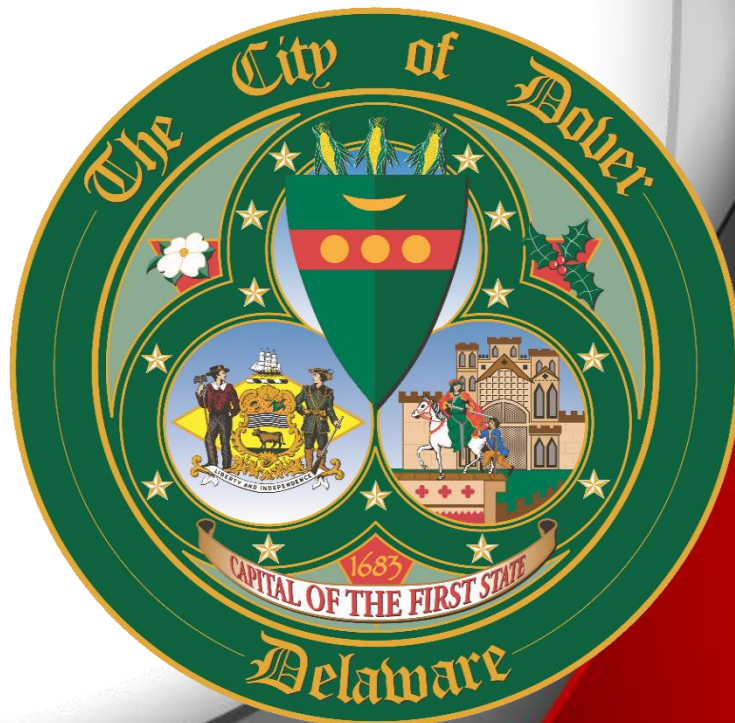


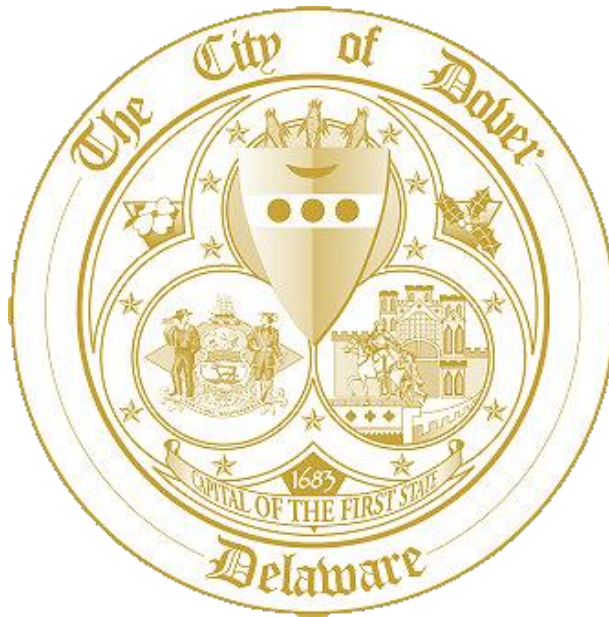
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019



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COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by the Finance Department
Lori Peddicord, Controller/Treasurer

ACKNOWLEDGEMENTS

THE CITY OF DOVER'S COMPREHENSIVE ANNUAL FINANCIAL REPORT WAS
PREPARED BY THE FINANCE DEPARTMENT

TRACEY LISIECKI

FINANCIAL REPORTING & ACCOUNTING MANAGER

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ADMINISTRATIVE ASSISTANT

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ASSISTANT CONTROLLER/TREASURER

JENNIFER HELMS

ACCOUNTANT II

SHARON DANIEL

ACCOUNT CLERK II

JENNIFER GUZMAN-PEREZ

PAYROLL SPECIALIST

SPECIAL APPRECIATION IS EXTENDED TO
Mrs. DONNA S. MITCHELL, CITY MANAGER,
AND ALL PERSONNEL THROUGHOUT THE CITY FOR THEIR CONTINUED
SUPPORT OF THE FINANCE DEPARTMENT.

