1,027,600	4,551,973	(3,524,373)
Total Budget Balances - Working Capital	1,773,600	1,861,100	9,542,588	(7,681,488)
TOTAL BUDGET BALANCES & EXPENSES	\$ 6,421,800	\$ 17,211,300	\$ 17,246,826	\$ (35,526)

CITY OF DOVER
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 9,253,600	\$ 6,602,900	\$ 6,602,899	\$ (1)
REVENUES:				
Direct base sales	78,043,000	76,543,700	77,011,592	467,892
Rental income	200,000	200,000	223,065	23,065
Miscellaneous services	624,600	624,000	1,038,372	414,372
Utility tax	1,296,900	1,258,300	1,266,872	8,572
Green Energy	130,000	128,000	128,090	90
Interest earned-operating	12,000	12,000	5,909	(6,091)
Transfer from Rate Stabilization	2,000,000	3,000,000	3,000,000	-
Total Revenues	82,306,500	81,766,000	82,673,900	907,900
TOTAL BEGINNING BALANCE & REVENUES	\$ 91,560,100	\$ 88,368,900	\$ 89,276,799	\$ 907,899
EXPENSES:				
Power Supply & Generation				
Power Supply	\$ 21,823,000	\$ 26,035,900	\$ 26,170,504	\$ (134,604)
Power Supply Management	996,000	996,000	996,000	-
Dover Sun Park Energy	2,067,600	2,002,700	1,976,577	26,123
Solar Renewal Energy Credits	378,600	375,500	372,329	3,171
Renewable Energy Credits	-	555,400	572,515	(17,115)
Capacity Charges	9,958,900	9,744,100	9,617,562	126,538
PJM Charges - Transmission & Fees	7,234,100	4,480,800	5,389,169	(908,369)
PJM Charges - Load	11,499,800	10,076,200	8,681,190	1,395,010
Total Power Supply	53,958,000	54,266,600	53,775,846	490,754
Plant Operations	6,141,100	6,141,100	5,968,784	172,316
Capacity Credits	(8,881,500)	(8,742,100)	(8,706,981)	(35,119)
PJM Credits	(486,700)	(663,700)	(560,450)	(103,250)
PJM Spot Market Energy	(2,232,800)	(2,834,600)	(2,560,292)	(274,308)
Generation Fuels	1,611,100	1,873,400	1,729,044	144,356
Total Generation	(3,848,800)	(4,225,900)	(4,129,895)	(96,005)
Utility Tax	1,296,900	1,258,300	1,266,872	(8,572)
Administration	636,600	632,400	609,819	22,581
Transmission/Distribution	4,028,700	3,943,400	3,625,462	317,938
Electrical Engineering	1,370,900	1,393,000	1,166,201	226,799
Systems Operations	686,300	696,500	703,431	(6,931)
Meter Reading	267,600	357,200	371,658	(14,458)
Contractual Services - Power Supply	246,800	246,800	266,856	(20,056)
Provision for Uncollectible	200,000	200,000	200,000	-
Retirees Health Care	513,300	513,300	513,300	-
OPEB Trust Contribution	1,009,800	1,009,800	1,009,800	-
Green Energy Payment to DEMEC	130,000	128,000	128,161	(161)
Interest on Deposits	20,000	20,000	18,098	1,902
Intrafund Service Fees	3,508,100	3,588,200	3,478,806	109,394
Other Appropriations:				
Electric Capital Project Fund	4,750,000	4,750,000	4,750,000	-
General Fund	10,000,000	10,000,000	10,000,000	-
Debt Service	3,297,000	3,391,900	3,405,202	(13,302)
Other Employment Expenses	54,200	21,800	-	21,800
Inventory Reserve	175,000	-	-	-
TOTAL EXPENSES	82,300,400	82,191,300	81,159,617	1,031,683
Budget Balance - Working Capital	9,259,700	6,177,600	8,117,182	(1,939,582)
TOTAL BUDGET BALANCE & EXPENSES	\$ 91,560,100	\$ 88,368,900	\$ 89,276,799	\$ (907,899)

CITY OF DOVER
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,362,200	\$ 5,942,500	\$ 5,942,529	\$ 29
TOTAL BEGINNING BALANCES	3,362,200	5,942,500	5,942,529	29
REVENUES:				
Transfer from Electric Revenue Fund	4,750,000	4,750,000	4,750,000	-
Interest Earnings	24,800	24,800	1,047	(23,753)
Income from Sale of Assets	-	-	39,637	39,637
General Service Billing	250,000	250,000	95,045	(154,955)
Total Revenues	5,024,800	5,024,800	4,885,729	(139,071)
TOTAL BEGINNING BALANCES & REVENUES	\$ 8,387,000	\$ 10,967,300	\$ 10,828,258	\$ (139,042)
EXPENSES:				
Power Plant	\$ 2,240,000	\$ 2,739,300	\$ 1,899,229	\$ 840,071
Transmission/Distribution	1,033,000	2,008,300	1,078,077	930,223
Engineering	1,663,100	2,596,100	851,740	1,744,360
Total Expenses	4,936,100	7,343,700	3,829,046	3,514,654
Budget Balance - Improvement & Extension Fund	3,450,900	3,623,600	6,999,212	(3,375,612)
Total Budget Balances - Working Capital	3,450,900	3,623,600	6,999,212	(3,375,612)
TOTAL BUDGET BALANCES & EXPENSES	\$ 8,387,000	\$ 10,967,300	\$ 10,828,258	\$ 139,042



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.

