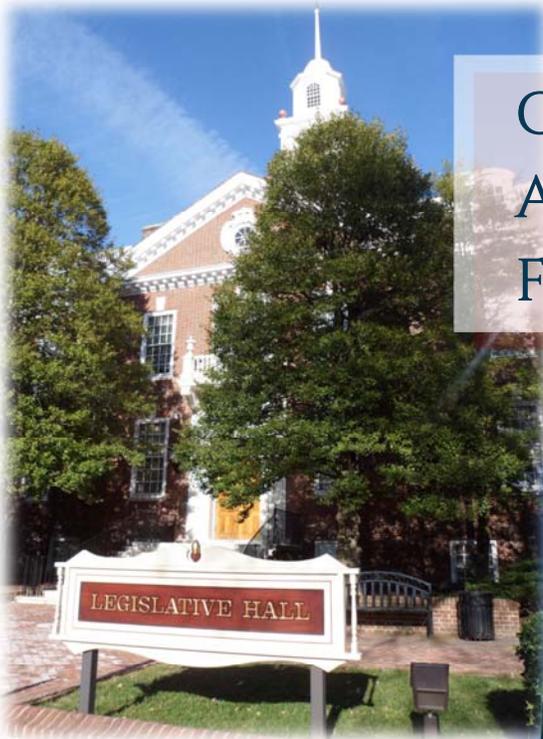
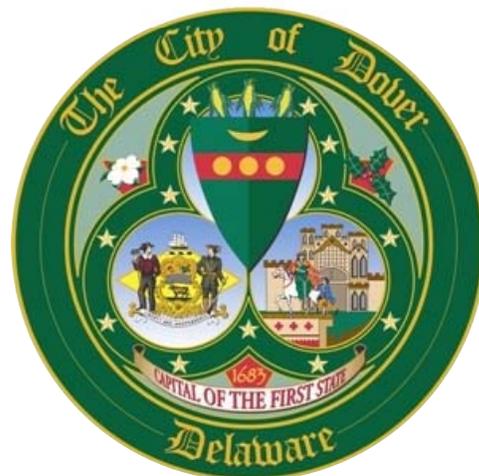


COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

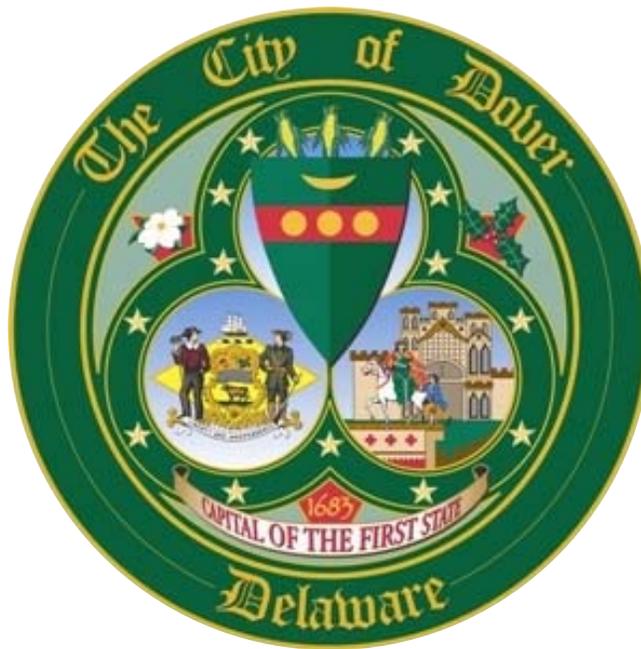


*For the year ended
June 30, 2016*

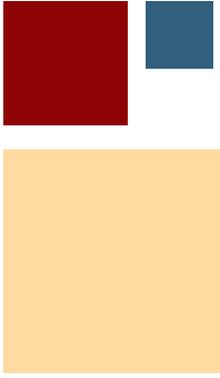


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2016



PREPARED BY THE FINANCE DEPARTMENT
DONNA S. MITCHELL, CONTROLLER/TREASURER



ACKNOWLEDGEMENTS

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

Tracey Lisiecki
Financial Reporting & Accounting Manager

Lori Peddicord
Assistant Finance Director

Jeffrey Dill
Accountant II

Jennifer Helms
Accountant II

Sharon Daniel
Account Clerk II

Katie Heffington
Payroll Specialist

Sophia Isip
Finance – Administrative Assistant

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, 2016
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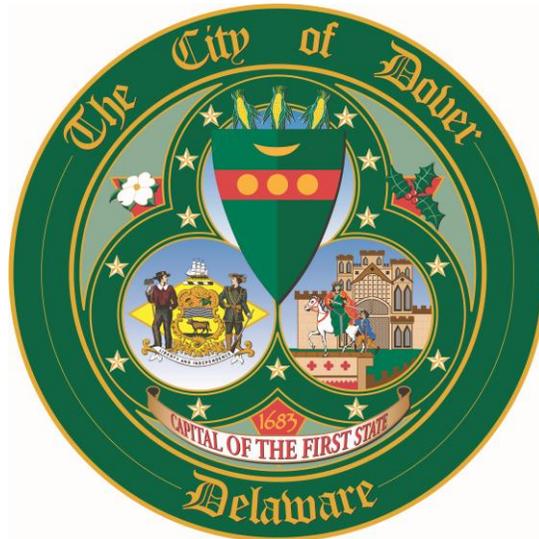
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COMPLETION OF DSU RESEARCH CENTER, SEPTEMBER 2015 –
September 26, 2015 - Government officials and scientists watch a laser cut the ribbon to symbolize the completion of the Optical Science Center for Applied Research at Delaware State University.

Credit photo: delawarebusinessnow.com, Doug Rainey

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



DELAWARE STATE UNIVERSITY COMMENCEMENT, MAY 2016 –
Vice President Joe Biden addressed DSU graduates May 2016, despite the rain.
The University is also celebrating its 125th anniversary.

Credit photo: Ms. B: The Good News, msbeecusd.blogspot.com



December 16, 2016

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, 2016. 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, 2016. The report of independent public accountant 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 23.74 square miles and serves a population of approximately 37,453. Dover's governing body is composed of a Mayor and nine Council Members, with one Council Member elected by Council to serve as Council President. Two members of City Council are elected from each of the four districts; the ninth Council member of Council and the Mayor are elected at-large. The Council is responsible for all matters of policy and is the authority for levying taxes, securing revenues, authorizing expenditures of City funds and incurring City debts. The City of Dover operates under a Council – Manager Form of government.

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

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

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

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

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

ECONOMIC CONDITION AND FUTURE GROWTH

The City of Dover is distinguished as the dominant center of employment, commerce, educational opportunity, and cultural activity in central Delaware. 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 \$80.2 million during Fiscal Year 2016. This represents a decrease of \$29.5 million in construction value from the prior fiscal year. The City of Dover issued 2,541 business licenses in Fiscal Year 2016. Building permits issued during this period totaled 2,251, which is an increase of 1,749 permits over the previous year. The City of Dover Planning Office processed 24 new development applications (site plans, subdivisions and conditional uses) and six rezoning applications during the reporting period, which is consistent with the prior fiscal year.

Growth and development trends during Fiscal Year 2016 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, 2016 was 37,453. This change represents a 3.9% population increase over the decennial Census.

RESIDENTIAL DEVELOPMENT

A total of 74 new residential housing starts were recorded during Fiscal Year 2016, which represents an increase of sixteen from the prior fiscal year. Construction activity continued in Nottingham Meadows, Senators Lake, Clearview Meadows, the Village of Westover, and the Village of Cannon Mills. New residential construction also started moving forward in the downtown area, with four new Habitat for Humanity homes under construction during the fiscal year.

The apartment market continued to be strong in Fiscal Year 2016, with construction at Leander Lakes and the Village at McKee Branch. Land plans are also underway for additional apartments at Blue Hen Apartments and apartments at Eden Hill Farm.

DOWNTOWN DOVER REDEVELOPMENT

The Restoring Central Dover Steering Committee, led by NCALL, was very active with implementation of the Restoring Central Dover Plan. The Plan, published in October 2014, led to a 5-year, \$750,000 grant for plan implementation from the Wells Fargo Regional Foundation. While the implementation is led by NCALL, the City of Dover is an active partner in the plan implementation. The construction of new homes by Central Delaware Habitat for Humanity relates to the plan implementation, as does a project to upgrade street lighting on South New Street. Two neighborhood watch organizations were formed under the umbrella of Restoring Central Dover to improve the communication among residents, the City of Dover, and other stakeholders as it relates to keeping the community safe.

Staff continued to work with the Downtown Dover Partnership and others to implement the City's Downtown Development District program. This has resulted in new businesses and new energy in the downtown area. Several projects are in their infancy but will be developed in the near future.

The City of Dover and the Dover/Kent County Metropolitan Planning Organization held a community planning week to develop concepts for land use, streetscape, travel lanes and parking on Route 8 and Forest Street through downtown. The result of this is a plan that will help guide the City of Dover and DelDOT as the Route 8 corridor redevelops overtime.

RETAIL/COMMERCIAL DEVELOPMENT

Construction in the retail sector improved during Fiscal Year 2016, particularly on the DuPont Highway corridor. Renovations continued on the former Walmart site, Dover Town Center, and several of the tenant's spaces have opened with the remaining tenants planning to open during Fiscal Year 2017. Renovations began on the old Lone Star Steak House to convert it to Mission Barbeque. The former Kmart location underwent renovations to be the new home of Burlington Coat Factory and Big Lots.

INDUSTRIAL DEVELOPMENT

The Dover economy derives considerable benefits from a variety of large industrial and manufacturing companies including Kraft Foods, Procter and Gamble, Edgewell (formerly Energizer/Playtex Family Products), and Berry Van Lines, as well as numerous small- to mid-sized industrial entities. During the fiscal year, infrastructure was completed at the Garrison Oak Technology Park, and two of the park tenants opened: Uzin Utz and Garrison Energy Center. Edgewell began major renovations to transfer product lines from Canada to the Dover location. Kraft also began renovations to transfer the bakery for Stove Top production to the Dover plant.

INFRASTRUCTURE

The City has several large water and sewer projects underway to upgrade pump stations, distribution and transmission mains. These projects will improve water quality and reduce the inflow/infiltration in our sewer system. The City continues to upgrade the electric transmission and distribution system with systematic upgrades to substations and the transfer of overhead distribution lines to underground lines in the electric territory subdivisions. The City and the State has several transportation projects underway, 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 2016 saw meaningful growth in the state capital. Dover remains a center for commerce, as evidenced by the retail expansions seen during Fiscal year 2016, as well as 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 completed 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 two were sold this past year to Uzin Utz, a German manufacturer of flooring compounds and Advantech a provider of security systems. The Dover Sun Park has occupied one of the parcels since 2010 and the Calpine 305 megawatt electric generating station was completed in May 2016.

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 2016, \$10.8 million of water and wastewater capital improvements were completed. This included the completion of the Garrison Oak Technology Park Water Storage Tank, West Dover Connector Utility Relocation and Lakeview and Brandywine pump station replacements,

The electric utility completed capital improvements of \$2.6 million in fiscal year 2016. The major initiatives completed by our Transmission and Distribution crews were the completion of General Scott Substation switchgear replacement, Capitol Park distribution upgrade, the relocation of the Garrison Oak Technology Park Transmission line, Playtex addition and installation of the Garrison Oak Technology Park Transformers and Conductors.

The City maintains a five-year Capital Investment Plan which serves as its planning and budgeting tool to program upgrades and replacements to its equipment, facilities, and infrastructure. As part of this process, operating expenses are identified and funding sources are determined. Managers are required to rank capital expenditures by criticality based on the impacts on customer service and revenue losses. The fiscal year 2016/2017 Capital Investment Plan includes \$1.2 million for vehicles and equipment and \$11.2 million of infrastructure and utility improvement projects. The Capital Investment Plan is presented

to City Council each year during the budget workshops, and the final plan is approved by City Council along with the annual budget.

FINANCIAL POLICIES AND FINANCIAL PLANNING

Unassigned fund balances in the General Fund (11.9%) fall within the policy guidelines of a minimum of 8% and maximum of 12% of budgetary revenues as approved by City Council in the City of Dover Financial policies. The water and wastewater utility guidelines are to maintain a minimum budget balance of at least 8% and no greater than 17% (two months) of the current year operating revenues. The electric utility is to maintain a minimum budget balance of at least 12% (45 days) of the current year operating revenues less the power cost adjustment. If the balances fall below the established percentages, 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, 2016 for the utilities are water (14.7%) and wastewater (8.0%). The water and wastewater utilities are accounted for in the same fund and have a combined budget balance of 10.6%. The electric utility ended the year with a budget balance greater than the 8.0% at 23.9%. This was attributed to lower than projected power supply and generation cost. The fiscal year 2017 budget will be adjusted to address the overage.

The City policies also require non-recurring revenues to be set aside for capital improvements as designated by City Council (reserve accounts) and a \$700,000 contingency reserve in the General Fund, \$250,000 each for the Water/Wastewater Fund contingency reserves and \$750,000 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% not to exceed 20% 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, 2015. This was the thirty-first (31) consecutive year that the City of Dover has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Donna S. Mitchell, CPA
Controller/Treasurer
(not in public practice)



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, 2015

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, 2016

	<u>Length of Service</u>	<u>Term Expires</u>
Mayor		
Robin R. Christiansen	2 Years	May 2019
City Council		
At-Large		
* Timothy A. Slavin	3 Years	May 2017
First District		
James E. Hosfelt, Jr.	1 Year	May 2019
James L. Hutchison, Sr.	5 Years	May 2017
Second District		
William F. Hare	5 Years	May 2017
Brian E. Lewis	1 Year	May 2019
Third District		
Scott W. Cole	1 Year	May 2019
Fred A. Neil	1 Year	May 2017
Fourth District		
David L. Anderson	5 Years	May 2017
Roy Sudler, Jr.	1 Year	May 2019

* Council President

Note: length of service does not reflect previous, non-consecutive service, or interim appointment prior to permanent appointment

CITY OF DOVER, DELAWARE
LIST OF APPOINTED OFFICIALS
JUNE 30, 2016

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer - Traci A. McDowell	11 Years	30 Years
City Manager/Civil Defense Director - Scott D. Koenig	5 Years	26 Years
City Solicitor - Nicholas H. Rodriguez	48 Years	48 Years
Deputy City Solicitor - William W. Pepper	27 Years	27 Years
Council President - Timothy A. Slavin	1 Year	3 Years
City Assessor - Cheryl A. Bundek	7 Years	24 Years
City Building Inspector - Ann Marie Townshend	4 Years	10 Years
City Planner - Ann Marie Townshend	10 Years	10 Years
Controller/Treasurer - Donna S. Mitchell	16 Years	16 Years
Fire Chief - Carleton Carey, Jr.	6 Months	-
Interim Fire Marshal - Jason A. Osika	2 Months	14 Years
Police Chief - Paul M. Bernat	2 Years	26 Years

Note: length of service does not reflect previous, non-consecutive service, or interim appointment prior to permanent appointment.

CITY OF DOVER, DELAWARE
LIST OF COMMISSIONS & COMMITTEES
JUNE 30, 2016

Awards Committee

Peggy Angel
Ronald R. Gough
Georgia Van Sant

Board of Adjustment

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

Board of Assessment Appeals

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

Compensation Commission

Vacancy
Vacancy
Vacancy
James Brockton

Clarence (Bud) Wagner II
Controller/Treasurer, Donna S. Mitchell
Human Resources Director, Kimberly Hawkins

Note: Length of service does not reflect previous, non-consecutive service, or interim appointment prior to permanent appointment.

Dover Fourth of July Celebration Committee

Greg Patterson, President/Vice Chair
Mayor Robin R. Christiansen, Chair
Andrea Maucher, Vice-President
Jennifer Helms, Treasurer/Secretary
Ann Marie Townshend
Susan Betts
Gail Nemcic
Karen Nickerson
Sarah Zimmerman

Dover Housing Authority

Mark Harmon
Enrico LePore
Cherritta L. Matthews
Audrey Daniels
Phillip McGinnis
Sandra Milffin-Taylor
Ami Sebastian-Hauer, Executive Director

Dover Public Library Advisory Commission

Councilman Scott W. Cole
Zachery Carter
Lois J. Dunning
Gertrude Jackson
Beth Petit De Mange
Jill B. Street

Dover/Kent County MPO Council

Mayor Robin R. Christiansen

Downtown Dover Partnership Board of Directors

Gregory V. Moore (President)
City Manager, Scott D. Koenig
City Planner, Ann Marie Townshend
Councilman David L. Anderson
Councilman William F. Hare
Council Representative - Vacancy
Mayor Robin R. Christiansen
State of Delaware Representative - Vacancy
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
Anita Evans
Lucy Findlay
Michael Harrington
Maxine Lewis
Mitch May
Todd Stonesifer
John Tinsley
Wendie Vestfall
Chief Executive Officer of Bayhealth Foundation, Paul Lakeman
President of Wesley College, Robert E. Clark, II

Election Board

At-Large: William T. Garfinkel, Chair
First District: Anita L. McDowell Boyer
Second District: Cherrita L. Matthews
Third District: Curtis E. Raymond
Fourth District: M. Milford Caldwell
Traci A. McDowell, City Clerk (Liaison Member)

Ethics Commission

Thomas C. Jackson, Chair
Robin F. Case

Gary Coy
Andrew S. Moreland
Nancy J. Shevock

General Employee Pension Plan Board of Trustees

Councilman David L. Anderson
Councilman Brian E. Lewis
City Manager, Scott D. Koenig
Controller/Treasurer, Donna S. Mitchell

Lester L. Blakeman, Sr.
Kristen Mullaney
Teresa Tieman, Chair

Greater Dover Arts Council

Chevis Anderson, Chair
Sydney Arntz
N. Taylor Collins
Caroline Greene
Cheryl Scheir
Cynthia Witt
Sarah Zimmerman

Historic District Commission

Charles A. Salkin (Chair), Professional
Joseph McDaniel (Vice Chair) Business Rep./Resident
Ann Baker Horsey, Professional/Resident
C. Terry Jackson, Professional/Resident
Richard Scrafford, Professional

Human Relations Commission

At-Large: Lynne Sadusky
First District: Vacancy
First District: Vacancy
Second District: Dianne Bogle
Second District: Theodore Henderson, Chair
Third District: James McGiffin
Third District: Wanda Mullen
Fourth District: Vacancy
Fourth District: Vacancy

Kent County Tourism Board of Directors

Councilman Fred A. Neil

Kent Economic Partnership Board of Directors

Councilman David L. Anderson

Legislative, Finance and Administration Committee

Councilman William F. Hare, Chair
Councilman Scott W. Cole
Councilman Roy Sudler, Jr.
Courtney Stewart
Daniel T. Shevock

Other Post-Employment Benefits (OPEB) Board

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

Parks, Recreation and Community Enhancement

Councilman Roy Sudler, Jr., Chair
Councilman David L. Anderson
Councilman James E. Hosfelt, Jr.
M. Milford Caldwell, Jr.
Ann Baker Horsey

Planning Commission

At-Large: Dr. Bobby Jones
First District: Kathleen Welsh, Vice Chair
First District: Col. Robert D. Welsh
Second District: Thomas Holt
Second District: Andrea Maucher
Third District: Dean Holden
Third District: Fred Tolbert, Chair
Fourth District: John H. Baldwin, Sr.
Fourth District: Kenneth Roach

Police Pension Plan - Retirement Committee

1 Year
Councilman Brian E. Lewis
City Manager, Scott D. Koenig
Chief of Police, Paul M. Bernat
(Ret. Captain) John Sigler, Chair
(Ret. Lt.) Timothy Mullaney, Sr.
(Ret. Cpl.) Martin Stallings

Property Maintenance Code Board of Appeals

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

Public Advisory Committee of the Dover/Kent County MPO

Dr. Carlton L. Cannon, Jr.
Jonathan Contant
John S. Grady
Councilman Brian E. Lewis
Dana Shelton
Thomas J. Keller, Jr.

Silver Lake Commission

Dean Holden, Chair
Nicholas Adams
Tricia Arndt
James Burcham
Zachery Carter
Lyle Allen Jones
Ann Marie Townshend

St. Jones Greenway Commission

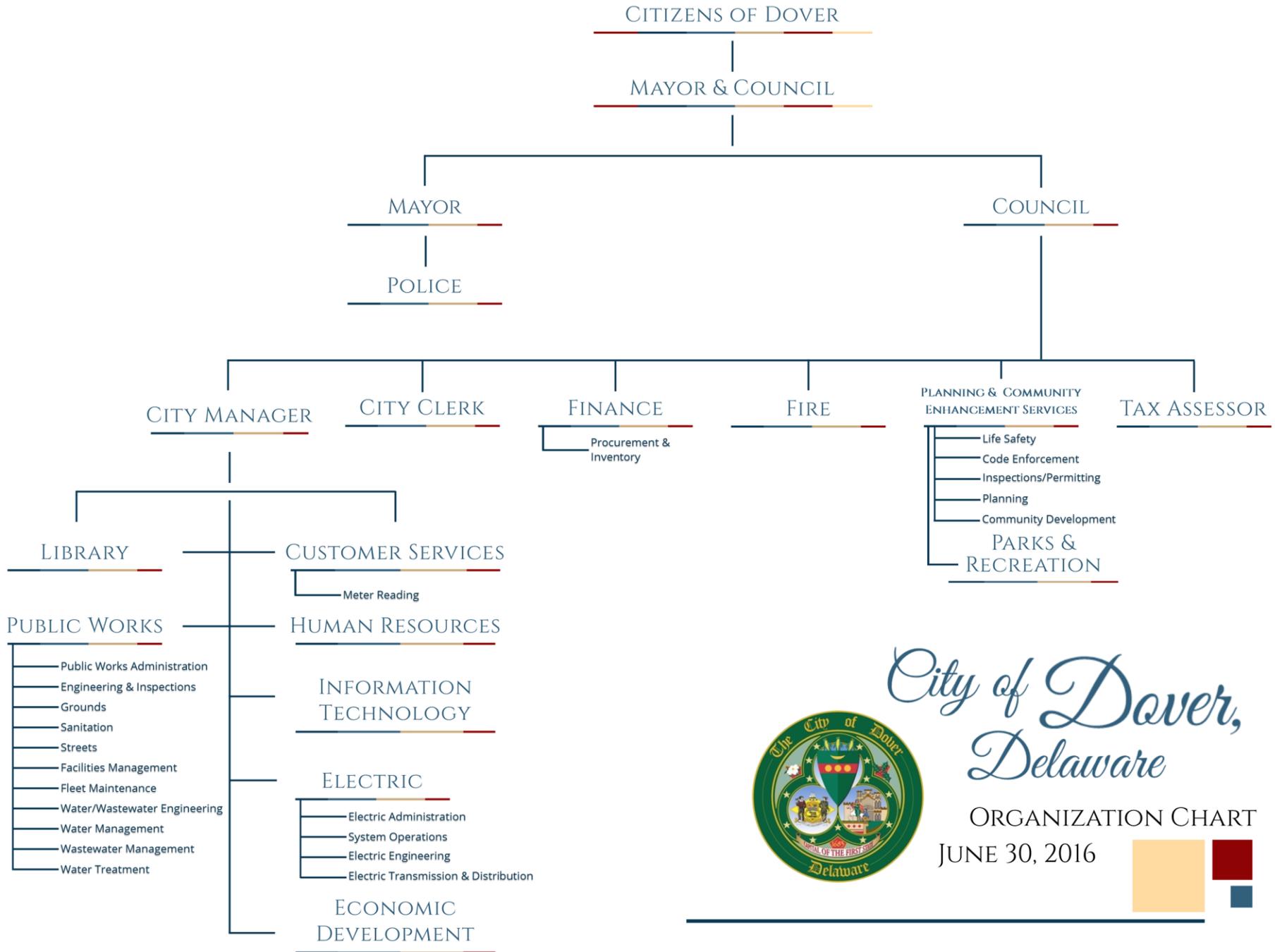
James Burcham
Michael P. Mercer
City Parks and Recreation Director, Ann Marie Townshend

Technical Advisory Committee of the Dover/Kent County MPO

Public Works Director, Sharon Duca
Director of Planning and Community Development, Ann Marie Townshend

Utility Committee

Councilman Scott W. Cole, Chair
Councilman James L. Hutchison, Sr.
Councilman Fred A. Neil
Lester L. Blakeman, Sr.
Tricia Arndt



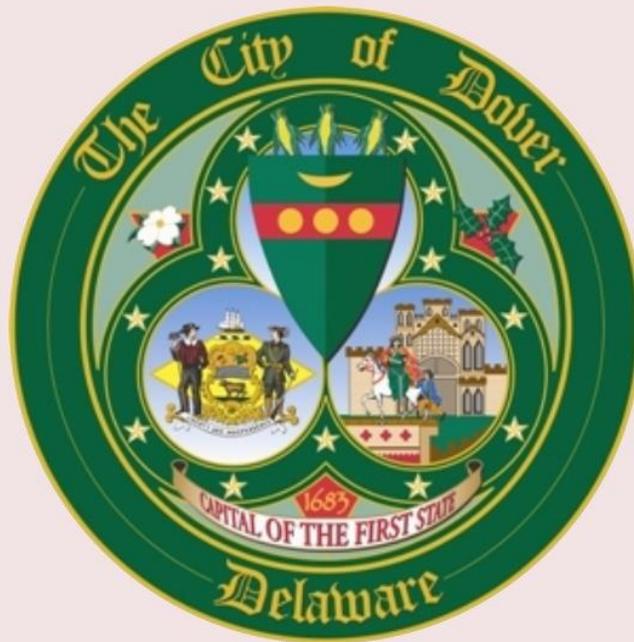
*City of Dover,
Delaware*

ORGANIZATION CHART
JUNE 30, 2016



The City of Dover, Delaware Vision

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



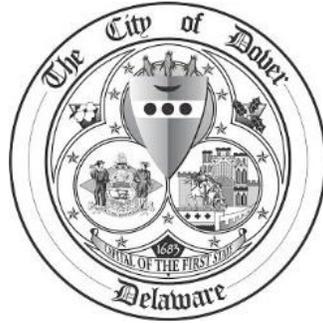


OLD STATE HOUSE -

The 200+ year old building stands tall in Dover on a nice, blue day

Credit Photo: cityofdover.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



GOVERNOR JACK MARKELL –

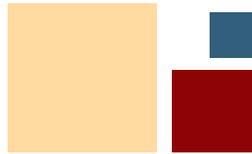
Governor Markell greets legislators before delivering the State of the State Address, January 2016

Credit Photo: Dover Post, Andre Lamar

FINANCIAL SECTION

PART A

REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS





S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dover (the City), as of and for the year ended June 30, 2016, 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.