CITY OF DOVER, DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2019

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CITY OF DOVER, DELAWARE

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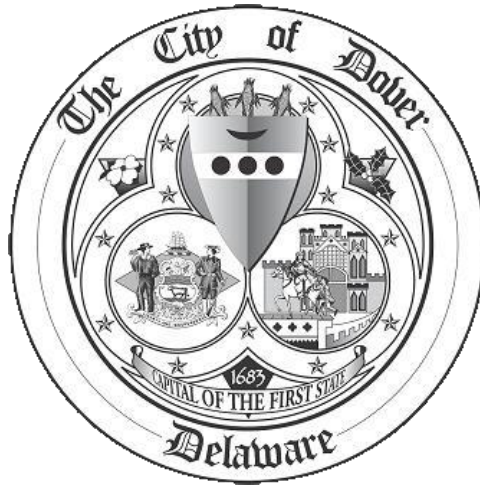
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INTRODUCTORY SECTION



LETTER OF TRANSMITTAL

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

MAYOR AND MEMBERS OF COUNCIL

LIST OF ELECTED OFFICIALS

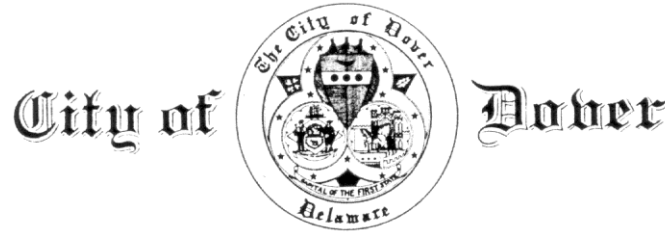
LIST OF APPOINTED OFFICIALS

**LIST OF COMMITTEES, COMMISSIONS AND
BOARDS**

ORGANIZATION CHART

VISION

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April 17, 2020

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, 2019. 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 CliftonLarsonAllen LLP, an independent firm of certified public accountants as required by Section 46 of the City Charter. CliftonLarsonAllen LLP has provided an unmodified opinion on the City of Dover financial statements for the year ended June 30, 2019. The report of independent public accountants 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 38,422. 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 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

Dover is the dominant center of population, employment, commerce, education and culture in Central Delaware. Economic growth continues in all sectors, with significant construction and permit activity occurring during the most recent year. Population and employment growth remains steady, typically running ahead of the County growth rates.

Growth in the health care and commercial/retail sectors is especially strong, with significant new projects occurring throughout the City. Revitalization of the historic Downtown commercial core continues, along with increasingly successful efforts to revitalize older nearby residential neighborhoods.

Total value of commercial construction in FY 19 was approximately \$28.0 million, down significantly from the prior year, reflecting a large number of projects still under construction and fewer very large project proposals. Almost 2,000 building permits of all types were issued along with 3,900 business and related licenses and almost 4,200 rental licenses. Year to year comparisons are not necessarily indicative of the health of Dover's economy, due to the timing of activity and the variability of general economic factors.

Growth and development trends during fiscal year 2019 are discussed below.

Population Growth

The last decennial census was conducted in 2010 and set Dover's population at 36,047. The Delaware Population Consortium estimates that Dover's July 1, 2019 population is 38,058, or a 5.6% increase since the 2010 count. Dover's population is projected to reach 38,304 by 2020 and grow to 41,769 by 2035, with a sustained growth rate of about 3% during each of the next five-year periods. Statistically, Dover's population is younger than that of the County or the State, with a slightly lower proportion of the population of senior citizens as well. Working-aged adults (23-64) are projected to remain fairly stable as a percentage of the City's population, making up slightly less than half of the City's population through 2030.

Residential Development

Dover's residential market is slowly emerging from the prior recession 12 years ago, but older developments are seeing increased build-out, and the market for apartment units has been strong. Significant activity has occurred in the Village of Cannon Mills, Clearview Meadow TND, Village of

Westover PND, the Arbors, Blue Hen Apartments, and Leander Lakes; many of which are nearing final completion. These projects, and general residential construction, are expected to have a positive impact on Dover's rate of population growth.

Downtown Dover Redevelopment

Revitalization of the historic Downtown core is continuing in both commercial and residential sectors. Building plans are moving forward for a two-building office and retail center on Loockerman Street, along with potential new businesses locating in existing spaces. Through the efforts of National Council on Agricultural Life and Labor (NCALL) Research and others, a number of deteriorated and blighted residential properties have been demolished, and are being replaced by new owner-occupied dwellings, transforming entire block-fronts adjacent to the commercial core. During 2019, nineteen residential units and three commercial units qualified for Downtown Dover Development incentives. Over \$18,600 in City Downtown Development District incentives were awarded in 2019.