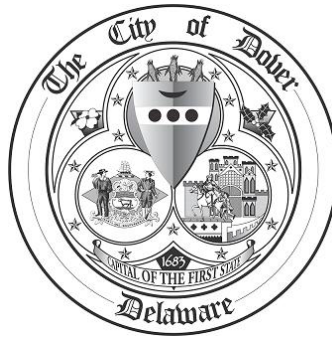
Budgetary schedule is included for public review of budgetary compliance.

CITY OF DOVER
INTERNAL SERVICE FUND - WORKERS' COMPENSATION

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

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning Balance	\$ 1,135,000	\$ 1,156,700	\$ 1,123,247	\$ (33,453)
Interest Earned	10,600	10,600	15,994	5,394
City Contribution	490,500	490,500	513,666	23,166
Miscellaneous Revenue	-	-	12,595	12,595
TOTAL REVENUES	\$ 1,636,100	\$ 1,657,800	\$ 1,665,502	\$ 7,702
OPERATING EXPENSES:				
Program Expenses	\$ 450,000	\$ 450,000	\$ 269,762	\$ 180,238
Contractual Services	57,000	25,000	8,560	16,440
Insurance	92,600	92,600	102,766	(10,166)
Bank Fees	600	600	1,284	(684)
State of Delaware - Self-Insurance Tax	37,000	37,000	34,966	2,034
TOTAL EXPENSES	\$ 637,200	\$ 605,200	\$ 417,338	\$ 187,862
BUDGET BALANCE - CARRY FORWARD	\$ 998,900	\$ 1,052,600	\$ 1,248,164	\$ 195,564



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.

CITY OF DOVER
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	BALANCE				BALANCE
	JUNE 30, 2014	ADDITIONS	DEDUCTIONS		30-Jun-15
DOWNTOWN DOVER PARTNERSHIP					
ASSETS:					
Cash	\$ 462,087	\$ 1,536,750	\$ 1,234,357	\$	764,480
Receivables	53,530	34,531	38,376	\$	49,685
Total Assets	\$ 515,617	\$ 1,571,281	\$ 1,272,733	\$	814,165
LIABILITIES:					
Vouchers Payable	\$ 48,170	\$ 442,650	\$ 473,225	\$	17,595
Deposit Payable	27,432	-	-	\$	27,432
Due to Agencies	440,015	329,123	-	\$	769,138
Total Liabilities	\$ 515,617	\$ 771,773	\$ 473,225	\$	814,165
4TH JULY CELEBRATION COMMITTEE					
ASSETS:					
Cash	\$ 37,319	\$ 19,510	\$ 25,374	\$	31,455
Prepaid items	-	1,000	-	\$	1,000
Total Assets	\$ 37,319	\$ 20,510	\$ 25,374	\$	32,455
LIABILITIES:					
Vouchers Payable	\$ 477	\$ 24,587	\$ 25,064	\$	-
Due to Agencies	36,842	19,510	23,897	\$	32,455
Total Liabilities	\$ 37,319	\$ 44,097	\$ 48,961	\$	32,455
TOTAL-ALL AGENCY FUNDS					
ASSETS:					
Cash & Investments	\$ 499,406	\$ 1,556,260	\$ 1,259,731	\$	795,935
Receivables	53,530	34,531	38,376	\$	49,685
Prepaid Items	-	1,000	-	\$	1,000
Total Assets	\$ 552,936	\$ 1,591,791	\$ 1,298,107	\$	846,620
LIABILITIES:					
Vouchers Payable	\$ 48,647	\$ 467,237	\$ 498,289	\$	17,595
Deposit Payable	27,432	-	-	\$	27,432
Due to Agencies	476,857	348,633	23,897	\$	801,593
Total Liabilities	\$ 552,936	\$ 815,870	\$ 522,186	\$	846,620

STATISTICAL SECTION



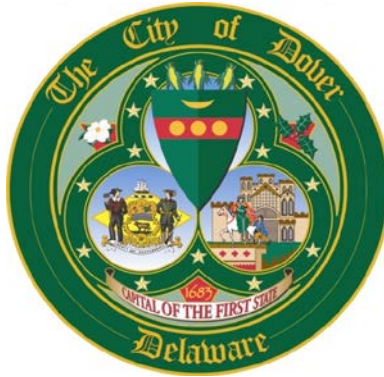
This section of the City of Dover's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the statements, note disclosures and required supplementary information says about the Government's overall financial health.



John W. Pitts Recreation Center –

Basketball practice. The Center is open to City of Dover residents and non-residents alike. It is a safe, modern and well-maintained facility for the entire family.

Credit Photo: delawaresports.org/venues/john-w-pitts-recreation-center



STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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



2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 1

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Invested in capital assets, net of related debt	\$ 51,485,408	\$ 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
Restricted	556,553	612,054	721,682	482,780	1,774,167	1,250,342	1,758,470	1,602,932	1,591,678	887,235
Unrestricted	(27,947,709)	(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
Total governmental activities net position	24,094,252	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
Business-type activities										
Invested in capital assets, net of related debt	108,565,514	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
Restricted	36,751,850	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
Unrestricted	21,732,221	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
Total business-type activities net position	167,049,585	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
Primary government										
Invested in capital assets, net of related debt	160,050,922	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
Restricted	37,308,403	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
Unrestricted	(6,215,488)	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
Total primary government net position	\$191,143,837	\$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

NOTE

The fiscal years prior to 2015 show fund balances as they were reported prior to GASB 68.