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis; the general fund—schedule of revenues, expenditures, and changes in fund balances – budget and actual; 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 schedules, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



S B & COMPANY, LLC
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The accompanying combining and individual fund schedules 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 section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

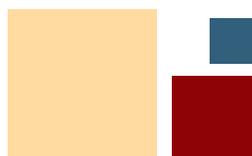
Hunt Valley, Maryland
December 16, 2016

A handwritten signature in black ink that reads "S.B. & Company, LLC". The signature is written in a cursive, flowing style.

FINANCIAL SECTION

PART B

MANAGEMENT'S DISCUSSION
AND ANALYSIS





CANCER SUPPORT COMMUNITY OF DE, JANUARY 2016 –

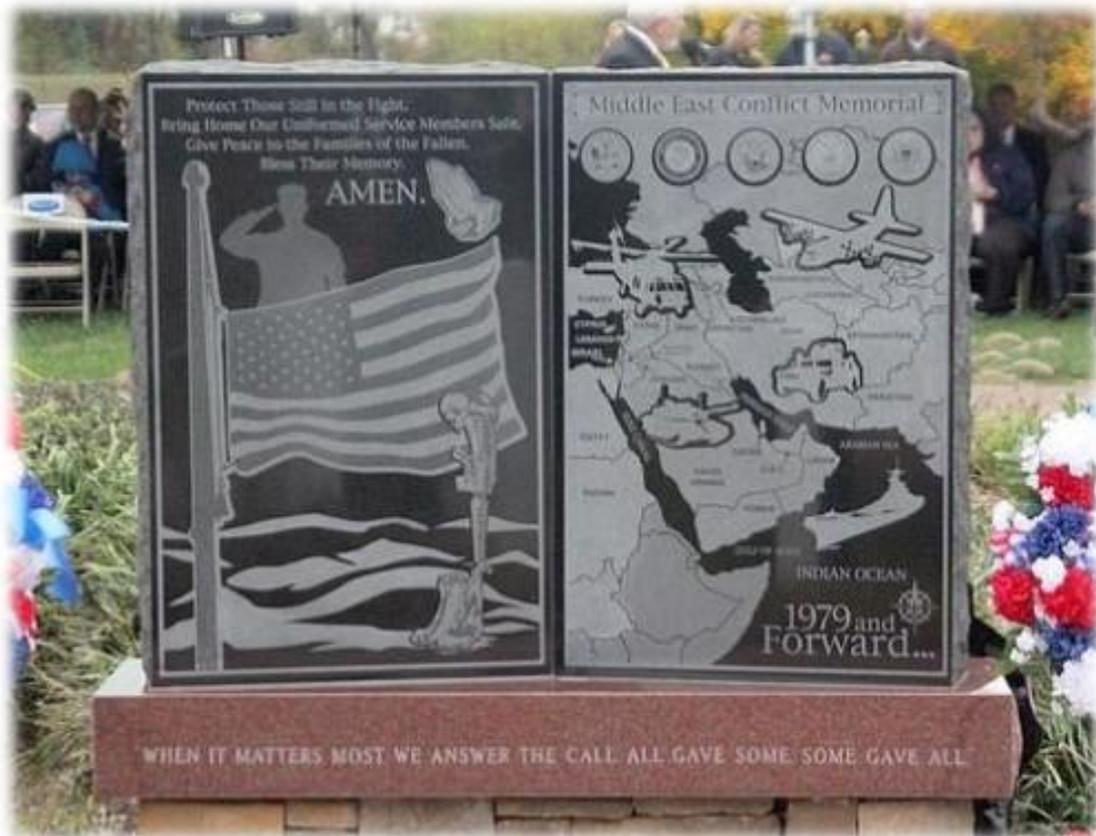
Stephanie Harrison, Miss Delmarva Veteran, stretches before the race. Harrison served in the U.S. Air Force as an air traffic controller and personnel specialist.

Credit photo:
Dover Post, Jeff Brown

MIDDLE EAST CONFLICTS MEMORIAL –

Dedication of the Memorial on Veterans Day 2015, at the Kent County Veterans Park in Dover.

Credit photo: Dover Post, Jeff Brown



The City of Dover Management’s Discussion and Analysis For the Year Ended June 30, 2016

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, 2016. Readers are encouraged to consider the information included in the Management’s Discussion and Analysis along with additional information that we have presented in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

Total assets of the City exceeded its liabilities by \$207.5 million (net position). Of this amount, \$4.7 million was reported as “unrestricted net position”, which represents the amount available to meet the City’s ongoing obligations to citizens and creditors. The general government reported an unrestricted deficit of \$22.2 million and the business type activities, Water/Wastewater and Electric funds, reported \$26.9 million of positive unrestricted net position. The difference between the unrestricted amounts and the total net position is \$202.8 million, \$37.9 million is restricted primarily for debt and capital construction purposes, and \$164.9 million is net investment in capital assets.

- The governmental activities experienced an increase of \$2.8 million invested in capital assets, an increase in restricted net assets of \$0.4 million, and an increase of \$5.7 million in unrestricted net position. The current year positive change in net position is attributed to a transfer of Net Pension Liability between the Governmental activities and the Business-Type activities of \$5.4 million. This transfer is a result of incorporating into the allocation methodology, the prorated share of the Net Pension Liability attributed to the related interfund service personnel. The remaining increase in Net Position is a result of higher revenues.
- The business-type activities experienced a \$2.0 million increase in investments in capital assets. An increase in restricted net position of \$0.3 million as well as an increase in unrestricted net position of \$5.2 million, resulting in a positive change in net position of \$7.5 million. The electric utility experienced a significant savings in power supply and operating cost of \$7.0 million. The transfer of the net pension liability of \$5.4 million as explained in the governmental activities offset the positive change attributed to lower power supply cost and resulted in a \$0.2 million increase in change in net position from the prior year’s positive change in net position.

Overview of the Financial Statements

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

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

- The first two statements are *government-wide financial statements* (pages 39-40) that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements (pages 41-49) are *fund financial statements* that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
 - The governmental fund statements (pages 41-44) tell how general government services, like community services, planning, public safety, and public works, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements (pages 45-47) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric Revenue and Water/Wastewater Funds.
 - The Fiduciary fund statements (pages 48-49) provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or fiduciary, for its Employee Pension plans and Other Postemployment Benefits plan and acts in an agency capacity for the Dover Downtown Partnership and Fourth of July Celebration Committee, none of which are considered to be component units of the City. All of the City’s Fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City’s other financial statements because the City may not use these assets to finance its operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

The financial statements also include notes (pages 51-106) 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 108-117) 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 120 through 141.

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 and 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, 2015 and 2016 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Assets						
Non-Capital Assets	\$ 16.4	\$ 14.8	\$ 81.0	\$ 86.9	\$ 97.4	\$ 101.7
Capital Assets	58.8	61.1	140.7	141.3	199.5	202.4
Total Assets	75.2	75.9	221.7	228.2	296.9	304.1
Deferred Outflow of Resources	2.7	3.2	1.2	1.4	3.9	4.6
Liabilities						
Current Liabilities	3.8	2.8	12.1	8.9	15.9	11.7
Non-Current Liabilities	48.2	42.2	43.7	46.0	91.9	88.2
Total Liabilities	52.0	45.0	55.8	54.9	107.8	99.9
Deferred Inflow of Resources	1.8	1.1	0.1	0.2	1.9	1.3
Net Position						
Net investment in Capital						
Assets	51.5	54.3	108.6	110.6	160.1	164.9
Restricted	0.5	0.9	36.7	37.0	37.2	37.9
Unrestricted	(27.9)	(22.2)	21.7	26.9	(6.2)	4.7
Total Net Position	\$ 24.1	\$ 33.0	\$ 167.0	\$ 174.5	\$ 191.1	\$ 207.5

The Changes in Net Position, for the City of Dover, as of June 30, 2015 and 2016 are as follows (presented in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 9.9	\$ 10.5	\$ -	\$ -	\$ 9.9	\$ 10.5
Water/Wastewater Charges for Services	-	-	14.9	15.0	14.9	15.0
Electric Charges for Services	-	-	79.8	80.7	79.8	80.7
Operating Grants and Contributions	2.3	2.7	-	-	2.3	2.7
Capital Grants and Contributions	0.2	0.7	1.5	-	1.7	0.7
General Revenues						
Property Taxes	11.2	12.8	-	-	11.2	12.8
Transfer Taxes	1.7	2.2	-	-	1.7	2.2
Earnings on Investments-Other	0.1	0.3	0.5	1.1	0.6	1.4
Total Revenues	25.4	29.2	96.7	96.8	122.1	126.0
Expenses						
General Government	4.2	5.7	-	-	4.2	5.7
Public Safety	21.3	20.0	-	-	21.3	20.0
Public Works	4.5	8.1	-	-	4.5	8.1
Library and Recreation	3.1	2.2	-	-	3.1	2.2
Community and Economic Development	0.6	0.7	-	-	0.6	0.7
Central Services	1.4	1.5	-	-	1.4	1.5
Financial Administration	3.4	3.4	-	-	3.4	3.4
Interest Charges	0.2	0.1	-	-	0.2	0.1
Plus (less) Indirect Expense Allocation	(4.8)	(5.1)	4.8	5.1	-	-
Water/Wastewater	-	-	10.0	10.5	10.0	10.5
Electric	-	-	64.1	57.4	64.1	57.4
Total Expenses	33.9	36.6	78.9	73.0	112.8	109.6
Change in Net Position before Transfers	(8.5)	(7.4)	17.8	23.8	9.3	16.4
Transfers	10.5	16.3	(10.5)	(16.3)	-	-
Change in Net Position	2.0	8.9	7.3	7.5	9.3	16.4
Net Position, beginning of year	44.2	24.1	173.9	167.0	218.1	191.1
Prior Period Adjustment - Net Pension Liability	(22.1)	-	(14.2)	-	(36.3)	-
Net Position, Beginning of Year restated	22.1	24.1	159.7	167.0	181.8	191.1
Net Position, End of Year	\$ 24.1	\$ 33.0	\$ 167.0	\$ 174.5	\$ 191.1	\$ 207.5

Governmental Activities

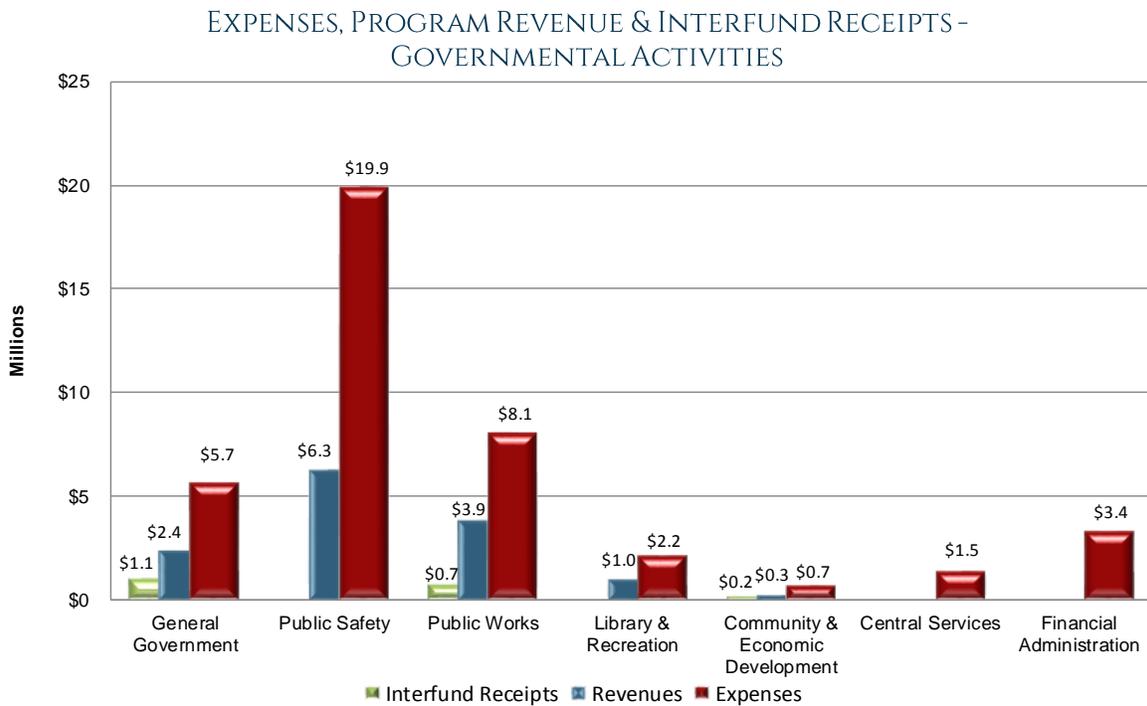
The preceding table shows changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015. Governmental net position increased by \$8.9 million; this is an increase of \$6.9 million over the prior years’ positive change in net position. The \$6.9 million increase is primarily a result of the \$5.4 million transfer of net pension liability from the Governmental Activities to the Business-Type Activities for the indirect inter-departmental allocation of expenses. Additionally, the increase in the change in net position is related to an increase in property taxes of \$1.6 million.

Total revenues of \$29.2 million were more than the prior year by \$3.8 million. The increase in revenues is primarily due to an increase in property taxes and grants received in the amount of

\$1.6 million and \$0.9 million respectively. Other increases were in charges for services for licenses and permits, court of chancery fees, and investment income. The aforementioned increases were offset by decreases in charges for services for Police fines, Library revenue and sanitation fees.

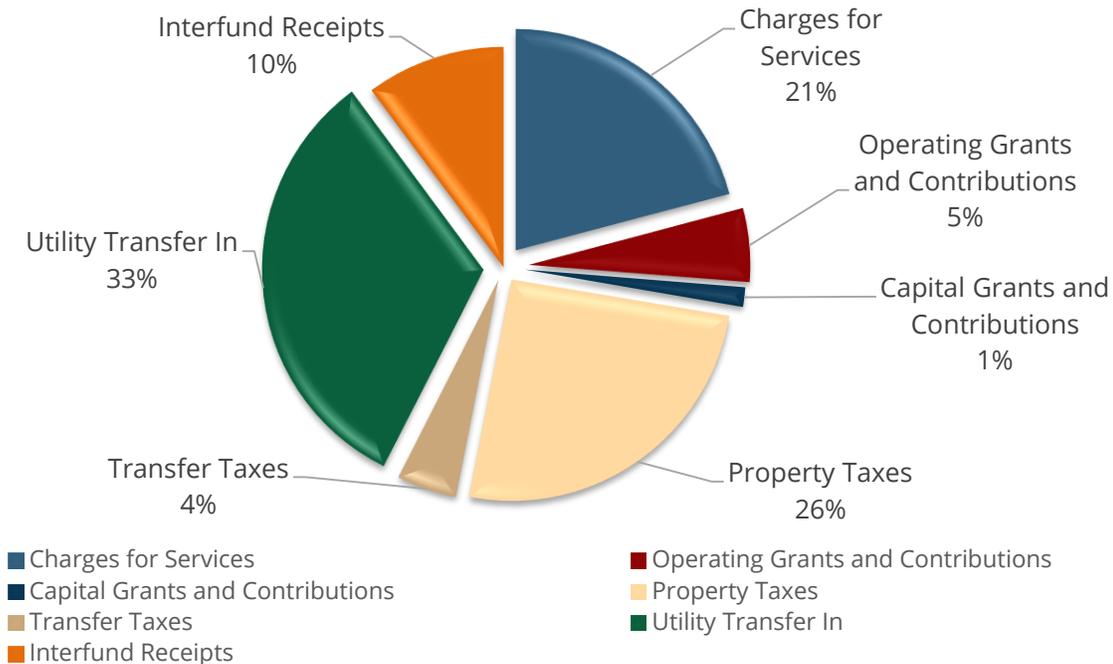
Total expenses in the amount of \$36.6 million reflects an overall increase from the prior year. Public Works costs increased \$3.6 million due to capitalizing the completed street and infrastructure for the Garrison Oak Technical Park. General Governmental costs increased due to net OPEB obligation activity of \$1.1 million and an increase in the transfer to uncollectible reserves of \$0.3 million. Other increases totaling \$0.2 million were across the Community, Economic Development and Central Services functions. The aforementioned increases were offset by decreases in Public Safety of \$1.3 million for Police Pension activity, Library and Recreation of \$0.9 million for infrastructure related to a pocket park. The cost allocation to the enterprise funds increased as well. All of which results in a net \$2.7 million increase to the total expenses for the Governmental Activities.

The chart that follows allocates revenues to program costs as applicable. It shows that some City functions are in part self-supporting either through customer charges or interfund charges through the utilities.



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.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



In the preceding chart, the Utility Transfer-In percentage of 36% includes approximately \$5.4 million for the transfer of Net Pension Liability. The percentage without the Net Pension Liability transfer would have been 27%.

Business-Type Activities

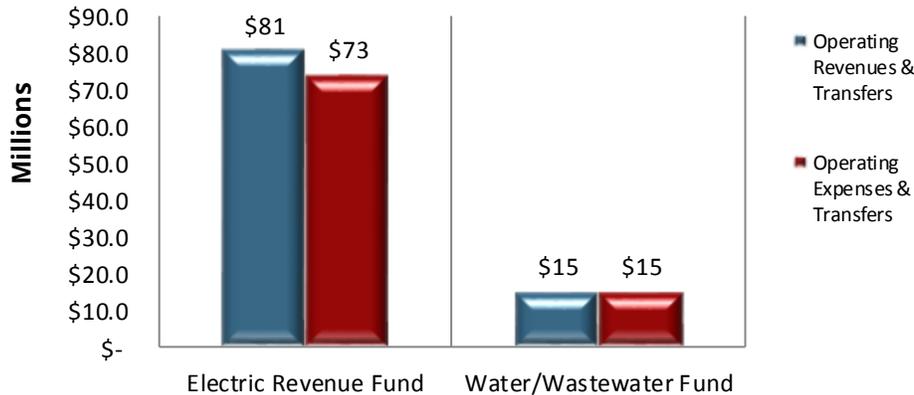
The business-type activities saw a positive change in net position of \$7.5 million. Both the water/wastewater and electric utilities experienced an increase in charges for services of \$0.1 million and \$0.9 million, respectively. There were no capital grants and contributions received for the utilities in the current year, resulting in a decrease of \$1.5 million in revenue. The indirect expense allocation increased by \$0.3 million as well as the expense for the water/wastewater utility in the amount of \$0.5 million, conversely the expense for the electric utility decreased by \$6.5 million which resulted in a combined net decrease in expense of \$5.9 million. Transfers out to the General Fund included \$0.9 million from the water/wastewater utility, \$10.0 million from the electric utility and an allocation of \$5.4 million of Net Pension Liability related to the indirect inter-departmental allocations.

The water/wastewater utility had a positive change in net position of \$0.3 million. The utility experienced an increase in operating income of \$0.1 million from the previous year. The increase in operating income was due to an increase in water revenue related to higher usage and miscellaneous revenues of \$0.6 million and \$0.1 million respectively. The increases were offset by a decrease in impact fees in the amount of \$0.6 million.

The electric utility realized a positive change in net position of \$7.2 million. The revenues increased by \$1.4 million attributed to an increase in electric rates of \$0.9 million and \$0.4 million in interest earned. Expenses in the Electric Fund decreased in total by \$6.5 million including indirect expense allocation. The decreases were attributed to the following: \$7.4 million for power supply and generation costs, \$0.2 million for Transmission/Distribution, \$0.4

million for Engineering and \$1.5 million in retiree healthcare. The previously mentioned decreases were offset by increases of \$2.0 million related to other post-employment benefits within the general administration function and \$0.9 million in depreciation.

REVENUES & EXPENSES – BUSINESS-TYPE ACTIVITIES



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, 2016, were \$9.9 million. This represented an increase of \$0.3 million during the year. Approximately 50% of the combined fund balances, \$5.0 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, 2016, was \$9.2 million. Revenue increased by \$2.5 million due to an increase in property tax revenue of \$1.6 million, licenses and permits of \$0.6 million and other increases in court of chancery fees, police extra-duty, miscellaneous services and investment income totaling \$0.5 million, offset by decreases totaling \$0.3 million in library revenues, sanitation revenues and grants received. Expenditures increased \$0.8 million due to an

increase in police salaries and fringes of \$0.8 million and an increase in transfer to reserves of \$0.3 million. The previously mentioned increases were offset by decreases in the Street/Sanitation Services of \$0.5 million due to reduced capital improvement expenditures attributed to the Garrison Oak Park infrastructure completion. Debt service decreased \$0.3 million due to the prior year refunding of the 2003 Series bonds. The current fiscal year experienced a decrease in Other Financing Sources totaling \$3.3 million related to a prior year bond issue in the amount of \$4.1 million and the operating transfers-in increased by \$0.8 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, 2016, the Water/Wastewater Fund has a net position of \$54.8 million, of which \$5.0 million is unrestricted. The fund’s net position increased \$0.3 million during the year as explained on page 30. As of June 30, 2016, the Electric Revenue Fund has a net position of \$119.8 million, of which \$21.9 million is unrestricted. This fund experienced an increase in net position of \$7.2 million during the year as explained on page 30.

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 Funds Balance Sheet (page 41) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 43) include both the General Fund operating activities and the Governmental Capital Project Fund activities.

The General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget & Actual is included in Part D – Required Supplementary Information (pages 108-109).

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 123).

The Combining Statements – Combining General Fund Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of the General Fund and

the General Capital Projects Fund is included in Part E – Supplementary Information (page 121 & 122).

The Final General Fund Budget incorporated the following changes to the Original Budget. The Budget Balance carried forward from the prior fiscal year was higher by \$0.8 million than was projected. Receipts had a net increase of approximately \$0.7 million. The most significant increases were attributed to transfer taxes, police grants, municipal street aid and interest earnings. The most significant reductions of revenue were library revenues, Police extra duty fees, property taxes and interfund service receipts from the utilities.

Budgeted expenditures were revised to reflect an aggregate increase of \$1.1 million. The increases were reflective of appropriations to the Police and Employee Pension funds, public safety police, public inspections, city manager and an addition of budgeted moneys to acquire the New Street properties. The aforementioned increases were offset by decreases in grounds maintenance, library, information technology, public works administration, Retiree Benefits expense and a decrease in the budgeted appropriation to the Capital Asset Reserve. The net result of these changes was a \$0.4 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 above the final budgeted amounts in the General Fund by \$0.7 million for the current fiscal year. The more significant positive variances were in permits and other licenses, police extra-duty revenues, transfer tax and court of chancery fees. These revenue increases were offset with lower revenues for police pension grants. Expenditures were approximately \$0.2 million under budget as a result of several operating departments experiencing personnel savings through attrition as well as lower than budgeted transfer to the Police Pension Fund. The General Fund budget balance carry forward was \$0.9 million higher than budgeted as a result of the above variances.