Retail/Commercial Development

This sector is showing significant growth with new and expanded locations along the major highway corridors and throughout the City. Construction of Capital Station (replacing a long vacant industrial building on US13) continues to add tenants, including Aldi, Starbucks, Supercuts, Red Robin and Village Optical, with others underway. Lidl is building a new grocery facility nearby. Century Engineering and Chesapeake Utilities completed new headquarters buildings along the Bay Road Corridor, with plans for a new facility for the Solid Waste Authority, an office for Delaware State Police, and other commercial renovations in progress in that portion of the City. Plans are also underway for a number of new restaurants and other businesses along US 13, and along the Route 8 corridor. Other projects included new and proposed office buildings on W. North Street, remodeling of the WAWAs on N. DuPont Highway and Route 8, remodeling/renovations at Victoria's Secret in the Mall and Wendy's on US 13, construction of new offices for Advantech in the Garrison Oak Business and Technology Center, renovations at Fordham Brewery, planning for the renovations of the former Acme to house Hobby Lobby, and many others.

Health Care, Institutional and Other Sectors Development

Dover's economy is well balanced across a range of sectors including health care, government and military, education and industrial categories. Health care, especially in 2019, saw significant projects underway or completed, including medical offices at Eden Hill and the Post-Acute Medical Rehabilitation Hospital on McKee Road. In education, Delaware State University approached completion of their 620 bed dormitory complex, replacing outdated existing facilities, while Wesley College renovated a central dining lounge. NCALL is building a new office building on W. Division

Street. On the government side, three projects were in preliminary development: a new office building for the State Police; planning for a future Family Court facility, and site selection for relocation and eventual construction of a new U.S. Post Office for Dover.

Infrastructure

During the period of July 1, 2018 to June 30, 2019, the City has undertaken several large water and sewer projects to upgrade pump stations, as well as distribution and transmission mains. These projects improved water quality, increased system efficiency and reduced the inflow/infiltration in our sewer system. The City continues work on upgrading our Water Treatment Plant to increase production and efficiency. The City has also repaved several streets and upgraded the associated sidewalks during this period.

Summary

Fiscal Year 2019 saw a continuation of strong growth in the state capital. Dover remains the geographic and economic center of the County, and is well posed for future growth, development and reinvestment.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City Council continues its focus on replacing or upgrading aging infrastructure in order to improve the quality and reliability of our utility systems. In FY19, the City recorded \$1.8 million in street improvements which included the acceptance of the Energy Lane & Stover Blvd Street Infrastructure dedication, and there were improvements made to New Street, Hope Street, Mockingbird Avenue and numerous other street projects within the City. Purchases of vehicles and other related equipment totaled \$1.5 million.

The water and wastewater fund had capital improvements totaling \$1.1 million completed. These improvements included the Inflow and Infiltration projects at College Road, Fox Hall, Wesley College and Rodney Village areas. There were significant improvements made to the Dover Downs Pump Station and numerous water-related projects to include the North State Street Water Main Replacement and Wellhead Redevelopment at Well#3.

The electric utility completed capital improvements of \$1.4 million in fiscal year 2019. Many projects were completed by our Transmission and Distribution crews to include Advantech Garrison Oak, Leander Lakes Phase 2, MRMS Wellness Plaza, Arbor Senior Condominiums and several others. There were switchgear replacements, distribution upgrades and lighting projects and a solar meter installation project at the Dover Air Force Base.

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 services and revenue losses. The fiscal year 2019/2020 Capital Investment Plan includes \$2.3 million for vehicles and equipment and \$13.3 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.

In fiscal year 2020, the General Fund capital improvements budget includes \$3.3 million. The City Hall is expected to have improvements to the exterior of the building of approximately \$0.8 million. The Parks and Recreation department has earmarked funding of \$0.5 million for park improvements at numerous locations throughout the City and some related to the FY18 Master Plans that were completed. The Police department has budgeted for numerous building improvements/upgrades totaling \$0.4 million. The Public Works department has an approved capital project budget of \$0.2 million for Stormwater related projects and \$0.9 million for Street and Alley projects.

The Water and Wastewater Fund budgets include capital improvements of approximately \$3.5 million. Approximately \$0.8 million is earmarked this year as the City is continuing the inflow/infiltration improvement program for our sewer system. The Water Treatment Plan Improvements will continue totaling approximately \$0.5 million and number of other Water Quality Improvement projects are identified as well.