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 3,374,955	\$ 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
Public safety	21,336,042	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
Public Works	3,848,402	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
Library and recreation	3,079,426	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
Community and economic development	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907
Central services	443,072	512,586	454,816	469,385	599,498	544,611	550,886	586,274	552,042	447,877
Financial administration	1,247,976	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
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	174,912	122,812	114,785	90,161	75,397	78,581	87,491	82,657	106,815	118,130
Total governmental activities expenses	33,949,259	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
Business-type activities										
Water and Sewer	11,322,958	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
Electric	67,562,077	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
Total business-type activities	78,885,035	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
Total primary government expenses	112,834,294	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,116,233	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
Public safety	4,558,200	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
Public works	2,578,892	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
Library and recreation	696,179	699,622	656,001	632,824	632,861	650,283	715,404	788,875	1,100,412	549,959
Operating grants and contributions	2,298,936	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
Capital grants and contributions	166,379	1,226,559	2,107,444	6,292,303	856,338	169,130	1,090,838	647,724	790,612	500,103
Total governmental activities program revenues	12,414,819	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

(Continued)

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

(Table 2 Continued - Changes in Net Position)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Program Revenues										
Business-type activities:										
Charges for services:										
Water and Sewer	14,875,806	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
Electric	79,802,674	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
Capital Contributions	1,516,932	401,947	-	441,285	997,750	392,855	-	2,078,040	705,572	272,000
Total business-type activities program revenues	96,195,412	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
Total primary government program revenues	108,610,231	106,654,533	119,080,701	128,076,315	131,815,536	123,793,720	124,486,859	122,553,823	112,034,315	91,877,977
Net (expense)/revenue:										
Governmental activities	(21,534,440)	(22,579,678)	(20,620,913)	(18,015,278)	(22,658,910)	(23,706,324)	(22,356,957)	(14,102,621)	(13,040,858)	(12,084,700)
Business-type activities	17,310,377	7,280,312	18,572,456	19,052,239	15,725,081	9,291,423	7,067,156	12,266,396	1,394,528	12,618,777
Total primary government net revenue (expense)	(4,224,063)	(15,299,366)	(2,048,457)	1,036,961	(6,933,829)	(14,414,901)	(15,289,801)	(1,836,225)	(11,646,330)	534,077
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	11,176,763	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
Transfer taxes	1,713,505	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
Investment earnings	92,479	142,390	36,793	141,925	137,218	268,748	585,264	726,683	1,230,540	640,381
Transfers	10,500,000	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
Total governmental activities	23,482,747	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
Business-type activities:										
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	(127,477)
Investment earnings	544,624	832,919	112,402	630,420	554,787	837,564	1,748,376	2,652,414	2,664,831	1,528,672
Transfers	(10,500,000)	(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)
Total business-type activities	(9,955,376)	(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)
Total primary government	13,527,371	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
Change in Net Position										
Government activities	1,948,307	(1,299,183)	2,141,679	2,850,744	(1,298,801)	(5,234,180)	(4,965,812)	6,863,735	5,616,048	6,735,138
Business-type activities	7,355,001	(386,769)	8,193,140	11,381,863	7,423,868	2,822,867	3,282,477	7,752,541	(1,325,641)	7,681,231
Total primary government	\$ 9,303,308	\$ (1,685,952)	\$ 10,334,819	\$ 14,232,607	\$ 6,125,067	\$ (2,411,313)	\$ (1,683,335)	\$ 14,616,276	\$ 4,290,407	\$ 14,416,369

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 3
City of Dover
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,580	\$ 709,817	\$ 528,145	\$ 2,023,169	\$ 2,158,007
Unreserved	-	-	-	-	-	7,242,323	8,305,396	9,387,795	7,046,831	6,515,829
Non-spendable	202,620	207,884	227,457	198,175	191,567	-	-	-	-	-
Restricted	127,706	129,476	131,237	83,356	85,070	-	-	-	-	-
Committed	1,041,130	723,300	936,899	920,475	3,484,203	-	-	-	-	-
Assigned	3,839,571	3,163,431	3,519,012	658,890	614,559	-	-	-	-	-
Unassigned	3,991,442	3,435,079	3,391,714	3,007,983	3,385,209	-	-	-	-	-
Total General Fund	9,202,469	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
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	-	-	872,309	881,332	5,180,097	5,248,929	2,829,793
Non-spendable	181	2,447	-	13,099	4,203	-	-	-	-	-
Restricted	428,847	482,578	590,445	399,424	764,512	-	-	-	-	-
Assigned	-	-	123,349	171,381	289,221	-	-	-	-	-
Total all other governmental funds	429,028	485,025	713,794	583,904	1,057,936	872,309	881,332	5,180,097	5,248,929	2,829,793
Total fund balances	\$ 9,631,497	\$ 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