Capital Asset and Debt Administration

At the end of the current fiscal year, the City’s governmental and proprietary funds had invested \$61.1 million and \$141.3 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which represents a net increase of \$2.3 million for governmental activities and the proprietary funds increased by \$0.6 million. The increase in Governmental Activities relates to the capitalization of the Garrison Oak Park street infrastructure. 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 Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Depreciable Assets, Net						
Buildings	\$ 24.7	\$ 24.1	\$ -	\$ -	\$ 24.7	\$ 24.1
Equipment	2.3	2.4	-	-	2.3	2.4
Vehicles	1.3	1.5	-	-	1.3	1.5
General Infrastructure	22.4	27.7	-	-	22.4	27.7
Utility, Plant, Buildings, and Infrastructure	-	-	128.6	136.0	128.6	136.0
Other	0.7	0.6	-	-	0.7	0.6
Non-depreciable Assets						
Land	3.9	4.2	1.6	1.6	5.5	5.8
Construction in Progress	3.5	0.6	10.5	3.7	14.0	4.3
	<u>\$ 58.8</u>	<u>\$ 61.1</u>	<u>\$ 140.7</u>	<u>\$ 141.3</u>	<u>\$ 199.5</u>	<u>\$ 202.4</u>

The Net Pension Liability for the Governmental Activities decreased by \$6.5 million, with a corresponding \$10.4 million increase to the Business-Type Activities. Included in the previously mentioned increases/decreases is \$5.4 million related to the transfer of Net Pension Liability from the Business-Type Activities to the General Fund. 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 5.0% of assessed value of real property within the City boundaries. The City has used 4.4% of its debt limit. The City of Dover’s non-current liabilities as of June 30, 2015 and 2016 are as follows (presented in millions of dollars):

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2016	2015	2016	2015	2016
Non-current liabilities						
Liability for Compensated Absences	\$ 2.1	\$ 2.0	\$ 0.8	\$ 0.8	\$ 2.9	\$ 2.8
Bonds (Net of Discount/Issuance Cost)	7.3	6.8	41.1	32.2	48.4	39.0
OPEB Obligation	14.5	15.6	0.3	0.4	14.8	16.0
Net Pension Liability	24.3	17.8	2.1	12.5	26.4	30.3
	<u>\$ 48.2</u>	<u>\$ 42.2</u>	<u>\$ 44.3</u>	<u>\$ 45.9</u>	<u>\$ 92.5</u>	<u>\$ 88.1</u>

Economic Factors and Next Year’s Budgets and Rates

The City developed the fiscal year 2017 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 2016 were incorporated into the fiscal year 2017 budget.

- Property taxes and utility rates remained the same as the prior fiscal year.
- A power cost adjustment credit was implemented for the Electric Utility due to lower power supply cost.
- The City decreased the previous headcount by two full-time janitorial positions that were filled by contract services.
- Increases in wages based on collective bargaining agreements were included.
- A 2.5% wage increase was included for non-bargaining employees.
- Benefit rate changes were included for health insurance, pension, OPEB and worker’s compensation for a total \$0.2 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 2.2% or \$0.9 million and expenditures increasing by 2.5% or \$1.0 million. The net decrease was made up of an increase in transfer taxes \$0.3 million, police extra duty receipts \$0.3 million, inspections permits and fees \$.2 million and the Municipal Street Aid Grant \$0.1 million. The increased expenditures were largely attributed to the full effects of ten additional police officers that were hired during the prior fiscal year \$0.9 million, Library personnel and contractual increases \$0.1 million, retiree health care premiums \$0.2 million, increased Street Division expenditures related to the MS4 permit \$0.5 million, public works administration \$0.1 million, appropriation to

the Police Pension Fund \$0.1 million and police extra duty \$0.2 million. Other categories of expenditures that experienced reductions were transfers to the capital project fund \$0.8 million, economic development \$0.2 million, and sanitation \$0.1 million.

The Water/Wastewater Fund operating revenues are projected to decrease by 1.7% or \$0.3 million and expense projections decreased 5.4% or \$0.9 million. The revenue decrease is largely attributed to lower than expected revenues derived from the startup of the Garrison Energy Center \$0.4 million. The decrease in expenses are related to water treatment plant operating cost due to the lower run time for the Garrison Energy Center \$0.2 million and lower capital fund appropriations of \$1.3 million, offset by increased internal service allocations \$0.2 million, debt service payments \$0.1 million, and transfers to reserves \$0.1 million. The City continues to maintain competitive water and wastewater rates within the State of Delaware.

The Electric Fund overall revenues are projected to decrease by 4.9% or \$4.1 million and expense projections decreased by 1.9% or \$1.5 million. In the previous year, the Electric Fund included a \$3.0 million transfer from the rate stabilization reserve in order to maintain operating cash requirements. The current year does not include a transfer from the reserve. Customer sales decreased by \$1.1 million attributed to a power cost adjustment credit with the lower power supply cost. The City continues to budget 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 projected budget includes three wastewater projects (\$0.9 million) and upgrades to the water treatment plant (\$2.4 million) that are planned to be financed with State of Delaware revolving fund loans. The remaining capital budget will be financed with \$2.0 million of operating funds.

The electric power supply cost decreased \$2.8 million but was offset by \$3.1 million decrease in capacity revenue, netting an increase in power supply cost of \$0.3 million. The 2010 Series Revenue Bonds were fully paid in the prior fiscal year, therefore resulting in lower debt service of \$1.8 million. Transfers to the capital and rate stabilization reserves were included in the current budget for a total increase of \$2.8 million. The appropriation to the capital project fund decreased \$1.0 million. The OPEB appropriation decreased by \$1.0 million due to a decrease in the Net OPEB Liability. Other decreases in division and internal service expenses were also a result of lower pension and OPEB cost \$0.6 million. Capital projects are budgeted to be financed with a \$2.5 million transfer from operating income, and \$0.9 million of developer charges for new development projects.

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).



VILLAGE OF WESTOVER KIDS –

Children in Dover’s Village of Westover development playing in the snow, January 2016

Credit Photo: Dover Post, Nicole Ali

FINANCIAL SECTION

PART C

BASIC FINANCIAL STATEMENTS





FIREFLY, JUNE 2016 –

Firefly made its fifth appearance in Dover's The Woodlands, June 16-19. More than 90,000 people attended in 2015.

Credit Photo: Dover Post, Andre Lamar

City of Dover
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,919,563	\$ 6,717,278	\$ 8,636,841
Investments	9,064,140	27,664,181	36,728,321
Receivables, Net	905,092	5,884,307	6,789,399
Internal Balances	536,629	(536,629)	-
Due from Other Governments	80,318	-	80,318
Inventory, at Cost	114,156	5,131,745	5,245,901
Prepaid Items	73,484	352,688	426,172
Restricted Cash and Cash Equivalents	1,571,191	2,167,556	3,738,747
Restricted Investments	18,438	36,428,344	36,446,782
Net Pension Asset	524,958	-	524,958
Net OPEB Asset	-	3,155,497	3,155,497
Land and Construction in Progress	4,823,043	5,291,961	10,115,004
Capital Assets, Net of Depreciation	56,284,996	135,989,502	192,274,498
Total Assets	<u>75,916,008</u>	<u>228,246,430</u>	<u>304,162,438</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	3,196,262	1,364,922	4,561,184
Liabilities:			
Accounts Payable and Accrued Liabilities	2,542,213	5,811,551	8,353,764
Unearned Revenue	83,097	395,523	478,620
Customer Deposits	-	2,116,470	2,116,470
Other	208,972	574,805	783,777
Non-Current Liabilities			
Due within One Year	1,731,154	1,802,342	3,533,496
Due in more than One Year	7,070,421	31,232,796	38,303,217
Due in more than One Year - OPEB	15,573,082	446,164	16,019,246
Due in more than One Year - Pension	17,777,293	12,495,177	30,272,470
Total Liabilities	<u>44,986,232</u>	<u>54,874,828</u>	<u>99,861,060</u>
Deferred Inflows of Resources:			
Pension related deferred inflows	1,082,420	186,786	1,269,206
Net Position:			
Net investment in capital assets	54,325,174	110,647,045	164,972,219
Restricted for:			
State Capital Grants	90,699	37,026,527	37,117,226
Public Safety Grants	612,470	-	612,470
Verizon Grant	171,925	-	171,925
Library Grant	39,019	-	39,019
Community Development Grants	17,338	-	17,338
Other State Grants	1,277	-	1,277
Unrestricted	(22,214,284)	26,876,166	4,661,882
Total Net Position	<u>\$ 33,043,618</u>	<u>\$ 174,549,738</u>	<u>\$ 207,593,356</u>

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

2016 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, 2016

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	\$ 5,717,934	\$ (1,068,935)	\$ 2,336,389	\$ 50,000	\$ -	\$ (2,262,610)	\$ -	\$ (2,262,610)
Public Safety	19,919,050	-	4,920,783	1,371,840	-	(13,626,427)	-	(13,626,427)
Public Works	8,123,018	(741,461)	2,527,478	751,105	577,284	(3,525,690)	-	(3,525,690)
Library and Recreation	2,183,802	-	667,996	282,248	98,500	(1,135,058)	-	(1,135,058)
Community and Economic Development	739,123	(187,244)	-	304,174	-	(247,705)	-	(247,705)
Central Services	1,451,950	(968,524)	-	-	-	(483,426)	-	(483,426)
Financial Administration	3,349,835	(2,100,823)	-	-	-	(1,249,012)	-	(1,249,012)
Interest Charges	118,565	-	-	-	-	(118,565)	-	(118,565)
Total Governmental Activities	41,603,277	(5,066,987)	10,452,646	2,759,367	675,784	(22,648,493)	-	(22,648,493)
Business Type Activities								
Water/Wastewater	10,499,280	1,426,019	14,976,213	-	44,955	-	3,095,869	3,095,869
Electric	57,413,183	3,640,968	80,695,910	-	-	-	19,641,759	19,641,759
Total Business Type Activities	67,912,463	5,066,987	95,672,123	-	44,955	-	-	-
Total Primary Government	\$ 109,515,740	\$ -	\$ 106,124,769	\$ 2,759,367	\$ 720,739	(22,648,493)	22,737,628	89,135
General Revenues								
Taxes								
Property Taxes						12,846,774	-	12,846,774
Transfer Taxes						2,191,915	-	2,191,915
Earnings on Investments						263,667	1,058,028	1,321,695
Total General Revenues						15,302,356	1,058,028	16,360,384
Transfers						16,295,503	(16,295,503)	-
Total General Revenues and Transfers						31,597,859	(15,237,475)	16,360,384
Changes in Net Position						8,949,366	7,500,153	16,449,519
Net Position Beginning						24,094,252	167,049,585	191,143,837
Net Position Ending						\$ 33,043,618	\$ 174,549,738	\$ 207,593,356

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

City of Dover
Governmental Funds Balance Sheet
June 30, 2016

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,555,460	\$ -	\$ 1,555,460
Restricted Cash and Cash Equivalents	763,697	807,494	1,571,191
Investments	7,647,384	-	7,647,384
Restricted Investments	18,438	-	18,438
Receivables, net			
Accounts	813,294	1,377	814,671
Taxes	77,421	-	77,421
Due from Other Funds	614,906	600	615,506
Due from Other Governments	-	80,318	80,318
Prepaid Items	59,384	350	59,734
Inventory, at Cost	114,156	-	114,156
Total Assets	<u>\$ 11,664,140</u>	<u>\$ 890,139</u>	<u>\$ 12,554,279</u>
Liabilities:			
Accounts Payable	\$ 1,937,904	\$ 53,656	\$ 1,991,560
Unearned Revenue	80,969	2,128	83,097
Due to Other Funds	3,831	75,046	78,877
Other	208,972	-	208,972
Total Liabilities	<u>2,231,676</u>	<u>130,830</u>	<u>2,362,506</u>
Deferred Inflows of Resources:			
Unavailable revenue	273,240	-	273,240
Total Deferred Inflows of Resources	<u>273,240</u>	<u>-</u>	<u>273,240</u>
Fund Balances:			
Non-Spendable	195,134	350	195,484
Restricted	173,769	758,959	932,728
Committed	1,059,197	-	1,059,197
Assigned	2,735,602	-	2,735,602
Unassigned	4,995,522	-	4,995,522
Total Fund Balances	<u>9,159,224</u>	<u>759,309</u>	<u>9,918,533</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,664,140</u>	<u>\$ 890,139</u>	<u>\$ 12,554,279</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, 2016

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

Total fund balances for governmental funds (Page 41)	\$	9,918,533
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,108,039
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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	\$	273,240	
Net Pension Asset - Police		524,958	798,198

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	\$	3,196,262	
Deferred Inflows - Pension		(1,082,420)	
Net Pension Liability		(17,777,293)	(15,663,451)

An internal service fund (page 45) 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.		1,256,956
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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	\$	(573,276)	
Compensated Absences		(1,157,878)	
		(1,731,154)	
Long-Term-			
General Obligation Bonds		(6,209,589)	
Compensated Absences		(860,832)	
Net OPEB Obligation		(15,573,082)	
		(22,643,503)	(24,374,657)

Total net position of governmental activities (Page 39)	\$	33,043,618
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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, 2016

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Fines	\$ 659,418	\$ 468,793	\$ 1,128,211
Library Revenue - General	67,078	-	67,078
Library Revenue County Reimbursement	352,599	-	352,599
Licenses and Permits	3,525,992	-	3,525,992
Sanitation Fees and Rebates	2,527,478	-	2,527,478
Recreation	-	65,145	65,145
Miscellaneous Services	1,874,534	-	1,874,534
Property Taxes	12,893,566	-	12,893,566
Transfer Taxes	-	2,191,915	2,191,915
Grants Received	650,538	2,798,700	3,449,238
Court of Chancery Fees	1,239,300	-	1,239,300
Investment Income	232,067	2,818	234,885
Total Revenues	24,022,570	5,527,371	29,549,941
Expenditures			
Current:			
General Government	2,114,199	2,550	2,116,749
Library Services	1,430,640	289,381	1,720,021
Public Safety and Law Enforcement	20,798,762	441,744	21,240,506
Public Works	1,602,389	544,528	2,146,917
Recreational Services	783,976	-	783,976
Streets and Sanitation Services	6,081,813	-	6,081,813
Engineering services	166,579	-	166,579
Financial Administration	919,086	-	919,086
Garage and Stores	465,843	-	465,843
Insurance	280,901	-	280,901
Retiree Health Care	1,567,700	-	1,567,700
Employee Pension	594,300	-	594,300
Community and Economic Development	122,813	429,066	551,879
Street Lights	804,246	-	804,246
Debt Service:			
Principal Retirement	553,824	-	553,824
Interest and Fiscal Charges	118,565	-	118,565
Total Expenditures	38,405,636	1,707,269	40,112,905
Excess (deficiency) of Revenues over Expenditures	(14,383,066)	3,820,102	(10,562,964)
Other financing Sources (Uses)			
Transfers in	14,339,821	-	14,339,821
Transfers out	-	(3,489,821)	(3,489,821)
Total other Financing Sources (Uses)	14,339,821	(3,489,821)	10,850,000
Net Change in Fund Balances	(43,245)	330,281	287,036
Fund Balances at Beginning of Year	9,202,469	429,028	9,631,497
Fund Balances at End of Year	\$ 9,159,224	\$ 759,309	\$ 9,918,533

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

City of Dover
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances--total governmental funds (Page 43)	\$	287,036
<p>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.</p>		
Capitalization of net capital asset expenditures including CIP	\$ 5,753,588	
Loss on assets disposed of during the year	(183,305)	
Current Year depreciation	<u>(3,284,341)</u>	2,285,942
<p>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.</p>		
		553,824
<p>Changes in deferred revenue that are not available to pay for current period expenditures and therefore are not reported as revenues in the funds.</p>		
		(388,570)
<p>Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.</p>		
		531,091
<p>Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.</p>		
		1,192,317
<p>Transfer of Net Pension Liability for inter-departmental personnel that are allocated to the Proprietary funds.</p>		
		5,445,503
<p>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.</p>		
Decrease in compensated absences	\$ 49,461	
Increase in net OPEB obligation - General Fund	<u>(1,016,030)</u>	(966,569)
<p>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.</p>		
		8,792
Change in net position of governmental activities (Page 40)	\$	<u><u>8,949,366</u></u>

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

2016 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, 2016

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,140,553	\$ 4,576,725	\$ 6,717,278	\$ 364,103
Investments	8,458,072	19,206,109	27,664,181	1,416,756
Receivables, Net	841,144	5,043,163	5,884,307	13,000
Due from Other Funds-Charges	325	2,906	3,231	-
Inventory	195,491	4,936,254	5,131,745	-
Prepaid Items	-	352,688	352,688	13,750
Total Current Assets	<u>11,635,585</u>	<u>34,117,845</u>	<u>45,753,430</u>	<u>1,807,609</u>
Non-Current Assets:				
Restricted Assets				
Cash	499,187	1,668,369	2,167,556	-
Investments	4,592,229	31,836,115	36,428,344	-
Net OPEB Asset	-	3,155,497	3,155,497	-
Land and Construction in Progress	1,568,633	3,723,328	5,291,961	-
Capital Assets, Net of Depreciation	56,035,520	79,953,982	135,989,502	-
Total Non-Current Assets	<u>62,695,569</u>	<u>120,337,291</u>	<u>183,032,860</u>	<u>-</u>
Total Assets	<u>74,331,154</u>	<u>154,455,136</u>	<u>228,786,290</u>	<u>1,807,609</u>
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	<u>290,802</u>	<u>1,074,120</u>	<u>1,364,922</u>	<u>-</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	1,792,432	4,019,119	5,811,551	550,653
Due to Other Funds - Charges	169,339	370,521	539,860	-
Deferred Revenue	-	395,523	395,523	-
Accrued Interest Payable	115,453	459,352	574,805	-
Customer Deposits	-	2,116,470	2,116,470	-
Revenue Bonds Payable	777,703	695,000	1,472,703	-
Liability for Compensated Absences	97,911	231,728	329,639	-
Total Current Liabilities	<u>2,952,838</u>	<u>8,287,713</u>	<u>11,240,551</u>	<u>550,653</u>
Non-Current Liabilities:				
Net OPEB Obligation	446,164	-	446,164	-
Net Pension Liability	4,198,944	8,296,233	12,495,177	-
Revenue Bonds Payable	12,111,088	18,620,000	30,731,088	-
Liability for Compensated Absences	107,951	393,757	501,708	-
Total Non-Current Liabilities	<u>16,864,147</u>	<u>27,309,990</u>	<u>44,174,137</u>	<u>-</u>
Total Liabilities	<u>19,816,985</u>	<u>35,597,703</u>	<u>55,414,688</u>	<u>550,653</u>
Deferred Inflows of Resources:				
Pension Related Deferred Inflows	<u>42,880</u>	<u>143,906</u>	<u>186,786</u>	<u>-</u>
Net Position				
Net investment in capital assets	46,284,735	64,362,310	110,647,045	-
Restricted for Capital Construction	3,522,043	33,504,484	37,026,527	-
Unrestricted	4,955,313	21,920,853	26,876,166	1,256,956
Total Net Position	<u>\$ 54,762,091</u>	<u>\$ 119,787,647</u>	<u>\$ 174,549,738</u>	<u>\$ 1,256,956</u>

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

2016 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, 2016

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 14,017,446	\$ 79,154,638	\$ 93,172,084	\$ -
Miscellaneous Services/Income	942,288	1,535,071	2,477,359	688,553
Total Operating Revenues	<u>14,959,734</u>	<u>80,689,709</u>	<u>95,649,443</u>	<u>688,553</u>
Operating Expenses				
Water/Wastewater Services	7,782,664	-	7,782,664	-
General Administrative	1,695,735	5,171,249	6,866,984	561,086
Power Supply	-	42,643,023	42,643,023	-
Transmission/Distribution	-	3,309,236	3,309,236	-
Engineering	-	993,856	993,856	-
Metering	-	353,956	353,956	-
Systems Operations	-	579,622	579,622	-
Utility Tax	-	1,309,701	1,309,701	-
Depreciation	1,998,040	5,713,104	7,711,144	-
Contractual Services	-	-	-	4,000
Taxes	-	-	-	38,041
Retirees Health Care	143,277	57,700	200,977	-
Self Insurance-Workers' Compensation	-	-	-	105,416
Total Operating Expenses	<u>11,619,716</u>	<u>60,131,447</u>	<u>71,751,163</u>	<u>708,543</u>
Operating Income/Loss	<u>3,340,018</u>	<u>20,558,262</u>	<u>23,898,280</u>	<u>(19,990)</u>
Non-Operating Revenues (Expenses)				
Interest Earned:				
Operating Funds	100,350	156,949	257,299	-
Reserve Funds	60,369	500,140	560,509	23,653
Net Increase in Fair Value of Investments	47,889	192,331	240,220	5,129
Interest and Fiscal Charges	(305,583)	(922,704)	(1,228,287)	-
Gain on Sale of Assets	16,479	6,201	22,680	-
Total Non-Operating Revenue (expenses)	<u>(80,496)</u>	<u>(67,083)</u>	<u>(147,579)</u>	<u>28,782</u>
Income before Contributions and Transfers	<u>3,259,522</u>	<u>20,491,179</u>	<u>23,750,701</u>	<u>8,792</u>
Contractor Contributions - Infrastructure	44,955	-	44,955	-
Transfers Out	(3,033,320)	(13,262,183)	(16,295,503)	-
Total transfers	<u>(3,033,320)</u>	<u>(13,262,183)</u>	<u>(16,295,503)</u>	<u>-</u>
Change in Net Position	271,157	7,228,996	7,500,153	8,792
Total net position--Beginning	54,490,934	112,558,651	167,049,585	1,248,164
Total Net Position--Ending	<u>\$ 54,762,091</u>	<u>\$ 119,787,647</u>	<u>\$ 174,549,738</u>	<u>\$ 1,256,956</u>

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

2016 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, 2016

	Business-type Activities			Governmental Activities
	Water Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
	Fund	Fund	Funds	Service Fund
Cash Flows from Operating Activities				
Receipts from Customers	\$ 15,165,362	\$ 81,542,835	\$ 96,708,197	\$ -
Payments to Suppliers (including Purchased Power)	(9,476,881)	(46,339,804)	(55,816,685)	(144,863)
Payments to Employees	(2,132,779)	(4,511,933)	(6,644,712)	-
Payments of Personnel Related Costs	(1,315,649)	(2,329,266)	(3,644,915)	679,064
Internal Activity-Payments from (to) Other Funds	35,131	(162,739)	(127,608)	-
Other Receipts (Payments) including Claims Paid	2,116,159	(1,360,338)	755,821	(290,065)
Net Cash Provided by (used for) Operating Activities	<u>4,391,343</u>	<u>26,838,755</u>	<u>31,230,098</u>	<u>244,136</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(850,000)	(10,000,000)	(10,850,000)	-
Net Cash Used for Noncapital Financing Activities	<u>(850,000)</u>	<u>(10,000,000)</u>	<u>(10,850,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(6,739,257)	(3,486,869)	(10,226,126)	-
Principal Paid on Revenue Bond Maturities	(761,996)	(2,365,000)	(3,126,996)	-
Interest Paid on Capital Debt	(363,911)	(922,704)	(1,286,615)	-
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(7,865,164)</u>	<u>(6,774,573)</u>	<u>(14,639,737)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest on Investments	100,350	156,949	257,299	-
Redemption of Investment Securities	1,858,729	3,766,419	5,625,148	(29,210)
Purchase of Investment Securities	(3,802,794)	(16,385,453)	(20,188,247)	28,782
Interest on Restricted Cash	60,369	500,140	560,509	-
Net Cash Provided by (used for) Investing Activities	<u>(1,783,346)</u>	<u>(11,961,945)</u>	<u>(13,745,291)</u>	<u>(428)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,107,167)	(1,897,763)	(8,004,930)	243,708
Balances--Beginning of the Year	8,746,907	8,142,857	16,889,764	120,395
Balances--End of the Year	<u>\$ 2,639,740</u>	<u>\$ 6,245,094</u>	<u>\$ 8,884,834</u>	<u>\$ 364,103</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 3,340,018	\$ 20,558,262	\$ 23,898,280	\$ (19,990)
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	1,998,040	5,713,104	7,711,144	-
Changes in Assets and Liabilities				
(Increase)/Decrease in Receivables	205,857	767,509	973,366	-
(Increase)/Decrease in Due from Other Funds	(229)	(2,323)	(2,552)	-
(Increase)/Decrease in Inventory	(134,244)	(46,209)	(180,453)	-
(Increase)/Decrease in Prepaid Items	50	(352,588)	(352,538)	-
(Increase)/decrease in NPA for pension	(56,314)	-	(56,314)	264,126
(Increase)/decrease in deferred outflow of resources	-	(111,233)	(111,233)	-
Increase/(decrease) in accounts payable and accrued expenses	(3,159,863)	(107,373)	(3,267,236)	-
Increase/(decrease) in deferred revenue	-	39,287	39,287	-
Increase/(decrease) in due to other funds	35,131	37,261	72,392	-
Increase/(Decrease) in Customer Deposits	-	48,653	48,653	-
Increase/(Decrease) in Liability for Compensated Absences	21,316	36,107	57,423	-
Increase/(Decrease) in NPO for OPEB	83,077	326,411	409,488	-
Increase/(Decrease) in Net pension liability	2,015,624	(97,933)	1,917,691	-
Increase/(decrease) in deferred inflow of resources	42,880	29,820	72,700	-
Net Cash Provided by Operating Activities	<u>\$ 4,391,343</u>	<u>\$ 26,838,755</u>	<u>\$ 31,230,098</u>	<u>\$ 244,136</u>
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ 47,889	\$ 192,331	\$ 240,220	\$ 5,129
Capital Contributions - Infrastructure	44,955	-	44,955	-

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

City of Dover
Statement of Net Position
Fiduciary Funds
June 30, 2016

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and Cash Equivalents	\$ 2,304,849	\$ 1,082,165	\$ 576,629
Investments at Fair Value - Mutual Funds	45,618,373	22,962,247	-
Receivables	-	-	134
Prepaid Items	-	-	594
Total Assets	<u>47,923,222</u>	<u>24,044,412</u>	<u>577,357</u>
Liabilities			
Accounts Payable	-	1,250	43,874
Due to Agencies	-	-	533,483
Total Liabilities	<u>-</u>	<u>1,250</u>	<u>\$ 577,357</u>
Net Position			
Net Position Held in Trust for Retirement Benefits	<u>\$ 47,923,222</u>	<u>\$ 24,043,162</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, 2016

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Net Investment Income	\$ 1,129,434	\$ 492,791
City's Contribution-Payroll Based	2,246,709	1,882,144
City's Contribution-Lump Sum	1,519,200	1,685,600
Employee Contribution	202,340	-
State Grants	415,128	-
Other	1,650	-
Total Additions	5,514,461	4,060,535
Deductions:		
Benefit Payments	5,246,135	2,465,663
General Administration	20,871	-
Total Deductions	5,267,006	2,465,663
Change in Net Position	247,455	1,594,872
Net Position - Beginning	47,675,767	22,448,290
Net Position - Ending	\$ 47,923,222	\$ 24,043,162

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



THE JUNGLE BOOK KIDS –

"William Henry Middle School students have worked on the Night of Arts and the Disney "The Jungle Book Kids" since October [2015]."