The Electric Fund is projecting \$6.4 million in capital improvements for FY20. The budget includes numerous upgrades in various developments within the City encompassing \$2.2 million in project improvements. The overhaul of the HVAC system at Reed Street/Weyandt Hall which was in the FY19 budget but didn't get completed is budgeted at \$1.2 million. The new development budget totals \$0.9 million. The City is still heavily involved in the Citywide enterprise resource planning (ERP) implementation project with a budget for FY20 of \$0.5 million. \$2.3 million is budgeted for the Roadway light LED conversion project allowing the City to move forward with the upgrade from the non-LED street light to LED lighting changeover with the completion of the inventory survey of existing lights.

FINANCIAL POLICIES AND FINANCIAL PLANNING

Unassigned fund balances in the General Fund of 16.3% exceeded the policy guidelines of a minimum of 8% and maximum of 12% of current year operating revenues as approved by City Council in the City of Dover financial policies. This overage was attributed to lower than budgeted expenditures along all functions of the government due to attrition and vacancies, and as a result, the fiscal year 2021 budget will be adjusted to address the overage.

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 water and wastewater utility ended the year with a combined budget balance of 13.7%. The current budget balances as of June 30, 2019 for the utilities are water at 27.0% of the actual water revenues and wastewater at 3.8% of the actual wastewater revenues. The Wastewater budget balance deficiency will be addressed in the fiscal year 2021 budget.

The electric utility is to maintain a minimum budget balance of at least 12% (45 days) of the current year operating revenues less the Distribution of Earnings – PCA Credit. 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 electric utility ended the year with a budget balance greater than the 12% at 22.1%. This was attributed to lower than projected power supply and generation cost and higher than anticipated direct base sales. The fiscal year 2021 budget will include a distribution of prior year earnings to the electric customers in the form of a negative power cost adjustment.

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 requirements.

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 level off the fluctuations in the wholesale power supply market and in turn provide stable rates to the City's customers. The reserve balance shall be maintained at a minimum of 10% not to exceed 20% of the purchase power cost in any given year. If the reserve balance exceeds the 20% maximum, a credit will be applied to the power cost adjustment.

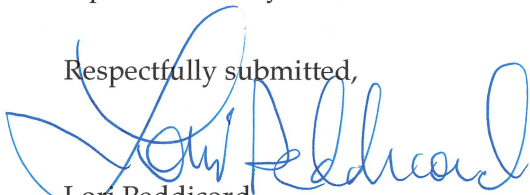
AWARDS AND ACKNOWLEDGEMENTS

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, 2018. This was the thirty-fourth (34) 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 for the many City employees for their assistance and cooperation during the year in preparation of this report. My appreciation is extended to Mr. David S. Hugg III, City Planner for his assistance with the preparation of the local economy section, Mrs. Tracey Lisiecki for her continued years of knowledge and support this year being a bit more challenging with the implementation of a new software and the departmental vacancies. I am also extending a sincere thank you to Mr. Louis Vitola in providing his assistance when the Finance team needed it most, his willingness to work in a temporary capacity providing the additional support in compiling data for the year end close and assisting with the annual report preparation is truly appreciated. The employees of the Finance Department should be commended for their true pride and dedication as they continue to make this report and each year a success.

Respectfully submitted,



Lori Peddicord
Controller/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dover
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

MAYOR AND MEMBERS OF COUNCIL



Tanner Wm. Polce,
1st District



William F. Hare,
2nd District



Scott W. Cole,
3rd District



David L. Anderson,
4th District



Matthew J. Lindell,
1st District



Ralph L. Taylor, Jr.,
2nd District



Fred A. Neil,
3rd District



Roy Sudler, Jr.,
4th District



Timothy A. Slavin,
At-Large



Robin R.
Christiansen, Mayor

ELECTED OFFICIALS

	<u>Length of Service</u>	<u>Term Expires</u>
<i>Mayor</i>		
Robin R. Christiansen	5 Years	May 2023
<i>City Council</i>		
<i>At-Large</i>		
Timothy A. Slavin	6 Years	May 2021
<i>First District</i>		
Matthew J. Lindell	2 Years	May 2023
Tanner Wm. Polce	2 Years	May 2021
<i>Second District</i>		
* William F. Hare	8 Years	May 2021
Ralph L. Taylor, Jr.	1 Month	May 2023
<i>Third District</i>		
Scott W. Cole	4 Years	May 2023
Fred A. Neil	4 Years	May 2021
<i>Fourth District</i>		
David L. Anderson	8 Years	May 2021
Roy Sudler, Jr.	4 Years	May 2023
* Council President		