NOTE

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

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 4

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Fines	\$ 1,161,876	\$ 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
Library revenue	480,823	498,553	471,065	475,822	444,455	465,387	514,458	517,697	989,006	451,705
Licenses and permits	2,893,990	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
Sanitation fees and rebates	2,578,892	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
Recreation	66,038	49,144	40,446	44,522	44,292	36,100	47,079	34,111	12,793	-
Miscellaneous services	1,650,153	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
Taxes	12,930,532	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
Grants	2,489,239	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
Court of Chancery fees	1,118,680	1,034,460	917,700	863,220	766,340	675,390	738,240	883,880	929,120	792,280
Investment income	77,769	122,490	45,198	117,405	112,722	237,631	513,873	638,782	1,154,829	603,451
Total revenues	25,447,992	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
Expenditures										
General government	1,425,786	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
Library services	1,675,989	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
Public safety	20,218,519	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
Public works	1,708,658	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
Recreational services	865,938	683,363	651,341	827,230	834,124	746,868	869,134	2,699,725	1,452,987	705,241
Streets and sanitation services	6,574,262	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
Engineering services	26,996	-	-	-	-	-	-	-	314,728	289,208
Financial administration	979,112	1,002,539	909,877	902,009	866,314	895,570	1,009,240	1,055,619	829,002	725,963
Garage and stores	419,597	415,593	431,542	503,036	490,113	526,286	491,450	486,966	402,915	417,202
Insurance	278,682	272,895	241,395	198,241	203,343	197,723	199,643	176,947	165,584	153,202
Retiree health care lump sum	1,636,500	1,636,500	1,620,600	1,614,241	1,297,509	1,006,397	3,265,857	758,185	736,286	645,457
Employee pension unfunded liability	543,000	121,000	1,693,500	1,545,000	1,544,978	-	-	134,775	402,204	-
Street lights	775,197	774,533	878,760	986,430	968,562	956,860	937,013	917,438	624,243	545,426
Community and economic development	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545	600,907

(Continued)

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenditures										
Debt service										
Principal	848,069	429,239	296,003	275,000	270,000	260,000	365,000	350,000	368,384	464,480
Interest	114,243	122,812	73,071	52,734	65,225	68,410	77,319	87,468	96,644	107,959
Other charges (issuance of debt)	60,668	-	1,029	27,255	-	-	-	-	-	-
Total expenditures	38,595,690	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
Excess of revenues over(under) expenditures	(13,147,698)	(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)
Other financing sources (uses)										
Bond proceeds	4,135,000	-	2,648,500	851,500	-	-	-	-	-	-
Transfers in	13,500,366	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
Transfers out	(3,000,366)	(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)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	14,635,000	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
Net change in fund balances	\$ 1,487,302	\$ (775,918)	\$ 3,467,330	\$ (2,783,617)	\$ 388,332	\$ (1,466,333)	\$ (5,199,492)	\$ 777,108	\$ 2,815,300	\$ 3,262,676
Debt service as a percentage of noncapital expenditures	3.09%	1.74%	1.14%	1.07%	0.85%	1.05%	1.42%	1.49%	1.66%	2.25%
Capital outlay included in total expenditures (1)	\$ 7,500,186	\$ 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

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
2015	\$ 11,176,763	\$ 1,713,788	\$ 12,890,551
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

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.

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
2015	\$ 4,584,108,050	\$ 1,376,954,490	\$ 3,207,153,560	\$ 4,584,108,050	69.96%	\$ 0.3378
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

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	
2015	\$ 0.3378	\$ 0.300	\$ 1.822	\$ 0.1372	\$ 2.597
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

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

Property Tax Rates - FY 2015
All Direct & Overlapping Governments

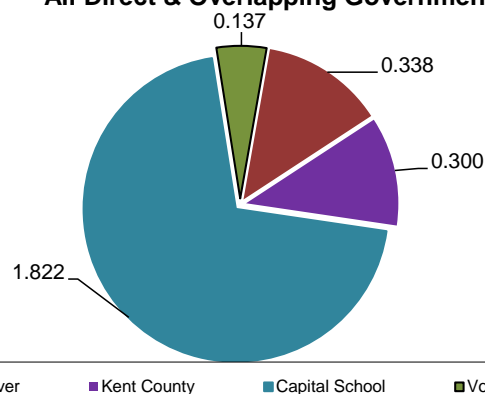


Table 8

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

TAX PAYERS	2015 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2006 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$146,847,600	1	4.63%	\$86,824,600	1	3.44%
Dover Mall LP/Dover Commons	87,751,600	2	2.77%	58,653,300	2	2.32%
Dover Medical Center	27,270,100	3	0.86%	-	-	-
Dover South Coast Partnership	24,990,500	4	0.79%	14,470,300	8	0.57%
Kraft-General Foods Corp.	19,565,300	5	0.62%	20,624,800	3	0.82%
Dover Bay Court Plaza	14,400,000	6	0.45%	19,062,300	4	0.75%
Berks City Real Estate LLC	13,492,400	7	0.43%	14,784,400	6	0.58%
Millers Dover Downs	13,463,600	8	0.42%	14,528,900	7	0.57%
G & I VA Dover Country Club LLC	13,176,500	9	0.42%	11,015,800	10	0.44%
McKee Road Business Park LLC	12,774,400	10	0.40%	7,433,600	-	0.29%
K.W. Lands/Sheraton/Hampton	-	-	-	11,382,100	9	0.45%
Country Village Associates	-	-	-	15,691,800	5	0.62%
	\$373,732,000		11.79%	\$274,471,900		10.85%