Credit photo: Delaware State News, Lexi Coon

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
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NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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, 2016.

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, fleet and building maintenance, 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 tax assessor, planning and zoning, 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 eight 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 on pages 42 & 44. 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. 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”. The City has adopted this pronouncement but it has no material effect on the financial statements.

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. 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. It is anticipated that this standard will have a material effect on the financial statements.

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 generally accepted accounting principles (GAAP) and the framework for selecting those principles.

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.

GASB Statement No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans” was issued in December 2015 and is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting or Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB Statement No. 79, “Certain External Investment Pools and Pool Participants” was issued in December 2015 and is effective for periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23 – 26, and 40, which are effective for reporting periods beginning after December 15, 2015. This issue specifically establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost. At this current time, the City has no external investment pools.

GASB Statement No. 80, “Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14” was issued January 2016 and is effective for reporting periods beginning after June 15, 2016. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. At this current time, the City has no component units.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements” was issued March 2016 and is effective for periods beginning after December 15, 2016. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this current time, the City has not entered into an irrevocable split-interest agreement.

GASB Statement No. 82, “Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73” was issued March 2016 and is effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. The objective of this statement is to address certain issues that have been raised with respect to Statements Numbers 67, 68 & 73. Specifically, this statement addresses issues regarding 1). payroll related RSI information 2). treatment of deviations from the

guidance in an Actuarial Standard of Practice for reporting purposes and 3). the classifications of payments made by employers to satisfy employee contribution requirements.

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 based on the developers' cost of the infrastructure 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	5	-	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	15	-	20	years
Equipment	5	-	15	years
Vehicles	5	-	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 a pass-through 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	\$271,787
Water/Wastewater Fund	106,519
Electric Revenue Fund	960,623

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, 2016 total \$40,185,529 including cash and cash equivalents of \$3,738,747 and \$36,446,782 in investments. Of this amount, \$1,589,629 is attributed to governmental activities and \$38,595,900 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, 2016, 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 in prior years.

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 17.

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 17.

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) Net investment in capital assets;
- 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, 2016, the carrying amount of unrestricted cash totaled \$8,636,841, and the bank cash balances totaled \$9,509,306. The carrying amount of restricted cash totaled \$3,738,747 and the bank cash balances on restricted accounts totaled \$5,682,944. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants. Fiduciary fund deposits of \$3,963,643 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, 2016, the City had the following investments:

i. Investments Held by Third Party Custodian

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City's government wide investments are held in a number of different investment capacities from Mutual Funds and Certificate of Deposit with a significant investment in debt securities.

Investment Type	Weighted (Years)	June 30, 2016	Fair Value Measurements Using:	
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Government-Wide:				
Investments by fair value level				
Debt securities:				
U.S. Government Treasuries	3.11	\$ 22,963,448	\$ -	\$ 22,963,448
Federal Agency Bond / Note	2.32	7,595,623	2,679,813	4,915,810
Municipal Obligations	2.21	5,522,868	-	5,522,868
Corporate Bonds	2.21	19,970,117	-	19,970,117
U.S. Government CMO's	2.73	2,191,729	-	2,191,729
Commercial Paper	0.23	2,687,856	-	2,687,856
Supra-National Agency Bond / Note	2.87	948,241	-	948,241
Federal Agency Mortgage-Backed Security	10.67	744,449	-	744,449
Total Investments by fair value level		62,624,331	2,679,813	59,944,518
Other Investments:				
Money Market Mutual Funds & Equity Stock		94,450		
Long Term Certificate of Deposit		<u>10,456,322</u>		
Total other investments		<u>10,550,772</u>		
Total Government-Wide Investments		<u>\$ 73,175,103</u>		

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates the City's investment policy limits U.S. Government securities to a maximum maturity of 10 years from the date of purchase. For most other securities, the maximum maturity is five years from the date of purchase. Short-term cash flow balances are invested up to one year. The portfolio's weighted average maturity is 2.34 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, 2016, 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+	32.61%
U.S. Government Agency	N/A	AA+	12.50%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A-1 to A-1+ Long-Term AA-	14.86%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	A-1 to A-1+	3.83%
Corporate Notes/Bonds	A	A to AAA	28.36%
Repurchase Agreements	Short-Term A-1 Long-Term AA	N/A	
Registered Investment Companies (money market funds)	AAAm	AAAm	
Municipal Obligations	A	A+ to AA	7.84%

Concentration of credit risk: As of June 30, 2016 Fannie Mae represented 10% of the portfolio. No other issuer exceeded 5% of the portfolio.

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

The Pension Trust and OPEB Trust have their investments exclusively in open-end mutual funds. The fair value is measured using the net asset value (NAV) in a manner consistent with the measurement principles for investment companies calculated as of June 30, 2016.

<u>Investment Type</u>	<u>June 30, 2016</u>			
	<u>Employee's Plan</u>	<u>Police Plan</u>	<u>OPEB Trust</u>	<u>Total</u>
Other Postemployment Benefits (OPEB) & Pension Funds (Trustee held):				
Investments measured at the net asset value (NAV)				
Money market funds	\$ 1,605,033	\$ 43,896	\$ 471,241	\$ 2,120,170
Fixed Income:				
Short-term bond funds	897,897	494,795	1,422,038	2,814,730
Intermediate-term bond funds	1,810,180	561,010	1,189,635	3,560,825
Long-term bond funds	1,835,250	634,570	1,211,209	3,681,029
Inflation protected bond funds	1,800,380	621,823	950,454	3,372,657
High Yield bond funds	2,135,232	673,073	1,409,043	4,217,348
Nontraditional bond funds	1,784,144	606,646	1,177,327	3,568,117
Total Fixed Income	<u>10,263,083</u>	<u>3,591,917</u>	<u>7,359,706</u>	<u>21,214,706</u>
Equities:				
Large cap value funds	3,937,365	1,344,888	2,814,960	8,097,213
Large cap growth funds	4,903,090	1,657,664	3,016,085	9,576,839
Mid-cap value funds	1,053,640	363,293	1,621,911	3,038,844
Mid-cap blend funds	1,052,113	360,258	-	1,412,371
Small value funds	2,393,920	823,255	2,029,439	5,246,614
Foreign large growth funds	2,028,567	695,650	1,115,011	3,839,228
World stock funds	2,080,649	707,358	1,143,578	3,931,585
Diversified emerging market funds	3,220,577	1,070,768	2,123,079	6,414,424
Real estate funds	3,010,847	1,059,471	1,738,478	5,808,796
Total Equities	<u>23,680,768</u>	<u>8,082,605</u>	<u>15,602,541</u>	<u>47,365,914</u>
Total investments measured at the NAV	<u>\$ 33,943,851</u>	<u>\$ 11,674,522</u>	<u>\$ 22,962,247</u>	<u>\$ 68,580,620</u>

Limits on investments are as follows:

Category Allocation	Target Percentage		
	Employee's Plan	Police Plan	OPEB Trust
Cash & Short Term Bonds	7.00%	8.00%	8.00%
Non-traditional Bonds	5.00%	5.00%	5.00%
Inflation Protected Bonds	5.00%	5.00%	4.00%
Intermediate Term Bonds	5.00%	4.50%	5.00%
Long Term Bonds	5.00%	5.00%	5.00%
High Yield Bond	6.00%	5.50%	6.00%
Large Cap Value	11.00%	11.00%	12.00%
Large Cap Growth	14.00%	14.00%	13.00%
Mid Cap	6.00%	6.00%	7.00%
Small Cap	7.00%	7.00%	9.00%
Real Estate Investment	8.00%	8.00%	7.00%
Foreign Equity	12.00%	12.00%	10.00%
Emerging Markets	9.00%	9.00%	9.00%
	100.00%	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, 2016 is presented below and on the following page:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,903,883	\$ 431,420	\$ 50,934	\$ 4,284,369
Construction in progress	3,464,697	2,661,908	5,587,931	538,674
Total capital assets, not being depreciated	7,368,580	3,093,328	5,638,865	4,823,043
Capital assets, being depreciated:				
Buildings	29,196,537	1,134	1,134	29,196,537
Furniture and fixtures	826,322	-	-	826,322
Equipment	7,976,344	480,706	262,947	8,194,103
Vehicles	5,214,301	677,365	337,323	5,554,343
Lights	641,630	-	-	641,630
Improvements other than buildings	45,783,237	7,088,986	1,420	52,870,803
Total capital assets, being depreciated	89,638,371	8,248,191	602,824	97,283,738
Less accumulated depreciation for:				
Buildings	(4,451,471)	(624,955)	-	(5,076,426)
Furniture and fixtures	(350,243)	(67,436)	-	(417,679)
Equipment	(5,620,004)	(377,825)	206,297	(5,791,532)
Vehicles	(3,898,476)	(420,838)	264,156	(4,055,158)
Lights	(486,348)	(11,036)	-	(497,384)
Improvements other than buildings	(23,378,312)	(1,782,251)	-	(25,160,563)
Total accumulated depreciation	(38,184,854)	(3,284,341)	470,453	(40,998,742)
Total capital assets, being depreciated, net	51,453,517	4,963,850	132,371	56,284,996
Governmental activities capital assets, net	\$ 58,822,097	\$ 8,057,178	\$ 5,771,236	\$ 61,108,039

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	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	2,364,099	2,548,017	2,646,854	2,265,262
Total capital assets, not being depreciated	<u>3,822,165</u>	<u>2,548,017</u>	<u>2,646,854</u>	<u>3,723,328</u>
Capital assets, being depreciated				
Buildings	17,675,949	205,465	-	17,881,414
Production	66,561,061	2,244,491	2,553,102	66,252,450
Transmission	35,899,287	1,179,220	393,966	36,684,541
Distribution	63,392,975	1,822,404	146,433	65,068,946
Administration	1,743,754	40,233	-	1,783,987
Vehicles	607,949	86,977	45,487	649,439
Total capital assets, being depreciated	<u>185,880,975</u>	<u>5,578,790</u>	<u>3,138,988</u>	<u>188,320,777</u>
Less accumulated depreciation for:				
Buildings	(12,576,076)	(454,164)	-	(13,030,240)
Production	(45,423,777)	(2,211,544)	698,666	(46,936,655)
Transmission	(14,045,341)	(1,228,197)	178,269	(15,095,269)
Distribution	(29,742,291)	(1,675,389)	283,663	(31,134,017)
Administration	(1,536,190)	(111,594)	-	(1,647,784)
Vehicles	(482,121)	(32,216)	(8,493)	(522,830)
Total accumulated depreciation	<u>(103,805,796)</u>	<u>(5,713,104)</u>	<u>1,152,105</u>	<u>(108,366,795)</u>
Total capital assets, being depreciated, net	<u>82,075,179</u>	<u>(134,314)</u>	<u>1,986,883</u>	<u>79,953,982</u>
Total electric revenue fund capital assets, net	<u>85,897,344</u>	<u>2,413,703</u>	<u>4,633,737</u>	<u>83,677,310</u>
Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	8,154,626	4,051,748	10,800,981	1,405,393
Total capital assets, not being depreciated	<u>8,317,866</u>	<u>4,051,748</u>	<u>10,800,981</u>	<u>1,568,633</u>
Capital assets, being depreciated				
Plant, wells, pumping stations, and storage	17,407,772	5,523,533	207,106	22,724,199
Distribution mains, hydrants, and accessories	21,182,839	1,417,096	-	22,599,935
Sewage plant mains, and pumping stations	34,628,735	4,137,350	-	38,766,085
Vehicles and equipment	5,355,410	653,841	567,410	5,441,841
Total capital assets, being depreciated	<u>78,574,756</u>	<u>11,731,820</u>	<u>774,516</u>	<u>89,532,060</u>
Less accumulated depreciation for:				
Plant, wells, pumping stations, and storage	(7,731,966)	(423,653)	107,885	(8,047,734)
Distribution mains, hydrant, and accessories	(6,968,793)	(411,813)	-	(7,380,606)
Sewage plant mains, and pumping stations	(13,345,967)	(864,413)	-	(14,210,380)
Vehicles and equipment	(4,009,735)	(298,161)	450,076	(3,857,820)
Total accumulated depreciation	<u>(32,056,461)</u>	<u>(1,998,040)</u>	<u>557,961</u>	<u>(33,496,540)</u>
Total capital assets, being depreciated, net	<u>46,518,295</u>	<u>9,733,780</u>	<u>216,555</u>	<u>56,035,520</u>
Total water/wastewater fund capital assets, net	<u>54,836,161</u>	<u>13,785,528</u>	<u>11,017,536</u>	<u>57,604,153</u>
Business-type activities capital assets, net	<u>\$ 140,733,505</u>	<u>\$ 16,199,231</u>	<u>\$ 15,651,273</u>	<u>\$ 141,281,463</u>

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

Governmental activities:	
General government	\$ 952
Central services	89,963
Public safety	449,023
Public works	2,044,507
Library and recreation	658,451
Financial administration	41,445
Total depreciation expense - governmental activities	<u>\$ 3,284,341</u>

In accordance with accounting principles generally accepted in the United States of America, \$59,728 worth of bond interest paid during the current fiscal year for the construction of projects for enterprise funds was capitalized. This amount is reduced by \$1,400 of bond interest earned during the construction of the projects.

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

- Water and Wastewater Fund assets related to well #7A totaling \$59,905.
- Electric Fund for the General Foods/Scott Paper Substation \$32,355.

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	\$ 3,076,115	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	\$ 3,461,750	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	\$ 245,000	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	\$ 195,545	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	\$ 4,605,724	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	\$ 1,936,700	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	\$ 685,822	2.00%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2013 Revenue Bonds	\$ 6,125,000	\$ 5,465,000	3.58%	7/1/14 - 7/1/33	Yes	Water and Wastewater capital project financing, refund 2003 Series WWW bonds
(Coverage ratio on Water/Wastewater Bonds requires net revenues to be at least 1.2 times the maximum annual debt service)						
<u>Electric Revenue Bonds</u>						
2008 Revenue Bonds	\$ 22,200,000	\$ 19,315,000	4.81%	7/1/09 - 7/1/33	Yes	Expansion and upgrades of electric system
(Coverage ratio on Electric Bonds requires net revenues to be at least 1.25 times the maximum annual debt service)						

B. Status as of June 30, 2016 – General Obligation Bonds

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

2012 Series	\$ 3,076,115
2014 Series A	3,461,750
2014 Series B	245,000
	\$ 6,782,865

The total General Obligation Bonds outstanding amount includes \$573,276 payable within one year.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2016:

i. General Long-Term Debt

Item	Balance 7/01/15	Additions	Reductions	Balance 6/30/16	Payable within one Year
Compensated Absences	\$ 2,068,171	\$ 1,311,922	\$ 1,361,383	\$ 2,018,710	\$ 1,157,878
General Obligation Bonds	7,336,689	-	553,824	6,782,865	573,276
OPEB Obligation	14,557,052	1,016,030	-	15,573,082	-
Net Pension Liability	24,271,046	-	6,493,753	17,777,293	-
Sub-total of General Long-Term Debt	\$ 48,232,958	\$ 2,327,952	\$ 8,408,960	\$ 42,151,950	\$ 1,731,154

ii. Enterprise Funds Debt – Water/Wastewater Fund

Item	Balance 7/01/15	Additions	Reductions	Balance 6/30/16	Payable within one Year
Compensated Absences	\$ 184,546	\$ 121,166	\$ 99,850	\$ 205,862	\$ 97,911
Revenue Bonds-Water and Wastewater	5,790,000	-	325,000	5,465,000	330,000
State of Delaware Municipal Revenue Bond - Wastewater	5,815,476	-	328,385	5,487,091	336,239
State of Delaware Municipal Revenue Bond - Water	2,045,311	-	108,611	1,936,700	111,464
OPEB Obligation	363,087	83,077	-	446,164	-
Net Pension Liability	2,065,204	2,183,320	49,580	4,198,944	-
Sub-total of Water/ Wastewater Fund	16,263,624	2,387,563	911,426	17,739,761	875,614

iii. Enterprise Funds Debt – Electric Revenue Fund

Item	Balance 7/01/15	Additions	Reductions	Balance 6/30/16	Payable within one Year
Compensated Absences	\$ 589,378	\$ 297,795	\$ 261,688	\$ 625,485	\$ 231,728
Revenue Bonds	21,680,000	-	2,365,000	19,315,000	695,000
Net Pension Liability	5,131,983	3,262,183	97,933	8,296,233	-
Sub-total of Electric Revenue Fund	27,401,361	3,559,978	2,724,621	28,236,718	926,728
Sub-total of Enterprise Fund Debt	43,664,985	5,947,541	3,636,047	45,976,479	1,802,342
Grand Totals of Long-Term Debt	<u>\$ 91,897,943</u>	<u>\$ 8,275,493</u>	<u>\$ 12,045,007</u>	<u>\$ 88,128,429</u>	<u>\$ 3,533,496</u>

The City does not receive reimbursement for debt service from any other governmental units. The City does not have any special assessment debt or defeased bonds as of June 30, 2016.

D. Debt Service Requirements

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

i. Governmental Activities:

Fiscal Year	2012 General Obligation Bonds		2014 General Obligation Bonds Series A		2014 General Obligation Bonds Series B		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 145,276	\$ 79,335	\$ 183,000	\$ 26,951	\$ 245,000	\$ 1,115	\$ 680,677
2018	149,152	75,459	183,000	25,491	-	-	433,102
2019	2,781,687	65,567	183,000	24,031	-	-	3,054,285
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>\$ 3,076,115</u>	<u>\$ 220,361</u>	<u>\$ 3,461,750</u>	<u>\$ 138,254</u>	<u>\$ 245,000</u>	<u>\$ 1,115</u>	<u>\$ 7,142,595</u>

ii. 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
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	\$ 195,545	\$ 16,170	\$ 4,605,724	\$ 773,521	\$ 1,936,700	\$ 401,995	\$ 685,822	\$ 215,110	\$ 5,465,000	\$ 1,646,241

B. Electric Revenue Fund

Fiscal Year	2008 Revenue Bonds		Business-type
	Principal	Interest	Activities
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	\$ 19,315,000	\$ 9,624,653	\$ 44,917,940

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.	\$ 90,699
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	612,470
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.	229,559
Total Restricted Net Position		\$ 932,728

Business Type Activities

Net restricted position for construction purposes - expendable

Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 3,522,043
Electric	Restrictions on investments imposed by bond covenants	33,504,484
Total Restricted Net Position		\$ 37,026,527

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	\$ 173,540	\$ 350	\$ 173,890
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	<u>195,134</u>	<u>350</u>	<u>195,484</u>
Restricted for:			
Library Endowment Interest	1,844	-	1,844
Verizon cable franchise	171,925	-	171,925
Highway resurfacing	-	90,699	90,699
ERLSP	-	100	100
Realty Transfer Tax	-	1,177	1,177
CDBG	-	2,013	2,013
Neighborhood Stabilization Program	-	15,325	15,325
Substance Abuse Prevention	-	99,453	99,453
Municiple Street Aid	-	100	100
Library Grants	-	37,175	37,175
Police Grants	-	512,917	512,917
Subtotal Restricted for:	<u>173,769</u>	<u>758,959</u>	<u>932,728</u>
Committed to:			
Contingency	732,833	-	732,833
Parkland	326,364	-	326,364
Subtotal Committed to:	<u>1,059,197</u>	<u>-</u>	<u>1,059,197</u>
Assigned to:			
Capital Assets	2,735,602	-	2,735,602
Subtotal Assigned to:	<u>2,735,602</u>	<u>-</u>	<u>2,735,602</u>
Unassigned			
Total fund balances	<u>\$ 9,159,224</u>	<u>\$ 759,309</u>	<u>\$ 9,918,533</u>

8. PROPERTY TAXES

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

Beginning of fiscal year for taxes	July 1
Tax rate levied	2 nd Council Meeting in June
Taxes billed	June 24
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, 2016, there were no material delinquent taxes.

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 75,046
	Water/ Wastewater Fund	169,339
	Electric Revenue Fund	370,521
Water/ Wastewater Fund	General Fund	325
Electric Fund	General Fund	2,906
Non-Major Governmental Funds	General Fund	600
Total		<u>\$ 618,737</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	3,489,821
Water/ Wastewater Fund	850,000
Electric Revenue Fund	10,000,000
Total	<u>\$ 14,339,821</u>

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

10. RENTAL INCOME

The City currently has two lease agreements at the Garrison Oak Technical Park (GOTP) that are included in miscellaneous revenue in the General Fund. The first lease is with LS Power – White Oak Solar Energy LLC, which generated \$61,469 in rental income, and the second lease is with Garrison Energy Center which generated \$32,390 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, 2016, the City had leases with three tenants for the remaining space available. Lease revenue is \$238,862 in the Electric Revenue Fund consisting of office space rental of \$146,565, substation rental of \$30,000 and pole attachment rentals of \$62,297.

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 \$337,989 in the current fiscal year.

11. MATERIAL COMMITMENTS

- A. The City is the guarantor on one loan for the Dover Fire Department, a separate entity from the City of Dover. The City also budgets monies to assist the volunteer fire company with payments on firefighting apparatus. The current fiscal year includes \$145,614 in expenditures for Ladder #1 in the Governmental Capital Projects Fund budget.
- B. The City entered into a three-year management contract with The Energy Authority effective July 1, 2016 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. Additional tasks The Energy Authority has contracted with the City are (1) 2016 Integrated Resource Planning Services and (2) Reactive Revenue Requirement Analysis and Filing Services.
- 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 2016 annual cost for management and estimated incentives are \$800,696, 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.

12. FORWARD CONTRACTS

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

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

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

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

Credit risk is mitigated through the use of collateral thresholds, credit limits, maximum nominal exposure and term limitations. A collateral threshold is the amount of unsecured credit granted to the counterparty. Unsecured credit exposure includes amounts owed by the counterparty, whether billed or not, and the 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 (IN 1,000'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	\$ 9,225	\$ 775	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	A-	\$ 15,000	\$ 14,641	\$ 359	No Collateral if exposure under specified threshold
Eastern Shore Natural Gas Company	NR	No threshold	\$ 0	\$ 11	No Collateral if exposure under specified threshold
EDF Trading North America, LLC	BBB+	\$ 18,000	\$ 18,000	\$ 0	No Collateral if exposure under specified threshold
Exelon Generation Company, LLC	BBB	\$ 18,000	\$ 17,445	\$ 555	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	\$ 10,660	\$ 4,340	No Collateral if exposure under specified threshold
Morgan Stanley Capital Group, Inc	BBB+	\$ 10,000	\$ 8,340	\$ 1,660	Unlimited dollars are guaranteed by Morgan Stanley
NextEra Energy Power Marketing, LLC	BBB+	\$ 10,000	\$ 5,010	\$ 4,990	Up to \$ 15,000 is guaranteed by NextEra Energy Capital Holdings which is guaranteed by NextEra Energy, Inc.
PJM Settlement, Inc.	NR	No threshold	\$ 0	-\$ 909	No Collateral if exposure under specified threshold
PSEG Energy Resources & Trade, LLC	BBB+	No threshold	\$ 0	\$ 0	No Collateral if exposure under specified threshold
Sequent Energy Management, L.P.	BBB+	\$ 20,000	\$ 20,000	\$ 0	No Collateral if exposure under specified threshold

13. 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, 2016, there is \$547,958 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, 2016.

Workers’ Compensation activity is as follows:

	<u>2016</u>	<u>2015</u>
Claims payable, beginning of year	\$ 286,426	\$ 515,432
Claims incurred	526,215	98,665
Payment of claims	(264,683)	(327,671)
Claims payable, end of year	<u>\$ 547,958</u>	<u>\$ 286,426</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.

14. 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.

15. 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 OPEB 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, 2016:

Retirees and beneficiaries receiving benefits	272
Terminated plan members entitled to but not yet receiving the benefits	13
Active plan members	<u>325</u>
Total	<u>610</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

The City maintains contracts with each of the following collective bargaining units.

- The International Brotherhood of Electric Workers (IBEW) union contract period is July 1,

2013 through June 30, 2017.

- The American Federation of State, County, and Municipal Employees (AFSCME), Council 81 contract period is October 30, 2014 through June 30, 2017.
- The Fraternal Order of Police Lodge #15 (FOP) union contract period is July 1, 2015 through June 30, 2018.
- The Dover Organization of Employees (DOE) union just recently completed negotiations for a new contract period which began July 1, 2015 through June 30, 2018.

The eligibility provisions for early retirement are as follows:

SUMMARY OF PRINCIPAL PLAN PROVISIONS As of JULY 1, 2015

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.
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

SUMMARY OF PRINCIPAL PLAN PROVISIONS
(Continued)

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 hired prior to December 22, 2015, upon direct retirement with an unreduced pension
 - d. 20% for individual coverage if hired on or after December 22, 2015, upon direct retirement with an unreduced pension. The retiree will have the option to purchase dependent coverage under the City's group rate plan at full cost to the employee/retiree.

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 standard rate for 2015 was \$104.90; for 2016 the premiums are \$104.90 for the standard rate and \$121.80 for the premium rate. 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 if 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.
 4. Employees hired on or after October 9, 2015, contribute 20% for individual coverage. The retiree will have the option to purchase dependent coverage under the City's group rate plan at full cost to the employee/retiree.
- 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 standard rate for 2015 was \$104.90; for 2016 the premiums are \$104.90 for the standard rate & \$121.80 for the premium rate. 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	\$ 3,291,717
Water/Wastewater Fund	160,831
Electric Revenue Fund	115,196
Total Benefit Provided	<u>\$ 3,567,744</u>

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

Contributions

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

Annual OPEB Cost and Net OPEB Obligation/ (Asset)

The City’s annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years. Amounts “required” but not actually set aside to pay for these benefits are accumulated as part of the net OPEB obligations. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the City’s net OPEB obligation:

	Total	Governmental Activities	Water/ Wastewater Fund Activities	Electric Fund Activities
Annual Required contribution	\$ 5,125,687	\$ 4,476,281	\$ 248,111	\$ 401,295
Interest on OPEB obligation	743,485	946,208	23,601	(226,324)
Adjustment to annual required contribution	(875,910)	(1,114,742)	(27,804)	266,636
Annual OPEB Cost	4,993,262	4,307,747	243,908	441,607
Employer Contributions	(3,567,744)	(3,291,717)	(160,831)	(115,196)
Increase/(decrease) in net OPEB obligation	1,425,518	1,016,030	83,077	326,411
Net OPEB obligation (asset) at beginning of year	11,438,231	14,557,052	363,087	(3,481,908)
Net OPEB obligation (asset) at end of year	<u>\$ 12,863,749</u>	<u>\$ 15,573,082</u>	<u>\$ 446,164</u>	<u>\$ (3,155,497)</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 2016 are as follows:

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 4,993,262	71.5%	\$ 12,863,749
2015	\$ 3,658,108	145.0%	\$ 11,438,231
2014	\$ 5,779,249	88.0%	\$ 13,085,130
2013	\$ 5,948,117	67.6%	\$ 12,392,061

Funded Status and Funding Progress

As of June 30, 2016, the most recent GASB 45 Interim Actuarial Valuation, the plan was 33.7% funded. The actuarial accrued liability for benefits was \$66.6 million, and the actuarial value of assets was \$22.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$44.2 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$17.7 million, and the ratio of the UAAL to the covered payroll was 250.1%. 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.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

The Projected Unit Credit Cost Method was used to determine the Annual Required Contribution for the June 30, 2016 interim actuarial valuation. Investments are valued at market rates. The funded discount rate is 6.5%. Adjustments have been made to the City's July 1, 2015 Actuarial Accrued Liability (AAL), normal cost and benefit payments for the actual premium rate increases from 2015/16 to 2016/17 which caused a portion of the City's liabilities to be higher than expected.

The inclusion of implicit subsidy also increased the City's liability by 15.3%. According to the new Actuarial Standards of Practice (ASOP) number 6, that is effective for actuarial valuations with measurement dates on or after March 31, 2015, an implicit subsidy exists for health plans that commingle the experience of active participants and retirees in setting their premium rates and the non-Medicare retirees premium rates do not vary by age. Implicit subsidies for pre-Medicare benefits is the additional employer liabilities when the inherently higher health care costs for retired employees are not directly reflected in the determination of the premium rates.

16. 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 \$7,514,530 (market value) as of June 30, 2016, with 133 active employees contributing \$526,153. The Nationwide plan has assets of \$3,089,691 (market value) as of June 30, 2016 with 17 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, 2016, there are 334 employees eligible to enroll in the 457 Deferred Compensation Plan.

17. 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 2016 the total wages were \$21.8 million and the total pensionable wages were \$19.5 million for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2016 is 334.

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 Dover Organization of Employees (DOE) union contract renewed effective July 1, 2015 through June 30, 2018. The new contract changed the mandatory minimum employee contribution (MMEC) as well as the City's minimum matching contribution to the 401a Plan from 3% to 4%. The change in the City's matching contribution will increase the maximum City matching contribution from 6% to 7%. These changes in contribution percentages for both the employee and employer became effective March 27, 2016.

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, 2016, there were 127 full-time employees enrolled in the 401a plan. The City contributed a total of \$309,335 on wages of approximately \$5.9 million. Employees contributed \$183,108 to the 401a Money Purchase Plan. The market value of the 401a plan assets totaled \$4,953,448 as of June 30, 2016.

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 eligible full-time permanent employees, other than police officers hired prior to September 29, 2009. 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, 2016

	<u>Police Pension</u>	<u>General Pension</u>	<u>Totals</u>
ASSETS:			
Cash and cash equivalents	\$ 550,163	\$ 1,754,686	\$ 2,304,849
Investments at fair value - Mutual Funds	11,674,522	33,943,851	45,618,373
Total Assets	<u>12,224,685</u>	<u>35,698,537</u>	<u>47,923,222</u>
Net position held in trust for pension benefits	<u>\$ 12,224,685</u>	<u>\$ 35,698,537</u>	<u>\$ 47,923,222</u>

The City of Dover, Delaware
Combining Statement of Changes in Pension Trust Fund Net Position
For the Year Ended June 30, 2016

	<u>Police Pension</u>	<u>General Pension</u>	<u>Totals</u>
Additions			
Net investment income	\$ 279,303	\$ 850,131	\$ 1,129,434
City's contribution - payroll based	-	2,246,709	2,246,709
City's contribution - lump sum	676,500	842,700	1,519,200
Employee contribution	-	202,340	202,340
State contributions	415,128	-	415,128
Other	1,650	-	1,650
Total Additions to Net Position	<u>1,372,581</u>	<u>4,141,880</u>	<u>5,514,461</u>
Deductions			
Benefit payments	1,527,910	3,718,225	5,246,135
General administration	4,831	16,040	20,871
Total Deductions From Net Position	<u>1,532,741</u>	<u>3,734,265</u>	<u>5,267,006</u>
Change in net position	(160,160)	407,615	247,455
Net Position - Beginning	<u>12,384,845</u>	<u>35,290,922</u>	<u>47,675,767</u>
Net Position - Ending	<u>\$ 12,224,685</u>	<u>\$ 35,698,537</u>	<u>\$ 47,923,222</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.

i. City of Dover Police Pension Plan

Plan Description

This contributory pension plan began on January 1, 1970 under the authority of the City Code, Chapter 62, Article III, Pension Plan, Section 62-71 through 62-84. The contribution and funding requirements of the plan are established by the City and may be amended by the City Council. It is a closed plan. The last active employee retired June 29, 2006. An officer's pension right is vested upon the completion of 15 years of continuous service. As of June 30, 2016, 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 2.5% of their average earnings for each year of continuous service. The maximum benefit is 62.5% 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 interim actuarial valuation report as of June 30, 2016 in accordance with GASB Statement No. 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% matching grant for the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For the fiscal year ending June 30, 2016, the State contributed \$415,128.

The ADC conforms to the entry age normal cost method as defined in GASB Statement No. 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 Nyhart of Indianapolis, Indiana. The ADC is being amortized using a level dollar method. The amortization period is 9 years for the 2016 fiscal year and will decline by 1 each year until 1 year.

Total contributions to the plan for the fiscal year ending June 30, 2016 are anticipated to be \$1.1 million, which would be 90.2% of the ADC.

Net Pension Liability

As of June 30, 2016, the most recent measurement date for the actuarial valuation, the plan was 63.05% funded. The total pension liability for benefits was \$19.4 million, and the fiduciary net position was \$12.3 million, which resulted in a net pension liability (NPL) of \$7.2 million for the primary government. There are no active officers, therefore there is no covered payroll or ratio of the net pension liability to cover payroll. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Actuarial Methods and Significant Assumptions

Interim valuation date as of June 30, 2016

Actuarial cost method	Entry Age Normal
Amortization method	Level dollars
Amortization period	Closed
Asset valuation method	Fair market value

Actuarial assumptions:

Investment rate of return	6.5%
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 with Generational improvements using Scale AA

Changes in Actuarial Assumptions or Methods

The long term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2016 are summarized in the following table:

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return
Cash	4.00%	0.50%
Fixed Income	29.00%	2.30%
Stocks	59.00%	6.50%
Short-term Investments	0.00%	0.00%
Real Estate	8.00%	5.60%
Alternatives	0.00%	0.00%
Long-Term Expected Rate of Return		6.50%

*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.

**Police Pension Fund
 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, 2015	\$ 20,471,000	\$ 12,384,845	8,086,155
Changes for the year:			
Interest on total pension liability	1,280,958	-	1,280,958
Effect of economic/demographic gains or losses	(836,177)	-	(836,177)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(1,527,910)	(1,527,910)	-
Employer contributions	-	1,093,278	(1,093,278)
Net investment income	-	279,303	(279,303)
Administrative expenses	-	(4,831)	4,831
Balances as of June 30, 2016	<u>\$ 19,387,871</u>	<u>\$ 12,224,685</u>	<u>\$ 7,163,186</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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 Analysis of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, 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.

Police Pension Fund

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$9,138,112	\$ 7,163,186	\$5,370,836

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

For the year ended June 30, 2016, the City recognized pension expense of \$(124,774) calculated in the following chart:

Police Pension Expense

Pension Expense	July 1, 2015 to June 30, 2016
Interest on total pension liability	\$ 1,280,958
Projected earnings on pension plan investments	(790,732)
Administrative expenses	4,831
Member contributions	-
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(836,177)
Differences between projected and actual earnings on plan investments	216,346
Pension Expense	<u>\$ (124,774)</u>

As of June 30, 2016, 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	<u>\$ 751,321</u>
Total Deferred Outflows of Resources	<u>\$ 751,321</u>

The City did not report deferred inflows of resources for the period ending June 30, 2016.

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:	
2017	\$ 216,346
2018	216,346
2019	216,344
2020	102,285
2021	-
Thereafter	-

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 interim valuation date, June 30, 2016, 107 employees and 205 retirees participate in the plan. The General Employee Pension Plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	205
Active employees	
Fully Vested	84
Non-Vested	23
Deferred vested	19

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, 2016, gross payroll earnings of \$5.5 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. If

an employee terminated before becoming vested in the plan, they are eligible to withdraw this total contribution with interest compounded annually.

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.

Effective September 29, 2009 the City Council voted to close the General Employees' 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. 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 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 personnel related 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 for active members in the plan. The Actuarially Determined Contribution is based on a closed 15-year level dollar amortization of the Unfunded Actuarial Accrued Liability (UAAL). 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, 2016, the most recent measurement date for the interim actuarial valuation, the plan was 60.70% funded. The total pension liability for benefits was \$58.8 million, and the fiduciary net position was \$35.7 million, which resulted in a net pension liability (NPL) of \$23.1 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$5.5 million and the ratio of the NPL to the covered payroll was 419.83%.

Key methods and assumptions used in calculating the total pension liability in the interim actuarial valuation, prepared as of June 30, 2016, are presented below:

Actuarial Methods and Significant Assumptions

Interim Valuation date	as of June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	Closed; smooths gains and losses over a 5-year period
Asset valuation method	Fair market value

Actuarial Assumptions:

Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2000 Healthy Annuitant Mortality with Generational improvements using Scale AA

Changes in Actuarial Assumptions or Methods

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

**General Employee Pension Plan
 Long-Term Expected Rate of Return**

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	4.50%	0.50%
Fixed Income	28.50%	2.41%
Stocks	59.00%	6.47%
Real Estate	8.00%	5.56%
Long-Term Expected Rate of Return		6.50%

*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.

**General Pension Fund
 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, 2015	\$ 58,673,000	\$ 35,290,922	\$ 23,382,078
Changes for the year:			
Service cost	401,218	-	401,218
Interest on total pension liability	3,718,982	-	3,718,982
Effect of economic/demographic gains or losses	(267,154)	-	(267,154)
Benefit payments	(3,718,225)	(3,718,225)	-
Employer contributions	-	3,089,409	(3,089,409)
Member contributions	-	202,340	(202,340)
Net investment income	-	850,131	(850,131)
Administrative expenses	-	(16,040)	16,040
Balances as of June 30, 2016	<u>\$ 58,807,821</u>	<u>\$ 35,698,537</u>	<u>\$ 23,109,284</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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 Analysis of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 6.50%, as well as what the 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.

	General Pension Fund		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 30,186,575	\$ 23,109,284	\$ 16,792,226

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

For the year ended June 30, 2016, the City recognized pension expense of \$2,589,839 as calculated in the following chart:

General Employee Pension Expense

Pension Expense	July 1, 2015 to June 30, 2016
Service cost	\$ 401,218
Interest on total pension liability	3,718,982
Administrative expenses	16,040
Member contributions	(202,340)
Projected earnings on pension plan investments	(2,279,528)
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(184,089)
Differences between projected and actual earnings on plan investments	576,223
Changes of assumptions	543,333
Pension Expense	<u>\$ 2,589,839</u>

As of June 30, 2016, 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	\$ 869,334
Net difference between projected and actual earnings	2,014,549
Total Deferred Outflows of Resources	<u>\$ 2,883,883</u>
Deferred Inflows of Resources	
Net differences between expected and actual experience	<u>\$ 388,046</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:	
2017	\$ 935,467
2018	765,054
2019	509,434
2020	285,882
2021	-
Thereafter	-

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 ex-officio 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.

The Plan’s service benefits calculation is 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. Vesting is at five years of credited service and retirement age is 62 with five years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

As of June 30, 2016 city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	53
Active employees:	
Fully Vested 5 years	56
Non-Vested	46

The following are brief descriptions of the Plan. For a more complete description, please refer to the DPERS CAFR on the web at <http://accounting.delaware.gov/2015cafr.pdf>.

County and Municipal Police and Firefighters’ Pension Plan

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.

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.

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.

Contributions:

Employer – Determined by Board of Pension Trustees. Employer contributions were 13.8%, 14.2% and 15.5% of earnings for the Fiscal Year 2016, 2015 and 2014, respectively. The City's contributions to the plan for years ended June 30, 2014, 2015 and 2016 were \$990,588, \$933,750 and \$977,587, respectively, and were equal to the required contributions for each year. Total eligible full-time wages covered by the State plan were \$7.1 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 9.9607%.

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

At June 30, 2015, the City reported a net pension asset of \$524,958 for its proportionate share of the collective net pension asset. The net pension asset was measured as of June 30, 2015, 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, 2015 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)
2015	\$ 26,679	\$ 27,204	\$ (525)
2014	23,298	24,340	(1,042)

For the year ended June 30, 2015, the City recognized pension expense of \$707,506. As of June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Delaware State Police Pension Plan</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 17,421
City contributions subsequent to the measurement date	908,559
Total Deferred Outflows of Resources	<u>\$ 925,980</u>
Deferred Inflows of Resources	
Projected and actual plan investment differences	\$ 513,240
Differences between expected and actual experience	299,615
Change in proportion	68,305
Total Deferred Inflows of Resources	<u>\$ 881,160</u>

The \$925,980 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, 2017. These amounts should be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 11 years.

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

	<u>Delaware State Police Pension Plan</u>
Fiscal Year Ending June 30:	
2016	\$ (264,502)
2017	(264,502)
2018	(264,501)
2019	137,029
2020	(35,809)
Thereafter	(171,454)

The components of collective pension expense for the year ending June 30, 2015 are as follows:

Delaware State Police Pension Expense

Pension Expense	June 30, 2015
Service cost	\$ 1,463,227
Member contributions	(496,043)
Administrative expenses	16,734
Interest on the total pension liability	1,804,879
Projected earnings on plan investments	(1,851,096)
Changes in benefit terms	31,775
Recognition of deferred outflow and inflows of resources:	
Differences between expected and actual experience	(29,982)
Differences between projected and actual earnings on plan investments	(232,084)
Pension Expense	<u>\$ 707,410</u>

The proportionate share of the total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, and updated procedures were used to roll forward the total pension liability to June 30, 2015. 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	N/A

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.

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 Plan's current and expected asset allocation are summarized in the following table:

	Long-Term Expected Real Rate of Return	Asset Allocation
Asset class:		
Domestic equity	5.7%	36.5%
International equity	5.7	16.5
Fixed income	2.0	22.6
Alternative investments	7.8	19.6
Cash and equivalents	-	4.8

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 Analysis of Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) of the Plan, calculated using the discount rate of 7.2%, as well as what the Plans' net pension liability (asset) 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):

State Police Pension Plan

	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
City of Dover's proportionate share of the net pension liability (Asset)	\$ 2,278	\$ (525)	\$ (4,737)

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
Community Development/Housing
Community Policing
Economic Development
Elections
Electricity
Emergency Preparedness
Fire Protection
Inspections & Code Enforcement
Leaf Collection
Library
Parks
Planning & Zoning
Police Protection
Recreation
Snow Removal
Street Maintenance/Cleaning
Trash Collection
Tree Maintenance & Management
Water/Sewage



2016 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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,977,500	\$ 4,820,400	\$ 4,820,414	\$ 14
REVENUES:				
Fines & Police Revenue	639,000	588,100	596,081	7,981
911 Fee	63,300	63,300	63,337	37
Interest Earnings	35,000	140,000	171,806	31,806
Library Revenues - General	72,000	67,000	67,078	78
Library Revenues - County Reimb.	450,000	312,600	352,599	39,999
Business Licenses	1,425,000	1,472,000	1,475,794	3,794
Permits & Other Licenses	1,436,300	1,436,300	1,756,849	320,549
Miscellaneous Revenues	22,700	56,600	60,626	4,026
Police Extra Duty Fees	533,000	461,500	559,929	98,429
Property taxes	12,844,500	12,783,800	12,797,900	14,100
Bid Revenue	49,700	49,700	48,872	(828)
Recreations Revenue	149,000	149,000	183,174	34,174
Franchise Fees	672,300	682,300	684,540	2,240
Transfer Tax	1,340,000	2,090,200	2,188,634	98,434
Sanitation Fees	2,580,000	2,530,000	2,527,478	(2,522)
Garrison Farm Rent	93,700	93,900	93,858	(42)
Court of Chancery Fees	1,065,100	1,090,400	1,239,300	148,900
Interfund Service Receipts Water/Wastewater	1,492,700	1,420,200	1,426,018	5,818
Interfund Service Receipts Electric	3,738,500	3,586,700	3,640,969	54,269
Grants:				
Cable Franchise Grant	50,000	50,000	50,000	-
Green Energy Grant	98,500	98,500	98,500	-
Miscellaneous Grants	25,000	25,000	8,933	(16,067)
Police Pension Grant	500,000	500,000	415,128	(84,872)
Transfer from Police Grant Funds	74,400	172,700	159,017	(13,683)
Transfer from Municipal Street Aid	564,200	673,100	673,377	277
Transfer from Civil Traffic Penalties	450,000	480,000	468,793	(11,207)
Transfer from Verizon and CI Reserves	13,200	13,200	15,911	2,711
Transfer from Water/Wastewater Fund	850,000	850,000	850,000	-
Transfer from Electric Fund	10,000,000	10,000,000	10,000,000	-
Total Revenues	41,327,100	41,936,100	42,674,501	738,401
TOTAL BEGINNING BALANCE & REVENUES	\$ 45,304,600	\$ 46,756,500	\$ 47,494,915	\$ 738,415

(Continued)

2016 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Required Supplementary Information – Part D

(Continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	\$ 234,800	\$ 240,700	\$ 237,364	\$ 3,336
Fire	745,400	735,400	686,947	48,453
Library	1,510,000	1,456,000	1,430,640	25,360
Recreation	729,500	723,200	713,462	9,738
Planning Commission	534,000	534,200	516,303	17,897
Public Inspections	664,700	749,000	726,661	22,339
Life Safety	482,200	481,500	491,402	(9,902)
Code Enforcement	419,400	411,500	396,097	15,403
Economic Development	238,000	245,000	240,057	4,943
Police	15,761,400	16,557,500	16,635,520	(78,020)
Streets	674,500	684,500	667,574	16,926
Sanitation	2,157,900	2,125,100	2,093,043	32,057
Allocated Expenditures:				
Human Resources	383,900	378,000	366,812	11,188
Customer Services	1,120,100	1,082,000	1,037,886	44,114
City Manager	750,300	909,300	917,201	(7,901)
Information Technology	704,800	625,500	603,226	22,274
Finance	978,500	992,600	979,550	13,050
Public Services-Administration	626,800	580,300	552,815	27,485
Facilities Management	707,500	692,200	665,827	26,373
Engineering	181,400	173,400	166,579	6,821
Central Services	560,200	570,300	558,220	12,080
Vehicle Maintenance	768,500	760,000	791,913	(31,913)
City Clerk	383,400	382,800	370,101	12,699
Mayor	76,100	76,100	74,861	1,239
Council	118,100	113,600	100,129	13,471
Grounds Maintenance	1,210,300	1,133,000	1,056,855	76,145
Insurance	690,000	690,000	680,148	9,852
New Street Property Acquisitions	-	240,400	240,362	38
Contribution to Downtown Dover Partnership	70,000	70,000	70,000	-
Misc. Grant Expense	25,000	25,000	-	25,000
Other Employment Expenses	520,100	43,300	-	43,300
Bank & CC Fees	15,000	10,600	7,346	3,254
Retiree Benefits	1,895,600	1,567,700	1,567,700	-
Subtotal	35,937,400	36,059,700	35,642,601	417,099
Debt Service - Principal and Interest	660,800	669,400	672,389	(2,989)
Transfer to Capital Asset Reserve	-	229,600	229,600	-
Transfer to Capital Fund for Projects	2,625,400	2,625,400	2,625,400	-
Transfer to Police Pension Fund	500,000	500,000	415,128	84,872
Transfer to Uncollectible Reserve	50,000	50,000	350,000	(300,000)
Transfer to Inventory Reserve	10,000	10,000	10,000	-
Transfer to Verizon Reserve	50,000	50,000	50,000	-
Appropriation to Police Pension Fund	570,000	676,500	676,500	-
Appropriation to General Pension Fund	-	594,300	594,300	-
Street Lights	797,700	797,700	804,246	(6,546)
Total Expenditures	41,201,300	42,262,600	42,070,164	192,436
Budget Balance - Working Capital	4,103,300	4,493,900	5,424,751	(930,851)
Total Budget Balance & Expenditures	\$ 45,304,600	\$ 46,756,500	\$ 47,494,915	\$ (738,415)
Budget Balance - Working Capital			\$ 5,424,751	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			17,551	
Deferred Revenues - Non-spendable			(273,240)	
Inventory & Prepaids - Non-spendable			(173,540)	
Unassigned Fund Balance			\$ 4,995,522	

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.