Source: Tax Assessor's Office, City of Dover

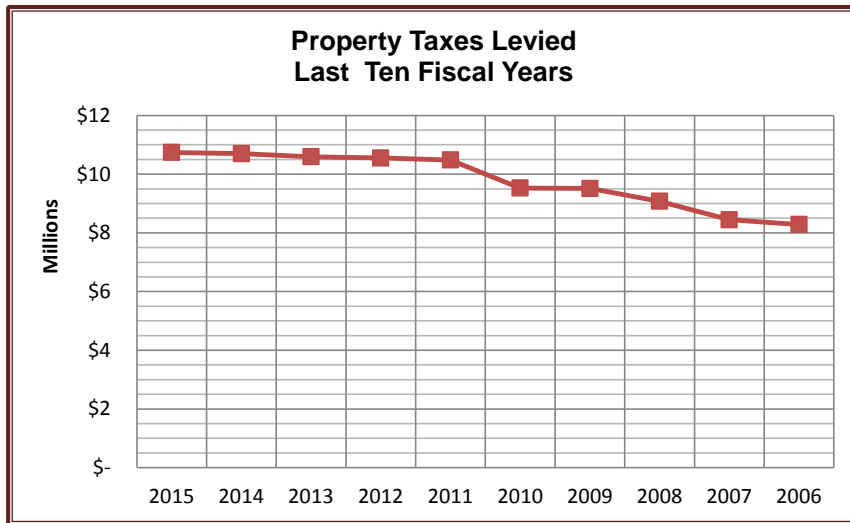
Total taxable assessed valuation for current year is 3,169,706,860

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
2015	\$ 10,737,703	\$ 10,612,272	98.8%	\$ -	\$ 10,612,272	98.83%
2014	10,696,886	10,493,954	98.1%	193,019	10,686,973	99.91%
2013	10,594,623	10,398,888	98.2%	190,973	10,589,861	99.96%
2012	10,549,631	10,280,930	97.5%	264,674	10,545,604	99.96%
2011	10,481,734	10,166,681	97.0%	311,395	10,478,076	99.97%
2010	9,525,034	9,314,327	97.8%	207,889	9,522,216	99.97%
2009	9,512,522	9,206,158	96.8%	305,538	9,511,696	99.99%
2008	9,074,777	8,937,384	98.5%	137,393	9,074,777	100.00%
2007	8,448,462	8,242,898	97.6%	205,564	8,448,462	100.00%
2006	8,287,536	8,081,411	97.5%	206,125	8,287,536	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				
2015	\$ 7,336,689	\$ -	\$ 13,650,787	\$ 21,680,000	\$ -	\$ 42,667,476	5.4%	1,134	37,618
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

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
2015	37,618	\$ 3,169,706,860	\$ 7,336,689	\$ 7,336,689	0.23%	195.03
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

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
2015	\$ 848,069	\$ 114,243	\$ 962,312	\$ 45,484,211	2.12%
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%

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, 2015**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 7,336,689	100%	\$ 7,336,689
Kent County ⁽¹⁾	55,218,215	8%	4,483,206
Capital School District ⁽²⁾	<u>65,142,455</u>		<u>-</u>
TOTAL	<u>\$ 127,697,359</u>		<u>\$ 11,819,895</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 \$55,218,215 as of June 30, 2015. Although Kent County's bonds are general obligation bonds, \$50,735,009 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2015 the net outstanding debt was \$65,142,455. Percentage and amount applicable to the City is not available.

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 14

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

	2015	2014	2013	Fiscal Year 2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 158,485	\$ 157,995	\$ 159,075	\$ 156,429	\$ 155,838	\$ 144,341	\$ 144,965	\$ 697,621	\$ 724,537	\$ 631,827
Net (Taxable) Assessed Value on Books	3,169,707	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
Total net debt applicable to limit	7,337	4,050	4,479	1,550	1,820	2,080	2,445	2,795	3,140	3,475
Legal Debt Margin	\$ 151,149	\$ 153,945	\$ 154,302	\$ 154,288	\$ 142,521	\$ 142,885	\$ 695,176	\$ 721,742	\$ 629,848	\$ 437,612
Total Net Debt applicable to limit as a percentage of debt limit	4.63%	2.56%	2.83%	1.00%	1.26%	1.44%	0.35%	0.39%	0.50%	0.79%

Legal Debt Margin Calculation for Fiscal Year 2014

Net (Taxable) Assessed Value on Books	<u>\$ 3,169,707</u>
Debt Limit - 5 Percent of Total Assessed Value	\$ 158,485
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>7,337</u>
LEGAL DEBT MARGIN	<u>\$ 151,149</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
2015	\$ 79,769,994	\$ 66,521,873	\$ 13,248,121	\$ 2,260,000	\$ 1,036,954	\$ 3,296,954	4.02
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

Source: City of Dover Financial Records.

NOTES

- | | | | | | | | | | |
|--|----------------|--|--------------------|---------------|---------------------------------|-------|---------------------|---------------|---|
| <p>1. Coverage required by the bond resolution is 1.25.</p> <p>2. Calculation of gross revenue for fiscal year 2015 is as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Gross Revenue:</td> <td></td> </tr> <tr> <td>Operating Revenues</td> <td style="text-align: right;">\$ 79,763,037</td> </tr> <tr> <td>Interest Earned-Operating Funds</td> <td style="text-align: right;">6,957</td> </tr> <tr> <td>Total Gross Revenue</td> <td style="text-align: right; border-top: 1px solid black;">\$ 79,769,994</td> </tr> </table> <p>3. Direct operating expenses do not include depreciation expense.</p> <p>4. Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.</p> | Gross Revenue: | | Operating Revenues | \$ 79,763,037 | Interest Earned-Operating Funds | 6,957 | Total Gross Revenue | \$ 79,769,994 | <p>5. In August 2004, the City issued Electric Revenue refunding bonds in the amount of \$22,535,000 to refund the outstanding Electric Revenue Bonds Series 1990 and Electric Revenue Refunding Bonds Series 1993.</p> <p>6. In July 2008, the City issued Electric Revenue bonds in the amount of \$22,200,000. Fiscal year 2009 includes \$1,026,999 of interest related to this bond issue.</p> <p>7. In November 2011, the City issued Electric Revenue Refunding Bonds in the amount of \$8,810,000 to refund the 2004 Series. This refunding reduced the principal payable by \$2,620,000.</p> |
| Gross Revenue: | | | | | | | | | |
| Operating Revenues | \$ 79,763,037 | | | | | | | | |
| Interest Earned-Operating Funds | 6,957 | | | | | | | | |
| Total Gross Revenue | \$ 79,769,994 | | | | | | | | |