General Fund actual revenues were higher than the final budget by \$738,401 with increases in police fines, interest earnings, library revenues – County reimbursement, building permits and other licenses, police extra-duty, property taxes, recreation revenues, transfer taxes, Court of Chancery fees, and interfund transfer receipts. The major sources of decreases in revenues was attributed to Miscellaneous grants, Police pension grant receipts, transfers from Police Grant Funds and Civil Traffic Penalties. Expenditures were lower than budget by \$192,436 due to lower than budgeted expense across several functions as a result of personnel reductions through attrition and retirements. The transfer to the uncollectible reserve was increased from \$50,000 to \$350,000 due to the abnormal amount of write-offs related to uncollectible demolition receivables. The net result is an increase of \$930,851 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 being amortized using a level dollar method on a closed basis. The amortization period is 9 years for the 2016 fiscal year and will decline by 1 year until 1 year.

**Schedule of Changes in Net Pension Liability, Related Ratios (in Thousands)
 Police Pension**

	Fiscal Year Ending June 30,		
	2016	2015	2014
Total Pension Liability			
Interest on total pension liability	\$ 1,281	\$ 1,311	\$ 1,325
Effect of economic/demographic (gains) or losses	(836)	286	25
Effect of assumption changes or inputs	-	932	-
Benefit payments	<u>(1,528)</u>	<u>(1,557)</u>	<u>(1,548)</u>
Net change in total pension liability	(1,083)	972	(198)
Total pension liability, beginning	<u>20,471</u>	<u>19,499</u>	<u>19,697</u>
Total pension liability, ending (a)	<u>\$ 19,388</u>	<u>\$ 20,471</u>	<u>\$ 19,499</u>
Fiduciary Net Position			
Employer contributions	\$ 1,093	\$ 1,386	\$ 1,229
Investment income net of investment expenses	279	283	1,583
Benefit payments	(1,528)	(1,557)	(1,548)
Administrative expenses	<u>(4)</u>	<u>(6)</u>	<u>(20)</u>
Net change in plan fiduciary net position	(160)	106	1,244
Fiduciary net position, beginning	<u>12,385</u>	<u>12,279</u>	<u>11,035</u>
Fiduciary net position, ending (b)	<u>\$ 12,225</u>	<u>\$ 12,385</u>	<u>\$ 12,279</u>
Net pension liability, ending = (a) - (b)	<u>\$ 7,163</u>	<u>\$ 8,086</u>	<u>\$ 7,220</u>
Fiduciary net position as a % of total pension liability	63.05%	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
2016	\$ 1,212,000	\$ 1,093,278	\$ 118,722	\$ -	N/A
2015	1,176,422	1,385,789	(209,367)	-	N/A
2014	1,155,110	1,229,363	(74,253)	-	N/A
2013	1,155,796	1,074,599	81,197	-	N/A
2012	979,132	668,274	310,858	-	N/A
2011	1,082,956	633,636	449,320	-	N/A
2010	786,436	496,587	289,849	-	N/A
2009	520,505	725,492	(204,987)	-	N/A
2008	358,807	721,202	(362,395)	-	N/A
2007	485,055	746,985	(261,930)	-	N/A

**Police Pension Plan
 Net Pension Liability**

Net Pension Liability	June 30, 2016	June 30, 2015
Total pension liability	\$ 19,387,871	\$ 20,471,000
Fiduciary net position	12,224,685	12,384,845
Net pension liability	7,163,186	8,086,155
Fiduciary net position as a % of total pension liability	63.05%	60.50%
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

Interim valuation date	as of June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollars
Amortization period	Closed
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	6.5%
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 with Generational improvements using Scale AA

B. General 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 Ending June 30		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 401	\$ 459	\$ 484
Interest on total pension liability	3,719	3,861	3,810
Effect of economic/demographic (gains) or losses	(267)	(422)	111
Effect of assumption changes or inputs	-	1,956	-
Benefit payments	(3,718)	(3,700)	(3,654)
Net change in total pension liability	135	2,154	751
Total pension liability, beginning	58,673	56,519	55,768
Total pension liability, ending (a)	<u>\$ 58,808</u>	<u>\$ 58,673</u>	<u>\$ 56,519</u>
Fiduciary Net Position			
Employer contributions	\$ 3,090	\$ 3,420	\$ 3,473
Member contributions	202	209	212
Investment income net of investment expenses	850	955	4,153
Benefit payments	(3,718)	(3,700)	(3,654)
Administrative expenses	(16)	(19)	(20)
Net change in plan fiduciary net position	408	865	4,164
Fiduciary net position, beginning	35,291	34,426	30,263
Fiduciary net position, ending (b)	<u>\$ 35,699</u>	<u>\$ 35,291</u>	<u>\$ 34,427</u>
Net pension liability, ending = (a) - (b)	<u>\$ 23,109</u>	<u>\$ 23,382</u>	<u>\$ 22,092</u>
Fiduciary net position as a % of total pension liability	60.70%	60.15%	60.91%
Covered payroll	\$ 5,504	\$ 5,864	\$ 5,971
Net pension liability as a % of covered payroll	419.88%	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
2016	\$ 3,025,982	\$ 3,089,409	\$ (63,427)	\$ 5,504,387	56.13%
2015	2,983,776	3,419,512	(435,736)	5,864,089	58.31%
2014	2,628,694	3,472,736	(844,042)	5,970,703	58.16%
2013	3,217,964	9,788,571	(6,570,607)	7,076,322	138.33%
2012	3,130,022	3,142,951	(12,929)	7,974,057	39.41%
2011	3,149,493	3,347,728	(198,235)	8,256,751	40.55%
2010	2,564,767	2,270,623	294,144	8,786,981	25.84%
2009	2,356,529	2,491,393	(134,864)	8,716,361	28.58%
2008	2,269,802	2,908,080	(638,278)	8,006,103	36.32%
2007	2,231,594	2,767,177	(535,583)	7,612,121	36.35%

**General Employee Pension Plan
 Net Pension Liability**

Net Pension Liability	June 30, 2016	June 30, 2015
Total pension liability	\$ 58,807,821	\$ 58,673,000
Fiduciary net position	35,698,537	35,290,922
Net pension liability	23,109,284	23,382,078
Fiduciary net position as a % of total pension liability	60.70%	60.15%
Covered payroll	5,504,387	5,864,089
Net pension liability as a % of covered payroll	419.83%	398.73%

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

Interim Valuation date	as of June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Amortization period	Closed; smooths gains and losses over a 5-year period
Asset valuation method	Fair market value

Actuarial Assumptions:

Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	3.0%
Includes inflation at	2.5%
Mortality	RP-2000 Healthy Annuitant Mortality with Generational improvements using Scale AA

C. State Police Pension Plan

The County & Municipal Police and Firefighters’ 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 Ending	
	2015	2014
City's proportion of the net pension liability(asset)	9.6070%	9.6334%
City's proportionate share of the net pension liability(asset)	\$ (524,958)	\$ (1,042,117)
City's covered-employee payroll	\$ 7,060,453	\$ 6,582,053
City's proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	(7.44%)	(15.83%)
Plan fiduciary net position as a percentage of the total pension liability	98.07%	104.47%

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 Ending	
	2015	2014
Contractually required contribution (ERS)	\$ 933,750	\$ 990,588
Contributions in relation to the contractually required contribution	(933,750)	(990,588)
Contribution deficiency (excess)	\$ -	\$ -
Board's covered-employee payroll	\$ 7,060,453	\$ 6,582,053
Contributions as a percentage of covered-employee payroll	13.23%	15.05%

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)
7/1/2015	\$ 22,448,290	\$ 66,600,509	\$ 44,152,219	33.7%	\$ 17,656,880	250%
7/1/2014	18,752,196	51,224,521	32,472,325	36.6%	17,059,787	190%
7/1/2013	13,627,223	70,414,000	56,786,777	19.4%	17,521,727	324%
7/1/2012	10,913,172	71,021,484	60,108,312	15.4%	17,335,618	347%
7/1/2011	7,047,987	83,441,000	76,393,013	8.4%	18,454,162	414%
7/1/2010	4,882,375	83,518,121	78,635,746	5.8%	18,292,104	430%
7/1/2009	4,761,141	64,812,543	60,051,402	7.3%	18,797,853	319%

Actuarial Methods and Significant Assumptions

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	The Market Value of Assets
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 Health Annuitant Mortality Table Projected on a generational basis using Scale AA

FINANCIAL SECTION

PART E

SUPPLEMENTARY INFORMATION

COMBINED FUND SCHEDULES
BUDGETARY SCHEDULES

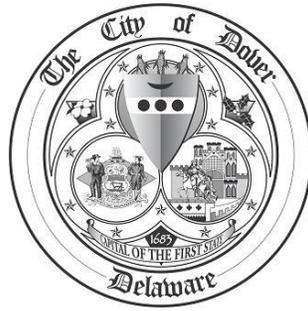




ARBOR DAY GROUP PHOTO, APRIL 2016 –

2016 Arbor Day Poster Contest Winners gather for a photo with Governor Markell, state legislators, representatives from the City of Dover, and Department of Agriculture officials.

Credit Photo: delawaretrees.com/2016arbordayceremony



FINANCIAL STATEMENTS GENERAL FUND COMBINING SCHEDULES

The Governmental Capital Projects Fund is combined with the General Fund in the Basic Financial Statements. The combining schedules 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, 2016

	General Fund	General Capital Projects Fund	Total General Funds
Assets:			
Cash and Cash Equivalents	\$ 1,283,983	\$ 271,477	\$ 1,555,460
Restricted Cash and Cash Equivalents	-	763,697	763,697
Investments	4,905,446	2,741,938	7,647,384
Restricted Investments	18,438	-	18,438
Receivables, net			
Accounts	813,294	-	813,294
Taxes	77,421	-	77,421
Due from Other Funds	614,906	-	614,906
Prepaid Items	59,384	-	59,384
Inventory, at Cost	114,156	-	114,156
Total Assets	<u>\$ 7,887,028</u>	<u>\$ 3,777,112</u>	<u>\$ 11,664,140</u>
Liabilities:			
Accounts Payable	\$ 1,282,503	\$ 655,401	\$ 1,937,904
Deferred Revenue	23,144	57,825	80,969
Due to Other Funds	1,911	1,920	3,831
Other	208,972	-	208,972
Total Liabilities	<u>1,516,530</u>	<u>715,146</u>	<u>2,231,676</u>
Deferred Inflows of Resources:			
Unavailable revenue	273,240	-	273,240
Total Deferred Inflows of Resources	<u>273,240</u>	<u>-</u>	<u>273,240</u>
Fund Balances:			
Non-Spendable			
Inventory and Prepays	173,540	-	173,540
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	1,844	-	1,844
Verizon Cable Franchise	171,925	-	171,925
Committed			
Contingency	732,833	-	732,833
Parkland Reserve	-	326,364	326,364
Assigned			
Capital Assets	-	2,735,602	2,735,602
Unassigned	4,995,522	-	4,995,522
Total Fund Balances	<u>6,097,258</u>	<u>3,061,966</u>	<u>9,159,224</u>
Total Liabilities and Fund Balances	<u>\$ 7,887,028</u>	<u>\$ 3,777,112</u>	<u>\$ 11,664,140</u>

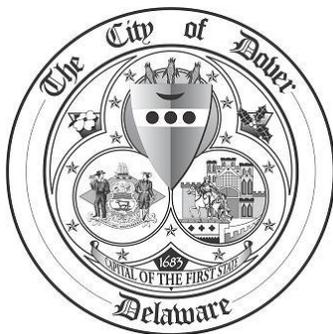
The City of Dover
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances of the General Fund (Non-GAAP Basis)
For the Year Ended June 30, 2016

	General Fund	General Capital Projects Fund	Total General Funds
Revenues			
Fines	\$ 659,418	\$ -	\$ 659,418
Library Revenue- General	67,078	-	67,078
Library Revenue County Reimbursement	352,599	-	352,599
Licenses and Permits	3,232,643	-	3,232,643
Sanitation Fees and Rebates	2,527,478	-	2,527,478
Miscellaneous Services	1,582,127	258,064	1,840,191
Property Taxes	12,846,772	-	12,846,772
Grants Received	572,561	63,890	636,451
Court of Chancery Fees	1,239,300	-	1,239,300
Investment Income	164,460	5,427	169,887
Total Revenues	23,244,436	327,381	23,571,817
Expenditures			
Current:			
General Government	1,873,837	-	1,873,837
Library Services	1,430,640	-	1,430,640
Public Safety and Law Enforcement	20,268,618	770,506	21,039,124
Public Works	1,534,037	68,352	1,602,389
Recreational Services	713,462	70,514	783,976
Streets and Sanitation Services	2,760,616	3,321,197	6,081,813
Engineering services	166,579	-	166,579
Financial Administration	919,086	-	919,086
Garage and Stores	381,609	84,234	465,843
Insurance	280,901	-	280,901
Retiree Health Care	1,567,700	-	1,567,700
Employee Pension	594,300	-	594,300
Community and Economic Development	122,813	-	122,813
Street Lights	804,246	-	804,246
Debt Service:			
Principal Retirement	553,824	-	553,824
Interest and Fiscal Charges	118,565	-	118,565
Total Expenditures	34,090,833	4,314,803	38,405,636
Excess (deficiency) of Revenues over Expenditures	(10,846,397)	(3,987,422)	(14,833,819)
Other Financing Sources and Uses			
Reserve Transfers	(263,687)	(92,700)	(356,387)
Interfund Transfers	11,714,421	2,625,400	14,339,821
Total other Financing Sources and Uses	11,450,734	2,532,700	13,983,434
Net Change in Fund Balances	604,337	(1,454,722)	(850,385)
Fund Balances at Beginning of Year	4,820,414	2,926,738	7,747,152
Fund Balances at End of Year	\$ 5,424,751	\$ 1,472,016	\$ 6,896,767
Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ 17,551	\$ 9,806	\$ 27,357
Deferred Revenues - Non-spendable	(273,240)	-	(273,240)
Inventory & Prepaids - Non-spendable	(173,540)	-	(173,540)
Capital Asset - Assigned	-	(1,481,822)	(1,481,822)
Unassigned Fund Balance	\$ 4,995,522	\$ -	\$ 4,995,522

**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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 154,800	\$ 2,926,700	\$ 2,926,738	\$ 38
REVENUES:				
State Grant - Other	-	80,500	63,890	(16,610)
Transfer from General Fund for Projects	2,625,400	2,625,400	2,625,400	-
Income from Sale of Assets	20,300	120,800	180,401	59,601
Interest Earnings	5,000	5,000	5,427	427
Miscellaneous Receipts	-	74,700	77,663	2,963
Total Revenues	2,650,700	2,906,400	2,952,781	46,381
TOTAL BEGINNING BALANCE & REVENUES	\$ 2,805,500	\$ 5,833,100	\$ 5,879,519	\$ 46,419
EXPENDITURES:				
Fire	\$ 145,600	\$ 445,800	\$ 445,594	\$ 206
Grounds Maintenance	201,100	185,200	68,352	116,848
Life Safety	55,700	55,700	56,411	(711)
Police	262,100	302,700	268,501	34,199
Recreation	-	73,900	70,514	3,386
Streets	1,428,500	3,735,000	2,918,713	816,287
Sanitation	449,000	449,000	402,484	46,516
City Manager	24,700	24,700	-	24,700
Fleet Maintenance	84,000	84,500	84,234	266
Subtotal	2,650,700	5,356,500	4,314,803	1,041,697
Transfer to Capital Asset Reserve	-	92,700	92,700	-
Total Expenditures	2,650,700	5,449,200	4,407,503	1,041,697
Budget Balance - Working Capital	154,800	383,900	1,472,016	(1,088,116)
Budget Balance & Expenditures	\$ 2,805,500	\$ 5,833,100	\$ 5,879,519	\$ (46,419)
Budget Balance - Working Capital			\$ 1,472,016	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			9,806	
Assigned to Capital assets			1,253,780	
Committed to Parks & Recreation improvements			326,364	
Total Fund Balances			\$ 3,061,966	



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

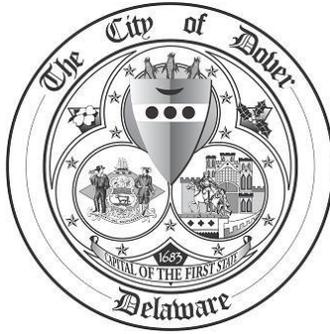
The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

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)

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 respective 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, 2016**

	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	\$ 527,518	\$ 65,051	\$ 131	\$ 11,719	\$ 90,699	\$ 112,248	\$ 100	\$ 28	\$ 807,494
Receivables	200	-	-	-	-	-	-	1,177	1,377
Prepaid items	-	350	-	-	-	-	-	-	350
Due from General Fund	600	-	-	-	-	-	-	-	600
Due from other governments	14,326	-	-	9,546	-	-	56,446	-	80,318
TOTAL ASSETS	\$ 542,644	\$ 65,401	\$ 131	\$ 21,265	\$ 90,699	\$ 112,248	\$ 56,546	\$ 1,205	\$ 890,139
LIABILITIES AND FUND BALANCE:									
Liabilities:									
Vouchers Payable	\$ 10,235	\$ 26,876	\$ -	\$ 3,750	\$ -	\$ 12,795	\$ -	\$ -	\$ 53,656
Deferred Revenue	1,128	1,000	-	-	-	-	-	-	2,128
Due to other funds-charges	18,364	-	31	177	-	-	56,446	28	75,046
Total Liabilities	29,727	27,876	31	3,927	-	12,795	56,446	28	130,830
Fund Balances:									
Nonspendable	-	350	-	-	-	-	-	-	350
Restricted	512,917	37,175	100	17,338	90,699	99,453	100	1,177	758,959
Total Fund Balances	512,917	37,525	100	17,338	90,699	99,453	100	1,177	759,309
TOTAL LIABILITIES AND FUND BALANCES	\$ 542,644	\$ 65,401	\$ 131	\$ 21,265	\$ 90,699	\$ 112,248	\$ 56,546	\$ 1,205	\$ 890,139

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES
YEAR ENDED JUNE 30, 2016

	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	\$ 956,712	\$ 296,335	\$ 673,128	\$ 256,662	\$ 10,549	\$ 577,284	\$ 28,030	\$ -	\$ -	\$ 2,798,700
Recreation revenue	-	-	-	-	-	-	65,145	-	-	65,145
Police fines	-	-	-	-	-	-	-	468,793	-	468,793
Transfer taxes	-	-	-	-	-	-	-	-	2,191,915	2,191,915
Investment income (loss)	2,022	-	214	-	-	145	-	-	437	2,818
TOTAL REVENUES	958,734	296,335	673,342	256,662	10,549	577,429	93,175	468,793	2,192,352	5,527,371
EXPENDITURES:										
Program expenditures	441,744	289,381	-	326,614	10,549	544,528	91,903	-	2,550	1,707,269
TOTAL EXPENDITURES	441,744	289,381	-	326,614	10,549	544,528	91,903	-	2,550	1,707,269
Excess (deficiency) of revenues over (under) expenditures	516,990	6,954	673,342	(69,952)	-	32,901	1,272	468,793	2,189,802	3,820,102
OTHER FINANCING SOURCES (USES):										
Transfers-out	(159,017)	-	(673,377)	-	-	-	-	(468,793)	(2,188,634)	(3,489,821)
Net Change in fund balances	357,973	6,954	(35)	(69,952)	-	32,901	1,272	-	1,168	330,281
FUND BALANCE										
AT BEGINNING OF YEAR	154,944	30,571	135	87,290	-	57,798	98,181	100	9	429,028
FUND BALANCE										
AT END OF YEAR	\$ 512,917	\$ 37,525	\$ 100	\$ 17,338	\$ -	\$ 90,699	\$ 99,453	\$ 100	\$ 1,177	\$ 759,309

**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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 125,000	\$ 154,900	\$ 154,944	\$ 44
Interest earned	-	-	2,022	2,022
Grants received	527,300	1,111,900	956,712	(155,188)
TOTAL REVENUES & BEGINNING BALANCE	652,300	1,266,800	1,113,678	(153,122)
EXPENDITURES:				
Personnel	80,300	80,300	76,423	(3,877)
Program expenses/supplies	410,600	377,600	177,889	(199,711)
Computer hardware	20,000	20,000	2,825	(17,175)
Telephone/fax	15,000	15,000	19,690	4,690
Training/Conference/Food/Travel	17,000	79,600	74,203	(5,397)
Consulting/audit fees	1,000	1,000	-	(1,000)
Contractual services	-	299,400	90,714	(208,686)
TOTAL EXPENDITURES	543,900	872,900	441,744	(431,156)
Other financing uses:				
Operating transfers - out	(74,400)	(172,700)	(159,017)	13,683
BALANCE CARRIED TO NEXT YEAR	\$ 34,000	\$ 221,200	\$ 512,917	\$ 291,717

**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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 17,300	\$ 30,600	\$ 30,571	\$ (29)
Grants received: State	278,900	305,500	293,835	(11,665)
Grants received: Federal	2,500	2,500	2,500	-
TOTAL REVENUES & BEGINNING BALANCE	298,700	338,600	326,906	(11,694)
EXPENDITURES:				
Program expenditures/supplies (Fed Grant)	2,500	2,500	2,500	-
Program expenditures/supplies (State Grant)	24,100	27,500	25,436	(2,064)
Office Supplies	24,000	30,800	24,413	(6,387)
Printing/duplicating	13,200	12,500	12,306	(194)
Postage	100	100	43	(57)
Books	129,200	146,600	129,687	(16,913)
Furniture/Fixtures	3,100	7,000	9,827	2,827
Audio visual supplies	75,100	77,200	74,703	(2,497)
Training/conference/food/travel	2,000	8,800	3,303	(5,497)
Office equipment repairs	6,000	6,300	5,314	(986)
Office equipment lease	1,200	2,000	1,849	(151)
Contractual services	900	-	-	-
TOTAL EXPENDITURES	281,400	321,300	289,381	(31,919)
BALANCE CARRIED TO NEXT YEAR	\$ 17,300	\$ 17,300	\$ 37,525	\$ 20,225

**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, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 100	\$ 135	\$ 35
State Grant - Operations	564,200	673,100	673,128	28
Interest Earned	-	-	214	214
TOTAL REVENUES & BEGINNING BALANCE	564,300	673,200	673,477	277
Other financing uses:				
Operating transfers-out	(564,200)	(673,100)	(673,377)	(277)
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 100	\$ 100	\$ -

CITY OF DOVER
HOUSING PROGRAMS - CDBG & NSP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
UNRESERVED FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2016

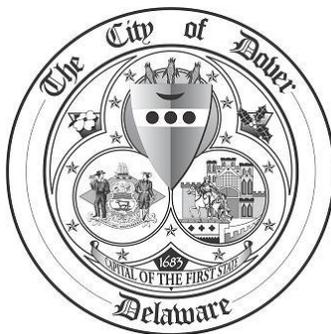
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	\$ 2,100	\$ 2,100	\$ 2,013	\$ (87)
Beginning balance NSP	-	-	85,277	85,277
Federal grant received	272,800	272,800	231,161	(41,639)
Revenue from NSP	-	-	25,501	25,501
TOTAL REVENUES & BEGINNING BALANCE	274,900	274,900	343,952	69,052
EXPENDITURES:				
Prior year closing cost/down payment program	900	900	892	8
Prior year Ncall Research Inc.	6,500	6,500	5,500	1,000
Current year closing cost/down payment program	60,000	60,000	59,108	892
Current year Connection Community Supply	7,400	7,400	4,952	2,448
Current year Dover interfaith ministry	27,000	27,000	27,000	-
Current year MHDC home repair	35,300	35,300	12,990	22,310
Current year Habitat for Humanity	40,000	40,000	37,047	2,953
Current year Milford housing H/O rehab	52,900	52,900	39,506	13,394
Current year Peoples Place	6,800	6,800	6,722	78
Current year salaries	36,000	36,000	37,444	(1,444)
NSP salaries	-	-	2,493	(2,493)
NSP expense	-	-	92,960	(92,960)
TOTAL EXPENDITURES	272,800	272,800	326,614	(53,814)
CDBG BALANCE CARRIED TO NEXT YEAR	\$ 2,100	\$ 2,100	\$ 2,013	\$ 87
NSP BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ 15,325	\$ (15,325)

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 144,000	\$ 57,800	\$ 57,798	\$ (2)
Grants received: State	500,000	839,300	577,284	(262,016)
Interest earned	500	500	145	(355)
TOTAL REVENUES & BEGINNING BALANCE	644,500	897,600	635,227	(262,373)
EXPENDITURES:				
Program expenditures grant related	644,000	890,100	544,528	(345,572)
TOTAL EXPENDITURES	644,000	890,100	544,528	345,572
BALANCE CARRIED TO NEXT YEAR	\$ 500	\$ 7,500	\$ 90,699	\$ 83,199

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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 41,000	\$ 98,200	\$ 98,181	\$ (19)
Grants revenue	55,700	28,000	28,030	30
Recreation revenue	33,000	50,000	65,145	15,145
TOTAL REVENUES & BEGINNING BALANCE	129,700	176,200	191,356	15,156
EXPENDITURES:				
Temporary help/benefits	60,200	60,200	57,228	(2,972)
Program expenditures/supplies	55,700	55,700	34,675	(21,025)
TOTAL EXPENDITURES	115,900	115,900	91,903	(23,997)
BALANCE CARRIED TO NEXT YEAR	\$ 13,800	\$ 60,300	\$ 99,453	\$ 39,153



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, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 861,600	\$ 1,072,900	\$ 1,072,915	\$ 15
Beginning Balance - Wastewater	293,400	206,900	206,894	(6)
TOTAL BEGINNING BALANCES	1,155,000	1,279,800	1,279,809	9
REVENUES:				
Water fees	6,200,000	5,366,600	5,457,061	90,461
Wastewater fees	3,728,000	3,823,800	3,745,497	(78,303)
Wastewater Treatment Fees	3,026,500	2,997,600	2,936,831	(60,769)
Groundwater adjustment	1,864,300	1,965,600	1,878,057	(87,543)
Miscellaneous services	64,000	56,200	69,555	13,355
Water tank space rent	341,900	341,900	337,989	(3,911)
Interest earnings	3,000	10,000	4,341	(5,659)
Sewer Impact Fees	250,000	222,400	207,516	(14,884)
Water Impact Fees	250,000	253,400	238,030	(15,370)
Total Revenues	15,727,700	15,037,500	14,874,877	(162,623)
TOTAL BEGINNING BALANCES & REVENUES	\$ 16,882,700	\$ 16,317,300	\$ 16,154,686	\$ (162,614)
EXPENSES:				
Engineering & Inspection	\$ 517,500	\$ 512,500	\$ 499,239	13,261
Water	673,300	650,900	618,876	32,024
Water Treatment Plant	1,910,000	1,743,100	1,647,253	95,847
Wastewater	968,600	840,600	774,075	66,525
Kent County Treatment Fee	4,130,000	4,130,000	3,894,341	235,659
Interfund Service Fees	1,492,700	1,420,200	1,426,018	(5,818)
Retirees Health Care	178,600	60,200	60,200	-
Debt Service - Water	545,200	521,100	516,941	4,159
Debt Service - Wastewater	586,900	611,300	608,966	2,334
Other Employment Expenses	20,000	142,300	-	142,300
Bank & CC Fees	46,200	25,000	23,559	1,441
Other Appropriations:				
Approp to Pension Fund	-	248,400	248,400	-
Transfer to Water I/E	1,800,000	1,800,000	1,800,000	-
Transfer to Wastewater I/E	1,500,000	1,500,000	1,500,000	-
Transfer to Impact Fee Reserve - Wastewater	-	-	54,389	(54,389)
Transfer to General Fund from Water	550,000	550,000	550,000	-
Transfer to General Fund from Wastewater	300,000	300,000	300,000	-
Transfer to Contingency Reserve Water	32,000	32,000	32,000	-
Total Expenses	15,251,000	15,087,600	14,554,257	533,343
Budget Balance - Water	1,048,600	566,500	881,297	(314,797)
Budget Balance - Wastewater	583,100	663,200	719,132	(55,932)
Total Budget Balances - Working Capital	1,631,700	1,229,700	1,600,429	(370,729)
TOTAL BUDGET BALANCES & EXPENSES	\$ 16,882,700	\$ 16,317,300	\$ 16,154,686	\$ 162,614

CITY OF DOVER
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2016

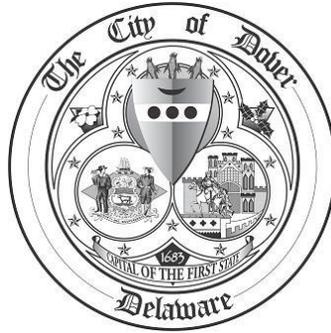
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 833,500	\$ 4,990,300	\$ 4,990,310	\$ 10
Beginning Balance -Wastewater	1,027,600	4,551,700	4,551,722	22
TOTAL BEGINNING BALANCES	1,861,100	9,542,000	9,542,032	32
REVENUES:				
Miscellaneous Receipts	-	61,400	70,247	8,847
Grants Revenue	-	20,300	18,952	(1,348)
Interest earnings	25,000	69,900	119,442	49,542
Income from sale of assets	-	-	16,479	16,479
Transfer from Water Fund	1,800,000	1,800,000	1,800,000	-
Transfer from Wastewater Fund	1,500,000	1,500,000	1,500,000	-
Transfer from Water Impact Fee Reserve	165,000	165,000	20,800	(144,200)
Total Revenues	3,490,000	3,616,600	3,545,920	(70,680)
TOTAL BEGINNING BALANCES & REVENUES	\$ 5,351,100	\$ 13,158,600	\$ 13,087,952	\$ (70,648)
EXPENSES:				
Water	\$ 2,028,600	\$ 5,396,100	\$ 1,810,487	\$ 3,585,613
Wastewater	1,822,100	5,299,100	3,045,887	2,253,213
Water Treatment Plant	-	330,900	246,052	84,848
Transfer to Impact Fee Reserve - Wastewater	-	-	1,271,343	(1,271,343)
Total Expenses	3,850,700	11,026,100	6,373,769	4,652,331
Budget Balance - Water	617,400	1,179,900	3,584,464	(2,404,564)
Budget Balance - Wastewater	883,000	952,600	3,129,719	(2,177,119)
Total Budget Balances - Working Capital	1,500,400	2,132,500	6,714,183	(4,581,683)
TOTAL BUDGET BALANCES & EXPENSES	\$ 5,351,100	\$ 13,158,600	\$ 13,087,952	\$ 70,648

CITY OF DOVER
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 6,177,600	\$ 8,337,500	\$ 8,337,466	\$ (34)
REVENUES:				
Direct base sales	78,279,200	78,493,800	77,844,937	(648,863)
Rental income	202,600	202,600	238,862	36,262
Miscellaneous services	597,200	911,400	842,163	(69,237)
Utility tax	1,281,100	1,309,600	1,309,701	101
Green Energy	128,000	128,000	126,593	(1,407)
Interest earned - operating	47,900	35,000	64,340	29,340
Transfer from Rate Stabilization	3,000,000	750,000	750,000	-
Total Revenues	83,536,000	81,830,400	81,176,596	(653,804)
TOTAL BEGINNING BALANCE & REVENUES	\$ 89,713,600	\$ 90,167,900	\$ 89,514,062	\$ (653,838)
EXPENSES:				
Power Supply & Generation				
Power Supply	\$ 23,402,600	\$ 23,402,600	\$ 23,610,686	\$ (208,086)
Power Supply Management	996,000	996,000	996,000	-
RGGI	175,000	175,000	66,080	108,920
Dover Sun Park Energy	2,313,900	2,313,900	2,280,044	33,856
Solar Renewal Energy Credits	363,400	363,400	344,577	18,823
Renewable Energy Credits	673,400	673,400	586,169	87,231
Capacity Charges	10,225,100	10,225,100	10,574,198	(349,098)
PJM Charges - Transmission & Fees	7,932,500	7,932,500	5,247,660	2,684,840
PJM Charges - Load	7,966,100	7,966,100	2,960,596	5,005,504
Total Power Supply	54,048,000	54,048,000	46,666,010	7,381,990
Plant Operations	6,434,600	6,382,900	5,734,855	648,045
Capacity Credits	(10,472,100)	(10,472,100)	(9,827,426)	(644,674)
PJM Credits	(360,000)	(360,000)	(617,904)	257,904
PJM Spot Market Energy	(1,708,300)	(1,708,300)	(1,002,972)	(705,328)
Generation Fuels	1,167,300	1,167,300	1,339,688	(172,388)
Total Generation	(4,938,500)	(4,990,200)	(4,373,759)	(616,441)
Utility Tax	1,281,100	1,309,600	1,309,701	(101)
Administration	839,300	834,300	711,397	122,903
Transmission/Distribution	4,068,600	3,437,300	3,279,685	157,615
Electrical Engineering	1,335,800	1,120,900	1,065,980	54,920
Systems Operations	679,800	601,500	593,428	8,072
Meter Reading	360,500	363,200	358,571	4,629
Provision for Uncollectible	200,000	200,000	200,000	-
Retirees Health Care	537,800	57,700	57,700	-
OPEB Trust Contribution	1,030,000	-	-	-
Green Energy Payment to DEMEC	128,000	128,000	126,593	1,407
Bank & CC Fees	242,300	259,300	258,500	800
Interest on Deposits	20,500	20,500	18,283	2,217
Intrafund Service Fees	3,738,500	3,586,700	3,640,969	(54,269)
Other Appropriations:				
Electric Capital Project Fund	3,500,000	3,500,000	3,665,375	(165,375)
General Fund	10,000,000	10,000,000	10,000,000	-
Debt Service	3,402,000	1,617,700	1,621,463	(3,763)
Rate Stabilization Fund	-	394,800	394,800	-
Insurance Reserve	10,000	10,000	10,000	-
Contingency Reserve	13,000	13,000	13,000	-
Other Employment Expenses	72,000	353,400	-	353,400
TOTAL EXPENSES	80,568,700	76,865,700	69,617,696	7,248,004
Budget Balance - Working Capital	9,144,900	13,302,200	19,896,366	(6,594,166)
TOTAL BUDGET BALANCE & EXPENSES	\$ 89,713,600	\$ 90,167,900	\$ 89,514,062	\$ 653,838

CITY OF DOVER
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 3,623,600	\$ 7,095,300	\$ 7,095,270	\$ (30)
TOTAL BEGINNING BALANCES	3,623,600	7,095,300	7,095,270	(30)
REVENUES:				
Transfer from Electric Revenue Fund	3,500,000	3,500,000	3,665,375	165,375
Bond Proceeds	-	2,108,000	1,942,628	(165,372)
Miscellaneous Receipts	-	15,000	-	(15,000)
Interest Earnings	26,700	57,900	92,608	34,708
Income from Sale of Assets	-	-	6,200	6,200
General Service Billing	1,900,000	1,900,000	327,453	(1,572,547)
Total Revenues	5,426,700	7,580,900	6,034,264	(1,546,636)
TOTAL BEGINNING BALANCES & REVENUES	\$ 9,050,300	\$ 14,676,200	\$ 13,129,534	\$ (1,546,666)
EXPENSES:				
Power Plant	\$ 1,655,000	\$ 2,299,800	\$ 964,880	\$ 1,334,920
Transmission/Distribution	2,887,600	3,524,900	1,109,450	2,415,450
Engineering	1,724,300	3,288,000	1,740,853	1,547,147
Meter Reading	-	23,000	-	23,000
Total Expenses	6,266,900	9,135,700	3,815,183	5,320,517
Budget Balance - Improvement & Extension Fund	2,783,400	5,540,500	9,314,351	(3,773,851)
Total Budget Balances - Working Capital	2,783,400	5,540,500	9,314,351	(3,773,851)
TOTAL BUDGET BALANCES & EXPENSES	\$ 9,050,300	\$ 14,676,200	\$ 13,129,534	\$ 1,546,666



FINANCIAL SCHEDULES 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.

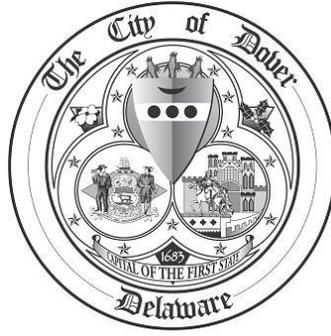
Budgetary schedule is included for public review of budgetary compliance.

CITY OF DOVER
INTERNAL SERVICE FUND - WORKERS' COMPENSATION

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

YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning Balance	\$ 1,052,600	\$ 1,248,200	\$ 1,248,164	\$ (36)
Interest Earned	10,600	20,700	23,653	2,953
City Contribution	642,500	620,000	679,064	59,064
Miscellaneous Revenue	-	9,400	9,489	89
TOTAL REVENUES	\$ 1,705,700	\$ 1,898,300	\$ 1,960,370	\$ 62,070
OPERATING EXPENSES:				
Program Expenses	\$ 475,000	\$ 475,000	\$ 561,086	\$ (86,086)
Contractual Services	25,000	25,000	4,000	21,000
Insurance	103,900	103,900	105,416	(1,516)
Bank Fees	1,300	-	-	-
State of Delaware - Self-Insurance Tax	37,000	38,100	38,041	59
TOTAL EXPENSES	\$ 642,200	\$ 642,000	\$ 708,543	\$ (66,543)
BUDGET BALANCE - CARRY FORWARD	\$ 1,063,500	\$ 1,256,300	\$ 1,251,827	\$ (4,473)



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.

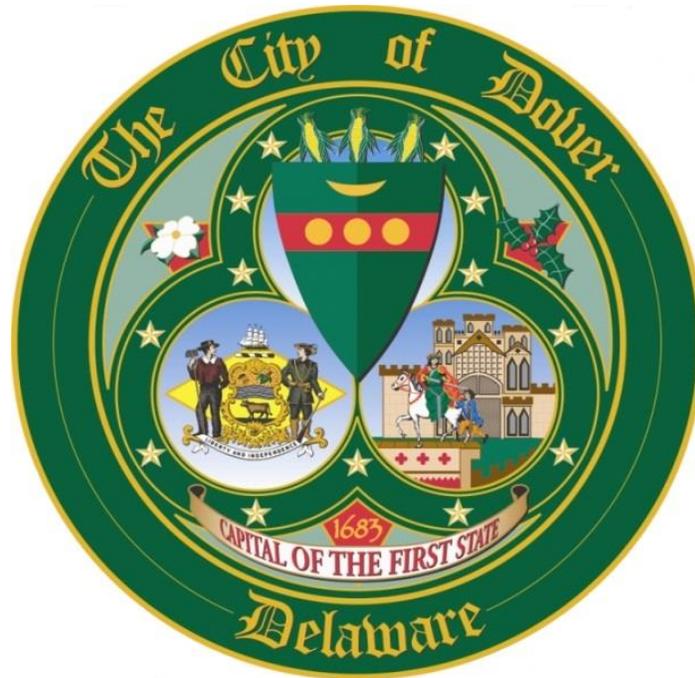
FOURTH OF JULY CELEBRATION COMMITTEE

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, 2016

	BALANCE			BALANCE		
	JUNE 30, 2015	ADDITIONS	DEDUCTIONS	JUNE 30, 2016		
DOWNTOWN DOVER PARTNERSHIP						
ASSETS:						
Cash	\$ 764,480	\$ 688,809	\$ 904,962	\$ 548,327		
Receivables	49,685	4,330	53,881	134		
Prepaid Items	-	94	-	94		
Total Assets	\$ 814,165	\$ 693,233	\$ 958,843	\$ 548,555		
LIABILITIES:						
Vouchers Payable	17,595	\$ 732,387	\$ 733,540	\$ 16,442		
Deposit Payable	27,432	-	-	27,432		
Due to Agencies	769,138	-	264,457	504,681		
Total Liabilities	\$ 814,165	\$ 732,387	\$ 997,997	\$ 548,555		
4TH OF JULY CELEBRATION COMMITTEE						
ASSETS:						
Cash	\$ 31,455	\$ 19,854	\$ 23,007	\$ 28,302		
Prepaid items	1,000	-	500	500		
Total Assets	\$ 32,455	\$ 19,854	\$ 23,507	\$ 28,802		
LIABILITIES:						
Vouchers Payable	\$ -	\$ 22,572	\$ 22,572	\$ -		
Due to Agencies	32,455	19,854	23,507	28,802		
Total Liabilities	\$ 32,455	\$ 42,426	\$ 46,079	\$ 28,802		
TOTAL-ALL AGENCY FUNDS						
ASSETS:						
Cash & Investments	\$ 795,935	\$ 708,663	\$ 927,969	\$ 576,629		
Receivables	49,685	4,330	53,881	134		
Prepaid Items	1,000	94	500	594		
Total Assets	\$ 846,620	\$ 713,087	\$ 982,350	\$ 577,357		
LIABILITIES:						
Vouchers Payable	\$ 17,595	\$ 754,959	\$ 756,112	\$ 16,442		
Deposit Payable	27,432	-	-	27,432		
Due to Agencies	801,593	19,854	287,964	533,483		
Total Liabilities	\$ 846,620	\$ 774,813	\$ 1,044,076	\$ 577,357		

STATISTICAL SECTION



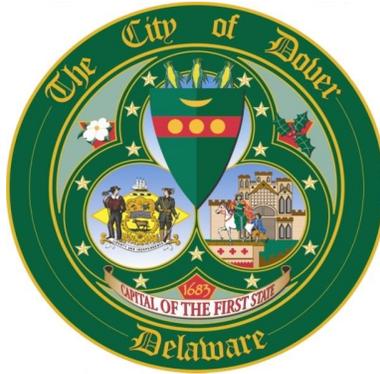
This section of the City of Dover's Comprehensive Annual Financial Report represents detailed information as a context for understanding what the statements, note disclosures and required supplementary information says about the Government's overall financial health.



MISS DELAWARE 2016 –

Amanda Debus was crowned Miss Delaware 2016 on June 12, 2016 at Dover Downs Hotel & Casino.

Credit Photo: pageantsnews.com



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.



DOVER HIGH SCHOOL COMMENCEMENT 2016 –
Johnny Martinez after receiving his diploma during DHS's 2016 graduation.

Credit Photo: Dover Post, David Paulk

2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 54,325,174	\$ 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
Restricted	932,728	556,553	612,054	721,682	482,780	1,774,167	1,250,342	1,758,470	1,602,932	1,591,678
Unrestricted	(22,214,284)	(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
Total governmental activities net position	33,043,618	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
Business-type activities										
Net investment in capital assets	110,647,045	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
Restricted	37,026,527	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
Unrestricted	26,876,166	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
Total business-type activities net position	174,549,738	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
Primary government										
Net investment in capital assets	164,972,219	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
Restricted	37,959,255	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
Unrestricted	4,661,882	(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
Total primary government net position	\$ 207,593,356	\$ 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

NOTE

The fiscal years prior to 2015 show fund balances as they were reported prior to GASB No. 68.

2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 4,648,999	\$ 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
Public safety	19,919,050	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
Public Works	7,381,557	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
Library and recreation	2,183,802	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
Community and economic development	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545
Central services	483,426	443,072	512,586	454,816	469,385	599,498	544,611	550,886	586,274	552,042
Financial administration	1,249,012	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
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	118,565	174,912	122,812	114,785	90,161	75,397	78,581	87,491	82,657	106,815
Total governmental activities expenses	36,536,290	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
Business-type activities										
Water and Sewer	11,925,299	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
Electric	61,054,151	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
Total business-type activities	72,979,450	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
Total primary government expenses	109,515,740	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,336,389	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
Public safety	4,920,783	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
Public works	2,527,478	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
Library and recreation	667,996	696,179	699,622	656,001	632,824	632,861	650,283	715,404	788,875	1,100,412
Operating grants and contributions	2,759,367	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
Capital grants and contributions	675,784	166,379	1,226,559	2,107,444	6,292,303	856,338	169,130	1,090,838	647,724	790,612
Total governmental activities program revenues	13,887,797	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

(Continued)

2016 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

(Table 2 Continued - Changes in Net Position)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Business-type activities:										
Charges for services:										
Water and Sewer	14,976,213	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
Electric	80,695,910	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
Capital Contributions	44,955	1,516,932	401,947	-	441,285	997,750	392,855	-	2,078,040	705,572
Total business-type activities program revenues	95,717,078	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
Total primary government program revenues	109,604,875	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
Net (expense)/revenue:										
Governmental activities	(22,648,493)	(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)
Business-type activities	22,737,628	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
Total primary government net revenue (expense)	89,135	(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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	12,846,774	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
Transfer taxes	2,191,915	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
Investment earnings	263,667	92,479	142,390	36,793	141,925	137,218	268,748	585,264	726,683	1,230,540
Transfers	16,295,503	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
Total governmental activities	31,597,859	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
Business-type activities:										
Investment earnings	1,058,028	544,624	832,919	112,402	630,420	554,787	837,564	1,748,376	2,652,414	2,664,831
Transfers	(16,295,503)	(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)
Total business-type activities	(15,237,475)	(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)
Total primary government	16,360,384	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
Change in Net Position										
Government activities	8,949,366	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
Business-type activities	7,500,153	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)
Total primary government	\$ 16,449,519	\$ 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

NOTE

The Change in Net Position for fiscal 2015 includes a prior period adjustment for the Net Pension Liability associated with GASB No. 68.

2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,580	\$ 709,817	\$ 528,145	\$ 2,023,169
Unreserved	-	-	-	-	-	-	7,242,323	8,305,396	9,387,795	7,046,831
Non-spendable	195,134	202,620	207,884	227,457	198,175	191,567	-	-	-	-
Restricted	173,769	127,706	129,476	131,237	83,356	85,070	-	-	-	-
Committed	1,059,197	1,041,130	723,300	936,899	920,475	3,484,203	-	-	-	-
Assigned	2,735,602	3,839,571	3,163,431	3,519,012	658,890	614,559	-	-	-	-
Unassigned	4,995,522	3,991,442	3,435,079	3,391,714	3,007,983	3,385,209	-	-	-	-
Total General Fund	9,159,224	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
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	-	-	-	872,309	881,332	5,180,097	5,248,929
Non-spendable	350	181	2,447	-	13,099	4,203	-	-	-	-
Restricted	758,959	428,847	482,578	590,445	399,424	764,512	-	-	-	-
Assigned	-	-	-	123,349	171,381	289,221	-	-	-	-
Total all other governmental funds	759,309	429,028	485,025	713,794	583,904	1,057,936	872,309	881,332	5,180,097	5,248,929
Total fund balances	\$ 9,918,533	\$ 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

NOTE

The fiscal years prior to 2011 show fund balances as they were classified and reported prior to GASB No. 54.