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
2015	\$ 14,887,389	\$ 9,250,346	\$ 5,637,043	\$ 1,132,806	4.98
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

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
Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2015	37,618	\$ 730,354,200	\$ 19,445	31.3	6,665	7.4%
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%

Population Source: Delaware Population Consortium Projection Series

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

Per Capita Personal Income Source: 2010 U.S. Census Data and the 2006-2010 American Community Survey 5-Yr Est.

Median Age Source: Profile of General Population and Housing Characteristics: 2010

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

Unemployment Rate Source: Delaware Department of Labor Statistics Not Seasonally Adjusted

Table 18

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

Name	2015			2006		
	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	33.6%	8,900	1	36.2%
State of Delaware ⁽²⁾ ⁽³⁾	4,500	2	23.6%	4,819	2	35.7%
Bayhealth-Kent General & Milford ⁽²⁾	3,544	3	18.6%	2,896	4	11.8%
Dover Downs Co., Inc.	1,392	4	7.3%	1186	5	4.8%
Delaware State University	1,006	5	5.3%	1150	6	4.7%
Kraft Foods Inc.	552	6	2.9%	488	9	2.0%
Edgewell ⁽⁴⁾	518	7	2.7%	688	8	2.8%
Proctor & Gamble	420	8	2.2%	-	-	-
Delaware Tech	409	9	2.1%	-	-	-
City of Dover	328	10	1.7%	377	10	1.5%
Dover Mall LP	-	-	-	3200	3	13.0%
Capital School District	-	-	-	908	7	3.7%
	19,069			24,612		

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
4. Energizer (formerly Playtex) is now Edgewell

Table 19

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessor	3.0	3.0	3.0	3.0	3.0	4.5	4.5	4.5	3.0	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	4.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Customer Services	14.0	15.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	14.0
Facilities Management	7.0	7.0	9.0	12.0	13.0	13.0	13.0	13.0	12.0	12.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire	6.0	8.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
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	3.0	4.0	4.0	4.0	4.0	3.5
Information Technology	5.0	5.0	5.0	5.0	7.0	8.0	8.0	8.0	8.0	8.0
Library	14.0	13.0	13.0	12.0	17.5	18.0	18.0	18.0	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	5.0	6.0	8.0	8.0	8.0	8.0	5.0	5.0
Police Civilian	31.0	31.0	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	93.0	91.0	90.0	93.0	93.0	91.0	90.0
Procurement & Inventory aka Central Services	3.0	4.0	4.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0
Public Services, Administration	5.0	5.0	6.0	5.0	4.0	4.0	4.0	5.0	4.0	4.0
Public Services, Inspections	6.0	6.0	7.0	7.0	7.0	7.0	7.0	16.0	15.0	15.0
Public Services, Life Safety	3.0	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	3.0	-	-	-
Public Services, Weed and Seed	-	-	-	-	-	-	-	-	-	1.0
Public Services, Engineering	3.0	-	-	-	-	-	-	-	-	-
Planning	5.0	4.5	4.5	5.0	5.0	6.0	6.0	5.0	5.0	4.0
Code Enforcement	5.0	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
Public Works, Grounds Maintenance	13.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0
Public Works, Sanitation	11.0	11.0	11.0	13.0	12.0	13.0	13.0	13.0	13.0	13.0
Public Works, Streets	8.0	8.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
General Fund Total	269.0	270.0	269.0	279.0	289.0	298.5	301.5	298.5	288.0	283.5
Public Utilities, Electric Administration	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	10.0	10.0	12.5	12.5	12.5	20.5	20.5
Public Utilities, Electric System OPS	5.0	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	3.0	4.0	4.0	5.0	5.0	5.0
Public Utilities, Electric Transmission and Distribution	24.0	24.0	24.0	25.0	25.0	28.0	28.0	28.0	29.0	29.0
Electric Fund Total	45.0	45.0	45.0	47.0	47.0	53.5	53.5	54.5	57.5	57.5
Public Utilities, Construction	3.0	3.0	5.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0
Public Utilities, Wastewater Engineering	5.0	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	11.0	10.0	10.0	9.0	11.0	11.0	11.0	11.0	11.0
Public Utilities, Water T & D	4.0	4.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Public Utilities, Water Treatment Plant	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	8.0
Water Meter Reading	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Water/Wastewater Fund Total	34.0	34.0	36.0	36.0	35.0	42.0	42.0	42.0	37.0	36.0
Total Full-Time Equivalents	348.0	349.0	350.0	362.0	371.0	394.0	397.0	395.0	382.5	377.0

Source: City of Dover Budget

2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 20

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

	June 30, 2015	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
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	14914.5	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
Land area - Square Miles	23.3	23.29	23.29	23.29	23.29	23.29	22.586	22.586	23.303	22.929
Total Miles of Street	167.78	164.49	164.08	162.81	158.94	159.62	159.62	159.62	155.62	153.76
City Maintained Miles of Streets	108.43	105.14	104.73	103.46	101.59	100.27	100.27	100.27	96.27	94.41
State Maintained Miles of Streets	59.35	53.35	59.35	59.35	57.35	59.35	59.35	59.35	59.35	59.35
Dover Population - U. S. Census data	36,054	37,089	36,047	36,047	36,047	32,043	32,043	32,043	32,043	32,043
Dover Population - City Count	37,560	37,366	36,492	36,267	36,047	36,559	35,997	35,503	34,689	33,965
Registered Voters	22,837	22,779	21,998	22,362	21,454	21,897	21,897	20,181	19,084	19,502
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	1	0
	5	5	5	5	5	5	5	5	5	4
Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Co-Generating Capacity	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Area of Service	67.77 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	15.00	15.00	15.00	15	15	15	15	16
High Peak Load	158 mw	164.162 mw	171 mw	172 mw	162.6 mw	164.082 mw	155.656 mw	175 mw	176 mw	160
Customers:										
Residential	20,143	19,900	19,990	19,908	19,782	19,785	19,682	19,137	18,578	18,297
Commercial	3,343	3,412	3,412	3,354	3,386	3,370	3,497	3,664	3,422	3,280
Primary	36	37	37	39	38	36	37	37	36	32
69 KV Industrial	4	5	4	4	4	4	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	0	0	149
Total Customers Sales \$	\$78,406,554	\$78,187,300	\$88,329,610	\$91,947,980	\$99,513,157	\$98,081,648	\$99,642,490	\$94,037,212	\$83,109,810	\$63,844,353
Total Customers Sales kWh	715,001,017	714,150,305	723,106,532	710,327,722	734,102,972	708,530,322	719,949,121	731,024,065	734,072,008	736,810,231
Power Supply										
\$	\$49,645,951	\$57,003,103	\$55,367,147	\$58,758,032	\$68,852,937	\$72,508,956	\$73,549,910	\$68,648,786	\$70,579,991	\$42,293,895
kWh	756,867,000	762,254,000	752,869,000	738,190,000	768,254,000	751,250,000	751,171,000	782,081,000	788,824,000	781,466,220
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)	125	160	100	100	100	120	80	100	100	100
Equipment	16	15	15	15	14	14	14	18	14	14

(Continued)

*2015 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section*

Table 20
(Continued)

	June 30, 2015	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
Parks and Recreation:										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	24	24	24	24	22	22	22	22	22	22
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Uniformed Personnel	89	94	93	93	93	90	92	92	90	88
Automobiles	76	77	75	78	67	66	66	66	66	71
Motorcycles	7	7	7	7	7	7	7	7	5	5
Motor Boats	0	0	0	0	1	1	1	1	1	1
Bicycles	12	12	12	12	4	4	4	4	4	4
Specialty Vehicles	7	7	7	7	7	7	6	6	6	6
Golf Carts	5	0	0	0	0	0	0	0	0	0
Trailers	2	2	2	2	3	3	3	3	4	4
Public Library:										
Books	106,125	100,262	97,801	93,050	103,091	138,931	121,312	119,392	120,203	111,496
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	22,366	21,008	16,929	15,265	14,409	15,572	15,356	11,917	11,507	7,171
Members	41,348	37,531	34,308	32,717	33,466	36,534	39,354	37,587	37,036	39,202
Magazines Subscriptions	174	191	187	217	178	201	193	287	359	359
Newspapers	10	10	11	11	19	19	19	29	15	12
Circulation of Books	449,746	463,113	444,333	407,611	400,130	375,632	428,633	408,827	400,336	398,666
Electronic Downloads - Books	24,801	17,219	11,770	2,635	0	0	0	0	0	0
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)	225	223	222	217.5 miles	215.7 miles	215.7 miles	215.7 miles	196 miles	176 miles	176 miles
Average Day (Gallons Pumped)	4,521,047	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
Peak Day (Gallons)	7,048,000	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
Total Water Production (Gallons Pumped)	1,650,329,000	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
Total Water Consumption (Gallons Billable)	1,441,559,000	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
Average Day (Gallons Billable)	3,949,476	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
Number of Metered Customers	12,365	12,341	12,373	12,385	12,330	13,863	13,375	13,229	11,962	11,764
Number of New Connections	24	0	0	55	0	488	146	284	198	139
Wastewater Utility:										
Pumping Stations	41	40	40	40	42	42	42	42	42	38
Sanitary Sewer Mains (Miles)	191.00 miles	187.59 miles	186.87 miles	186.87 miles	185 miles	185 miles	185 miles	185 miles	185 miles	185 miles
Average Day (Gallons Pumped)	4,897,731	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
Peak Day (Gallons Pumped)	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured	Not Measured
Wastewater Discharge (Gallons Pumped)	1,787,672,000	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
Wastewater Discharge (Gallons Billable)	1,264,140,000	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
Average Day (Gallons Billable)	3,463,397	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
Number of New Connections	22	0	5	55	0	488	146	Not Available	Not Available	Not Available
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	\$4,889,046	\$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
Wastewater Fees	\$3,735,855	\$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
Wastewater Treatment Fees	\$2,952,857	\$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
Inflow & Infiltration Surcharge	\$1,831,784	\$1,316,209	\$1,314,033	\$1,290,968	\$1,171,376	\$0	\$0	\$0	\$0	\$0