2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Fines	\$ 1,128,211	\$ 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
Library revenue	419,677	480,823	498,553	471,065	475,822	444,455	465,387	514,458	517,697	989,006
Licenses and permits	3,525,992	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
Sanitation fees and rebates	2,527,478	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
Recreation	65,145	66,038	49,144	40,446	44,522	44,292	36,100	47,079	34,111	12,793
Miscellaneous services	1,874,534	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
Taxes	15,085,481	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
Grants	3,449,238	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
Court of Chancery fees	1,239,300	1,118,680	1,034,460	917,700	863,220	766,340	675,390	738,240	883,880	929,120
Investment income	234,885	77,769	122,490	45,198	117,405	112,722	237,631	513,873	638,782	1,154,829
Total revenues	29,549,941	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
Expenditures										
General government	2,116,749	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
Library services	1,720,021	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
Public safety	21,240,506	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
Public works	2,146,917	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
Recreational services	783,976	865,938	683,363	651,341	827,230	834,124	746,868	869,134	2,699,725	1,452,987
Streets and sanitation services	6,081,813	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
Engineering services	166,579	26,996	-	-	-	-	-	-	-	314,728
Financial administration	919,086	979,112	1,002,539	909,877	902,009	866,314	895,570	1,009,240	1,055,619	829,002
Garage and stores	465,843	419,597	415,593	431,542	503,036	490,113	526,286	491,450	486,966	402,915
Insurance	280,901	278,682	272,895	241,395	198,241	203,343	197,723	199,643	176,947	165,584
Retiree health care lump sum	1,567,700	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
Employee pension unfunded liability	594,300	543,000	121,000	1,693,500	1,545,000	1,544,978	-	-	134,775	402,204
Street lights	804,246	775,197	774,533	878,760	986,430	968,562	956,860	937,013	917,438	624,243
Community and economic development	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744	724,555	497,914	639,545

(Continued)

2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenditures										
Debt service										
Principal	553,824	848,069	429,239	296,003	275,000	270,000	260,000	365,000	350,000	368,384
Interest	118,565	114,243	122,812	73,071	52,734	65,225	68,410	77,319	87,468	96,644
Other charges (issuance of debt)	-	60,668	-	1,029	27,255	-	-	-	-	-
Total expenditures	<u>40,112,905</u>	<u>38,595,690</u>	<u>35,442,421</u>	<u>37,155,900</u>	<u>44,672,570</u>	<u>35,490,681</u>	<u>31,997,443</u>	<u>33,930,429</u>	<u>31,548,754</u>	<u>28,912,374</u>
Excess of revenues over(under) expenditures	(10,562,964)	(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)
Other financing sources (uses)										
Bond proceeds	-	4,135,000	-	2,648,500	851,500	-	-	-	-	-
Transfers in	14,339,821	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
Transfers out	(3,489,821)	(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)
Total other financing sources (uses)	<u>10,850,000</u>	<u>14,635,000</u>	<u>8,500,000</u>	<u>13,140,218</u>	<u>9,152,296</u>	<u>8,856,000</u>	<u>7,306,120</u>	<u>5,533,055</u>	<u>7,166,269</u>	<u>5,385,000</u>
Net change in fund balances	<u>\$ 287,036</u>	<u>\$ 1,487,302</u>	<u>\$ (775,918)</u>	<u>\$ 3,467,330</u>	<u>\$ (2,783,617)</u>	<u>\$ 388,332</u>	<u>\$ (1,466,333)</u>	<u>\$ (5,199,492)</u>	<u>\$ 777,108</u>	<u>\$ 2,815,300</u>
Debt service as a percentage of noncapital expenditures	1.96%	3.09%	1.74%	1.14%	1.07%	0.85%	1.05%	1.42%	1.49%	1.66%
Capital outlay included in total expenditures (1)	\$ 5,753,588	\$ 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

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
2016	\$ 12,846,772	\$ 2,191,915	\$ 15,038,687
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

NOTES

1. Property Tax rate of \$.4050 per \$100 of 100% assessed value (See Table 6 for tax rates). Revenues include 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
2016	\$ 4,443,188,600	\$ 1,335,276,500	\$ 3,107,912,100	\$ 4,443,188,600	69.95%	\$ 0.4050
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

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.
5. In 2015, the City property values were reassessed, effective for tax year 2016. The tax rate was increased from \$.3378 to \$.4050 per \$100. Had the tax rate been rolled back to a revenue neutral rate, the rate would have been \$.3499 per \$100. The revised rate represents a \$.0672 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**

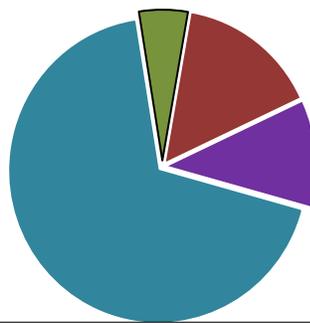
NOTES

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. In 2010, the City property values were reassessed, effective for tax year 2011. Tax rate increased to \$.3378
4. In 2015, the City property values were reassessed, effective for tax year 2016. Tax rate increased to \$.4050

Fiscal Year	Direct	Overlapping			Total Direct & Overlapping
	City of Dover	Kent County	Capital School District	Vo-Tech School District	
2016	\$ 0.4050	\$ 0.300	\$ 1.812	\$ 0.1415	\$ 2.658
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

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

**Property Tax Rates - FY 2016
 All Direct & Overlapping Governments**



■ City of Dover ■ Kent County ■ Capital School ■ Vo-Tech School

Table 8

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

TAX PAYERS	2016 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2007 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$ 147,924,900	1	4.83%	\$ 98,824,600	1	3.41%
Dover Mall LP/Dover Commons	89,455,200	2	2.92%	68,301,000	2	2.36%
Dover Medical Center	27,069,300	3	0.88%	-	-	-
Dover South Coast Partnership	23,071,400	4	0.75%	14,470,300	8	0.50%
Kraft-General Foods Corp.	21,534,700	5	0.70%	20,624,800	3	0.71%
GM Country Club, LLC	15,788,600	6	0.52%	11,015,800	-	0.38%
Multi Residential M, LLC	14,415,500	7	0.47%	10,343,500	-	0.36%
Blue Hen Apt, LLC	13,813,100	8	0.45%	-	-	-
Millers Dover Downs	13,573,400	9	0.44%	14,528,900	7	0.50%
The Dover Wipes, Co.	13,252,100	10	0.43%	10,979,800	-	0.38%
Dover Bay Court Plaza	-	-	-	19,062,300	4	0.66%
Berks City Real Estate, LLC	-	-	-	18,034,400	5	0.62%
Dover East Estates	-	-	-	11,647,200	9	0.40%
K.W. Lands/Sheraton/Hampton	-	-	-	11,382,100	10	0.39%
Country Village Associates	-	-	-	15,691,800	6	0.54%
	\$ 379,898,200		12.41%	\$ 324,906,500		11.21%
Total taxable assessed valuation for current year is				\$ 3,061,687,700		
Total taxable assessed valuation for ten years ago is				\$ 2,898,147,375		

Source: Tax Assessor's Office, City of Dover

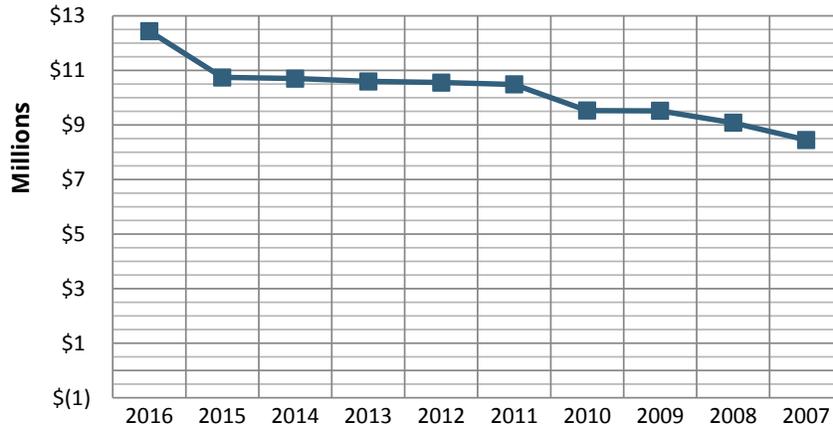
Table 9

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

Fiscal Year	Total Tax Levy	Collected Within the Fiscal Year of the Levy	Collection as Percentage of Levy	Collected in Subsequent Years	Total Collections to Date	Collection as Percentage of Levy
2016	\$ 12,437,857	\$ 12,204,948	98.1%	\$ -	\$ 12,204,948	98.13%
2015	10,737,703	10,612,272	98.8%	120,738	10,733,010	99.96%
2014	10,696,886	10,493,954	98.1%	201,637	10,695,591	99.99%
2013	10,594,623	10,398,888	98.2%	195,459	10,594,347	100.00%
2012	10,549,631	10,280,930	97.5%	268,327	10,549,257	100.00%
2011	10,481,734	10,166,681	97.0%	314,826	10,481,507	100.00%
2010	9,525,034	9,314,327	97.8%	210,707	9,525,034	100.00%
2009	9,512,522	9,206,158	96.8%	306,364	9,512,522	100.00%
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%

Source: City of Dover Assessor & Customer Service Reports.

**PROPERTY TAXES LEVIED
 LAST TEN FISCAL YEARS**



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	Water/Sewer Revenue Bonds	Electric Revenue Bonds					
2016	\$ 6,782,865	\$ 12,888,791	\$ 19,315,000	\$ 38,986,656	4.6%	1,041	37,453	
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	

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
2016	37,453	\$ 3,061,687,700	\$ 6,782,865	\$ 6,782,865	0.22%	181.10
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

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
2016	\$ 553,824	\$ 118,565	\$ 672,389	\$ 46,477,667	1.45%
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%

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, 2016**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 6,782,865	100%	\$ 6,782,865
Kent County ⁽¹⁾	58,618,867	7%	4,299,325
Capital School District ⁽²⁾	<u>60,379,555</u>		<u>N/A</u>
TOTAL	<u>\$ 125,781,287</u>		<u>\$ 11,082,190</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 \$58,618,867 as of June 30, 2016. Although Kent County's bonds are general obligation bonds, \$54,319,542 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2016, the net outstanding debt was \$60,379,555. Percentage and amount applicable to the City is not available.

*2016 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)**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 155,396	\$ 158,485	\$ 157,995	\$ 159,075	\$ 158,465	\$ 156,832	\$ 145,351	\$ 144,965	\$ 697,621	\$ 724,537
Net (Taxable) Assessed Value on Books	3,107,912	3,207,154	3,159,894	3,181,496	3,169,308	3,136,639	2,907,011	2,899,293	2,790,485	2,898,147
Total net debt applicable to limit	<u>6,783</u>	<u>7,337</u>	<u>4,050</u>	<u>4,479</u>	<u>1,550</u>	<u>1,820</u>	<u>2,080</u>	<u>2,445</u>	<u>2,795</u>	<u>3,140</u>
Legal Debt Margin	\$ 148,613	\$ 151,149	\$ 153,945	\$ 154,596	\$ 156,915	\$ 155,012	\$ 143,271	\$ 142,520	\$ 694,826	\$ 721,397
Total Net Debt applicable to limit as a percentage of debt limit	4.36%	4.63%	2.56%	2.82%	0.98%	1.16%	1.43%	1.69%	0.40%	0.43%

Legal Debt Margin Calculation for Fiscal Year 2016

Net (Taxable) Assessed Value on Books	<u>\$ 3,107,912</u>
Debt Limit - 5 Percent of Total Assessed Value	\$ 155,396
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>6,783</u>
LEGAL DEBT MARGIN	<u>\$ 148,613</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
2016	\$ 80,846,658	\$ 54,418,343	\$ 26,428,315	\$ 2,365,000	\$ 918,704	\$ 3,283,704	8.05
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

Source: City of Dover Financial Records.

NOTES

- Coverage required by the bond resolution is 1.25.
- Calculation of gross revenue for fiscal year 2016 is as follows:

Gross Revenue:	
Operating Revenues	\$ 80,689,709
Interest Earned-Operating Funds	156,949
Total Gross Revenue	\$ 80,846,658
- Direct operating expenses do not include depreciation expense.
- Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.
- 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.
- 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.
- 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.

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
2016	\$ 15,060,084	\$ 9,621,676	\$ 5,438,408	\$ 1,132,806	4.80
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

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
 Top 10 Water and Wastewater Utility Customers
 Fiscal Year Ended June 30, 2016**

Customer	Water Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Garrison Energy Center, LLC	261,078	15.8%	\$ 783,234	14.35%
Procter & Gamble, Co.	63,364	3.8%	190,092	3.48%
Dover Downs, Inc.	52,635	3.2%	157,905	2.89%
Delaware State University	43,568	2.6%	130,704	2.40%
Procter & Gamble, Co.	33,451	2.0%	100,353	1.84%
Kraft Foods Global, Inc.	30,554	1.9%	91,662	1.68%
Bayhealth Medical Center	22,560	1.4%	67,680	1.24%
Dover Housing Authority	21,646	1.3%	64,938	1.19%
Tidewater Utilities	21,141	1.3%	63,423	1.16%
Dover Housing Authority	20,110	1.2%	60,330	1.11%
Totals for Top 10 Customers	570,107	34.6%	1,710,321	31.34%
All Other	1,078,712	65.42%	3,746,740	68.66%
Total for System	1,648,819	100.00%	\$ 5,457,061	100.00%

Customer	Wastewater Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Dover Downs, Inc.	52,635	4.2%	\$ 218,435	4.00%
Kraft Foods Global, Inc.	34,855	2.8%	144,648	2.65%
Kent General Hospital	32,771	2.6%	136,000	2.49%
Garrison Energy Center, LLC	31,104	2.5%	129,082	2.37%
Procter & Gamble, Co.	27,455	2.2%	113,938	2.09%
HBI Inc - Vendor Service Line	26,172	2.1%	108,614	1.99%
NRG Energy Center Dover, LLC	25,857	2.1%	107,307	1.97%
Dover Housing Authority	21,646	1.7%	89,831	1.65%
Dover Housing Authority	20,110	1.6%	83,457	1.53%
Dover East Estates, LP	15,616	1.2%	64,806	1.19%
Totals for Top 10 Customers	288,221	22.9%	1,196,117	21.92%
All Other	970,740	77.11%	4,427,437	78.08%
Total for System	1,258,961	100.00%	\$ 5,623,554	100.00%

NOTE:

- Both the Water and Wastewater revenue billed amounts for each customer do not include the monthly flat rate of \$2.50.

Table 18

**City of Dover
 Top 10 Electric Utility Customers
 Fiscal Year Ended June 30, 2016**

Customer	Kwh	% of Total Kwh	Revenue Billed	% of Total Revenue
Dover Air Force Base	52,455,030	7.4%	\$ 4,412,591	5.6%
Kraft Foods Global Inc	46,405,326	6.6%	3,593,946	4.5%
Delaware State University	29,211,041	4.1%	2,596,663	3.3%
Kent General Hospital	25,508,094	3.6%	2,249,160	2.8%
Edgewell Personal Care Brands	24,708,839	3.5%	2,234,404	2.8%
Dover Downs Inc	23,434,061	3.3%	2,081,540	2.6%
State of Delaware	14,483,502	2.1%	1,536,369	1.9%
Proctor and Gamble Company	14,520,984	2.1%	1,215,391	1.5%
Capital School District	9,977,684	1.4%	1,151,951	1.5%
Eden Hill Medical Center	4,642,800	0.7%	427,248	0.5%
Totals for Top 10 Customers	245,347,361	34.8%	21,499,262	27.2%
All Other	459,894,271	65.2%	57,655,376	72.8%
Total for System	705,241,632	100.0%	\$ 79,154,638	100.0%

Table 19

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

Year	Population	Personal Income		Median Age	School Enrollment	Unemployment Rate
		Personal Income	Per Capita Personal Income			
2016	37,453	\$ 842,783,433	\$ 22,213	30.2	6,486	5.7%
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%

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: 2010-2014 American Community Survey 5-Year Estimates

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

Unemployment Rate Source: Delaware Department of Labor Statistics Not Seasonally Adjusted, May 2016

Table 20

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

Name	2016			2007		
	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	32.0%	8,000	1	36.0%
State of Delaware ^{(2) (3)}	4,500	2	22.5%	4,819	2	39.6%
Bayhealth-Kent General & Milford ⁽²⁾	3,668	3	18.3%	2,008	4	9.0%
Dover Downs Co., Inc.	1,449	4	7.2%	1061	5	4.8%
Delaware State University	1,035	5	5.2%	600	8	2.7%
Capital School District ⁽⁴⁾	985	6	4.9%	898	6	4.0%
Kraft Foods Inc.	549	7	2.7%	520	9	2.3%
Edgewell ⁽⁵⁾	520	8	2.6%	720	7	3.2%
Delaware Tech	516	9	2.6%	-	-	-
Proctor & Gamble	394	10	2.0%	-	-	-
City of Dover	-	-	-	391	10	1.8%
Dover Mall LP	-	-	-	3,200	3	14.4%
	<u>20,016</u>			<u>22,217</u>		

Source: City Manager/Mayor 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. As of November 23, 2016; figures estimated by Employer.
5. Energizer (formerly Playtex) is now Edgewell.

Table 21

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Assessor	3.0	3.0	3.0	3.0	3.0	3.0	4.5	4.5	4.5	3.0
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	4.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0
Customer Services	14.0	14.0	15.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0
Facilities Management	7.0	7.0	7.0	9.0	12.0	13.0	13.0	13.0	13.0	12.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire	5.0	6.0	8.0	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	3.0	4.0	4.0	4.0	4.0
Information Technology	4.0	5.0	5.0	5.0	5.0	7.0	8.0	8.0	8.0	8.0
Library	13.0	14.0	13.0	13.0	12.0	17.5	18.0	18.0	18.0	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	5.0	6.0	8.0	8.0	8.0	8.0	5.0
Police Civilian	33.0	31.0	31.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
Police Law Enforcement	101.0	93.0	93.0	93.0	93.0	91.0	90.0	93.0	93.0	91.0
Procurement & Inventory	3.0	3.0	4.0	4.0	6.0	6.0	8.0	8.0	8.0	8.0
Public Services, Administration	6.0	5.0	5.0	6.0	5.0	4.0	4.0	4.0	5.0	4.0
Public Services, Inspections	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	16.0	15.0
Public Services, Life Safety	3.0	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	3.0	-	-
Public Services, Engineering	3.0	3.0	-	-	-	-	-	-	-	-
Planning	6.0	5.0	4.5	4.5	5.0	5.0	6.0	6.0	5.0	5.0
Code Enforcement	5.0	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
Public Works, Grounds Maintenance	13.0	13.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0
Public Works, Sanitation	10.0	11.0	11.0	11.0	13.0	12.0	13.0	13.0	13.0	13.0
Public Works, Streets	8.0	8.0	8.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0
General Fund Total	277.0	269.0	270.0	269.0	279.0	289.0	298.5	301.5	298.5	288.0
Public Utilities, Electric Administration	4.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	10.0	10.0	10.0	12.5	12.5	12.5	20.5
Public Utilities, Electric System OPS	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	-
Public Utilities, Electric Meter Reading	4.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	5.0	5.0
Public Utilities, Electric Transmission & Distribution	24.0	24.0	24.0	24.0	25.0	25.0	28.0	28.0	28.0	29.0
Electric Fund Total	47.0	45.0	45.0	45.0	47.0	47.0	53.5	53.5	54.5	57.5
Public Utilities, Construction	-	3.0	3.0	5.0	6.0	6.0	7.0	7.0	7.0	8.0
Public Utilities, Wastewater Engineering	5.0	5.0	5.0	6.0	6.0	6.0	8.0	8.0	8.0	3.0
Public Utilities, Wastewater T & D	11.0	11.0	11.0	10.0	10.0	9.0	11.0	11.0	11.0	11.0
Public Utilities, Water T & D	6.0	4.0	4.0	5.0	4.0	4.0	5.0	5.0	5.0	5.0
Public Utilities, Water Treatment Plant	13.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Water Meter Reading	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Water/Wastewater Fund Total	35.0	34.0	34.0	36.0	36.0	35.0	42.0	42.0	42.0	37.0
Total Full-Time Equivalents	359.0	348.0	349.0	350.0	362.0	371.0	394.0	397.0	395.0	382.5

Source: City of Dover Budget

2016 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 22

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

	June 30, 2016	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
Land area - Acres	15191.7	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	23.74	23.3	23.29	23.29	23.29	23.29	23.29	22.586	22.586	23.303	22.929
Total Miles of Street	168.01	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	108.66	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	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	37,522	36,054	37,089	36,047	36,047	36,047	32,043	32,043	32,043	32,043	32,043
Dover Population - City Count	37,453	37,560	37,366	36,492	36,267	36,047	36,559	35,997	35,503	34,689	33,965
Registered Voters	24,170	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	4
Co-Generating Unit	0	1	1	1	1	1	1	1	1	1	0
Total Units	4	5	5	5	5	5	5	5	5	5	4
Generating Capacity	175 mw										
Co-Generating Capacity	0 mw	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.	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	15.00	15.00	15.00	15	15	15	15	16
High Peak Load	158.5 mw	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	20,065	20,143	19,900	19,990	19,908	19,782	19,785	19,682	19,137	18,578	18,297
Commercial	3,310	3,343	3,412	3,412	3,354	3,386	3,370	3,497	3,664	3,422	3,280
Primary	37	36	37	37	39	38	36	37	37	36	32
69 KV Industrial	5	4	5	4	4	4	4	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	0	0	0	149
Total Customers Sales \$	\$79,154,638	\$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	705,214,632	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											
\$	\$42,292,251	\$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	740,871,000	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	2
Officers	8	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteers-Active)	125	125	160	100	100	100	120	80	100	100	100
Equipment	10	16	15	15	15	14	14	14	18	14	14

(Continued)

2016 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Statistical Section

Table 22 (Continued)

	June 30, 2016	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	3
Small Parks	24	24	24	24	24	22	22	22	22	22	22
Police Department:											
Station	1	1	1	1	1	1	1	1	1	1	1
Uniformed Personnel	100	89	94	93	93	93	90	92	92	90	88
Automobiles	80	76	77	75	78	67	66	66	66	66	71
Motorcycles	7	7	7	7	7	7	7	7	7	5	5
Motor Boats	0	0	0	0	0	1	1	1	1	1	1
Bicycles	7	12	12	12	12	4	4	4	4	4	4
Specialty Vehicles	7	7	7	7	7	7	7	6	6	6	6
Golf Carts	6	5	0	0	0	0	0	0	0	0	0
Trailers	2	2	2	2	2	3	3	3	3	4	4
Public Library:											
Books	106,493	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)	22,345	22,366	21,008	16,929	15,265	14,409	15,572	15,356	11,917	11,507	7,171
Members	41,221	41,348	37,531	34,308	32,717	33,466	36,534	39,354	37,587	37,036	39,202
Magazines Subscriptions	161	174	191	187	217	178	201	193	287	359	359
Newspapers	12	10	10	11	11	19	19	19	29	15	12
Circulation of Books	412,969	449,746	463,113	444,333	407,611	400,130	375,632	428,633	408,827	400,336	398,666
Electronic Downloads - Books	30,811	24,801	17,219	11,770	2,635	0	0	0	0	0	0
Water Utility:											
Supply - Wells	21	22	22	22	22	22	22	22	22	22	22
Storage Tanks	7	6	6	6	6	6	6	6	6	6	6
Total Storage Capacity (Gallons)	5,250,000	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	3,750,000
Water Mains (miles)	225	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	4,521,047	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)	7,466,000	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)	1,833,877,000	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)	1,648,819,000	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)	4,517,312	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	12,376	12,365	12,341	12,373	12,385	12,330	13,863	13,375	13,229	11,962	11,764
Number of New Connections	11	24	0	0	55	0	488	146	284	198	139
Wastewater Utility:											
Pumping Stations	45	41	40	40	40	42	42	42	42	42	38
Sanitary Sewer Mains (Miles)	191.00 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)	4,706,133	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
Wastewater Discharge (Gallons Pumped)	1,717,738,575	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)	1,258,961,000	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)	3,449,208	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	0	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	4.6 MGD
Sales to Customers:											
Water Fees	\$5,457,061	\$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	\$3,745,497	\$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	\$2,936,831	\$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	\$1,878,057	\$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 23

**City of Dover, Delaware
 Summary of Insurance
 As of June 30, 2016**

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<u>Property</u>		
Blanket Building & Contents (Special Form, RC, Agreed Amount)	\$159,301,144	\$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	
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 Department Services Charge	Included	
Fire Protective Equipment Discharge	Included	
Fungus, Wet Rot, Bacteria	\$25,000	
Green Building Alternatives	1% / Max. \$100,000 each building	
Green Building 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 – Premium	\$100,000	
Personal Affects	\$250,000	
Personal Property at Undescribed Premises	\$50,000	
Personal Property in Transit out of Coverage Territory	\$25,000	

Table 23 - 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	\$94,725	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	
Listed Items	\$175,170	
Basic Deductible	\$1,000	
Employee Tool Deductible	\$250	
Flood Deductible	\$50,000	
Earthquake Deductible	\$50,000	
Windstorm Deductible	\$10,000	

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
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 Damages to Premises Rented to You Limit (Any One Premises)	\$1,000,000
Medical Expenses	\$100,000
Sewer Back Up	\$0
Failure to Supply	\$1,000,000 (resulting from negligence)
Each Abuse or Molestation Offense Limit	\$1,000,000
Abuse or Molestation Aggregate Limit	\$1,000,000

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
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

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
<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)	\$500 Comp Deduct/\$1,000 Collision Deduct
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 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
Umbrella Excess Liability Coverage:	
<u>Umbrella</u>	
General Aggregate Limit	\$6,000,000
Each Wrongful Act Limit	\$6,000,000
Each Wrongful Employment Practice Offense 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	\$1,000,000
Employers Liability (Safety Nat'l)	\$1,000,000
Cyber Liability Coverage:	
<u>Cyber Liability – Claims Made</u>	
Retroactive Date: 12/01/2012	
Aggregate Limit	\$1,000,000
Third-Party Liability	
Network & Information Security	
Each Wrongful Act Limit	\$1,000,000
Deductible	\$10,000
First-Party Liability	
Security Breach Notification & Remediation Expenses Sublimit	\$500,000
Deductible	\$10,000
Crisis Management Service Expenses	\$500,000
Deductible	\$10,000
Pollution Liability Coverage:	
<u>Pollution Liability</u>	
Each Pollution Event Limit	\$5,000,000
Aggregate Policy Limit	\$10,000,000
Crisis Management Expense Aggregate Limit	\$50,000
Green Remediation Aggregate Limit	\$50,000
Green Standards Aggregate Limit	\$50,000
Deductibles	\$25,000 Each Pollution Event

Table 23 - 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 Workers' Compensation Coverage:

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

Workers' Compensation-TPA Services
 (Charges based on claim count, this number could fluctuate)

Travel Accident Policy Principal Sum: \$100,000 \$0 Deductible

Covered Positions: The Mayor, HR Director, Police Chief, Police Major, Police Captains, IT Director, PW Director, Water/Wastewater Manager, PW Operations Manager, Electric Director, Engineering and System Operations, Line Crew Foreman, City Manager, Assistant City Manager, Planning Director, Principal Planner, Fire Marshall, City Clerk, Assistant City Clerk, Controller, Assistant Finance Director, Library Director, Assistant Library Director, Tax Assessor, Economic Development Director and Council Members of the Policyholder.

Bond - Self Insured Workers' Compensation - State of Delaware
 Limit: \$750,000

Bond - Public Officials Bond - Donna Mitchell – Treasurer
 Limit: \$100,000

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

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

**Locations: McKee Run Generating Plant
 VanSant Station**

Policy #1
 XL Insurance Company – \$50,000,000 per Occurrence (50% Carrier Capacity Limit of \$100,000,000)

Coverages:

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

Table 23 - 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