Sources: Various City departments

Table 21

City of Dover, Delaware
Summary of Insurance
As of June 30, 2015

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<u>Property</u>		
Blanket Building & Contents (Special Form, RC, Agreed Amount)	\$157,999,346	\$10,000 Deductible
Personal Property of Others	\$250,000	
Earthquake	\$2,000,000	\$50,000 Deductible
Flood Zones X or C	\$2,000,000	\$50,000 Deductible
Flood Zones (Zones unidentifiable)		\$100,000 Deductible
Zones located A, B Shaded X, V & D are excluded		
Blanket Business Earnings & Expense	\$200,000	
Business Income from Dependent Properties	\$250,000	
Accounts Receivable	\$250,000	
Civil Authority - 30 days		
Claims Data Expense	\$25,000	
Covered Leasehold Interest	\$100,000	
Debris Removal (Additional Amount)	\$250,000	
Deferred Payments	\$25,000	
Electronic Vandalism	\$10,000	
EDP Data & Media	\$50,000	
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	
Fire Protective Equipment Discharge	Included	
Fungus, Wet Rot, Bacteria	\$25,000	
Furs, Fur Garments	\$25,000	
Jewelry, gold, Silver, Platinum	\$25,000	
Green Bldg Alternatives	1% / Max. \$100,000 each building	
Green Bldg Reengineering & Recertification	\$25,000	
Loss of Master Key	\$25,000	
Newly Acquired or Constructed		
-Buildings Each	\$2,000,000 each building	
-Personal Property at each loc.	\$1,000,000	
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	\$25,000	

Table 21 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Pollution cleanup & removal	\$100,000
Preservation of Property-Direct	\$250,000
-Direct loss or damage to moved Prop.	Included
Reward Coverage	\$25,000
Stamps, Tickets and Letters of Credit	\$5,000
Stored Water	\$25,000
Theft or Damage to Rented Property	Included
Undamaged Parts of Stock in Process	\$50,000
Valuable Papers on Premises	\$100,000
Valuable Papers off Premises	\$100,000
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

Employee Tools	\$112,702 Not to exceed \$18,000 per item
Unlisted Items/equipment	\$100,000 Not to exceed \$5,000 per item
Leased or Rented Items	\$100,000 Not to exceed \$100,000 per item
New Acquired contractors 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	\$83,185
Basic Deductible	\$1,000
Employee Tool Deductible	\$250
Flood Deductible	\$50,000
Earthquake Deductible	\$50,000
Windstorm Deductible	\$10,000

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
Robbery or Safe Burglary of Other Property	\$25,000	\$500 Deductible
Outside the Premises	\$30,000	\$500 Deductible
Computer Fraud	\$100,000	\$1,000 Deductible
Money Orders & Counterfeit Currency	\$100,000	\$1,000 Deductible

Faithful Performance of Duty Coverage Endorsement – Governmental Employees

Liability Coverage:

Commercial General Liability

Each Occurrence Limit	\$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	\$0
Sewer Back Up	\$1,000,000 (resulting from negligence)
Failure to Supply	\$1,000,000
Each Abuse or Molestation Offense Limit	\$1,000,000
Abuse or Molestation Aggregate Limit	\$2,000,000

Statutory Cap Limits of Coverage Endorsement	
Delaware Each Occurrence Statutory Cap Limit	\$300,000

Employee Benefit Plans Administration Liability - Claims Made

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

Law Enforcement Liability - Occurrence

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

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Each Wrongful Act Limit	\$1,000,000
Each Wrongful Act Deductible	\$15,000
Statutory Cap Limits of Insurance Endorsement	
Delaware Statutory Cap Limit	\$300,000
<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	\$2,000,000
Each Wrongful Employment	
Practice Offense Limit	\$1,000,000
Deductible	\$25,000
Business Auto Policy	
Coverage:	
<u>Automobile</u>	
Liability	\$1,000,000
Personal Injury Protection	\$300,000
Uninsured/Underinsured Motorist	\$40,000
(Physical Damage Applies to Police & Specified Electric & Sanitation Trucks)	
Non-owned Liability	\$1,000,000
Hired Auto Liability	\$1,000,000
Employees as Additional Insured	
Hired Auto Physical Damage	\$90,000
Hired Car Physical Damage Deductibles	
Comprehensive Deductible	\$250
Collision Deductible	\$250
Statutory Cap Limits of Coverage Endorsement	
Delaware Statutory Cap Limit	\$300,000
Excess Crime Policy	
Coverage:	
<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	\$6,000,000
Products & Completed Work Aggregate Limit	\$6,000,000
Personal and Advertising Injury Any One Person or Organization Limit	\$6,000,000
Each Occurrence Limit	\$6,000,000
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
Employment Practices Liability	
Employers Liability (Safety Nat'l)	\$1,000,000
Cyber Liability Coverage:	
<u>Cyber Liability – Claims Made</u>	
Retroactive Date: 12/01/2012	
Aggregate Limit	\$25,000
Third-Party Liability	
Network & Information Security Each Wrongful Act Limit	\$25,000
Deductible	\$1,000
First-Party Liability	
Security Breach Notification & Remediation Expenses Sublimit	\$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