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

APPOINTED OFFICIALS

	<u>Length of Time in Position</u>	<u>Length of Time with the City</u>
City Clerk/Assistant Treasurer – Traci A. McDowell	13 Years	31 Years
City Manager/Civil Defense Director – Donna S. Mitchell	1 Year	18 Years
City Solicitor – Nicholas H. Rodriquez	51 Years	51 Years
Deputy City Solicitor – William W. Pepper, Sr.	29 Years	29 Years
Council President – William F. Hare	1 Month	8 Years
City Assessor – Cheryl A. Bundeck	10 Years	27 Years
City Building Inspector – David S. Hugg III	1 Year	1 Year
City Planner – David S. Hugg III	1 Year	1 Year
Controller/Treasurer – Lori Peddicord	1 Year	4 Years
Fire Chief – Ronald W. Rhodes, Sr.	6 Months	-
Fire Marshal – Jason A. Osika	3 Years	17 Years
Acting Police Chief – Major Tim Stump	1 month	29 Years

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

LIST OF COMMITTEES, COMMISSIONS, AND BOARDS

Awards Committee

Peggy Angel
Ronald R. Gough
Georgia Van Sant

Bicycle and Pedestrian Subcommittee

Gerry Pennington, Chair
Chris Asay, Vice Chair
Jayce Lesniewski
Dave Moses
Fran Riddle
Andy Seigel
Vacancy

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

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

Compensation Commission

Controller/Treasurer, Lori Peddicord
Human Resources Director, Kimberly Hawkins
Vacancy
Vacancy
Vacancy
Vacancy
Vacancy

Construction and Property Maintenance Code

Board of Appeals

Councilman David L. Anderson, Chair
Councilman Fred A. Neil
Charles Martin
Vacancy
Vacancy

Dover Fourth of July Celebration Committee

Mayor Robin R. Christiansen, Chair
Greg Patterson, President/Vice Chair
Andrea Maucher, Vice-President
Jeffrey C. Dill, Treasurer/Secretary
Susan Betts
Carolyn D. Courtney
Gail Nemcic
Vacancy
Sarah Zimmerman

Dover Housing Authority

Mark Harmon
Enrico LePore
Robert F. Merritt
Audrey Daniels
Phillip McGinnis
Sandra Taylor
Rufus Mincey, Interim Executive
Director/Secretary

Dover Public Library Advisory Commission

Councilman Scott W. Cole
Zachery C. Carter
Gertrude Jackson
Beth Petit De Mange
Jill B. Street
Robert S. Wetherall

LIST OF COMMITTEES, COMMISSIONS, AND BOARDS (CONT'D)

Dover/Kent County MPO Council

Mayor Robin R. Christiansen

Downtown Dover Partnership Board of Directors

City Manager, Donna S. Mitchell

City Planner, David S. Hugg III

Mayor Robin R. Christiansen

Councilman Fred A. Neil

Councilman Tanner Wm. Polce

Economic Development Committee

Mayor Robin R. Christiansen, Chair

Councilman Matthew J. Lindell

Councilman Scott W. Cole

Kim I. Adams

Clayton E. Hammond II

City Manager, Donna S. Mitchell

City Planner, David S. Hugg III

Diane Laird

Election Board

At Large: Juanita F. Walker

First District: Anita L. McDowell Boyer

Second District: Cherritta L. Matthews

Third District: James W. Brockton

Fourth District: M. Milford Caldwell

Traci A. McDowell, City Clerk (Liaison Member)

Ethics Commission

Thomas C. Jackson, Chair

Robin F. Case

Gary Coy

Lisa M. Enright

Vacancy

General Employee Pension Plan Board of Trustees

Councilman David L. Anderson

Councilman Ralph L. Taylor, Jr.

City Manager, Donna S. Mitchell

Controller/Treasurer, Lori Peddicord

Robert Gedney

Samuel C. "Carter" Knotts

Vacancy

Greater Dover Arts Council

Chevis Anderson, Chair

Sydney Arntz

N. Taylor Collins

Caroline Greene

Charles Guerin

Paul Janiga

Tracey Miller

Cheryl Scheir

Cynthia Witt

Sarah Zimmerman

Historic District Commission

Joseph McDaniel (Chair) Business Rep./Resident

Ann Baker Horsey, (Vice-Chair)

Professional/Resident

Eric S. Czerwinski, Professional

Mary Terry Mason, Resident

Jonathan N.H. Street, Professional

Human Relations Commission

At-Large: Sara Herbert

First District: Paul Fleming

First District: Gerald Rocha, Sr.

Second District: Vacancy

Second District: Vacancy

Third District: Alan Gaddis, Chair

Third District: Wanda Mullen

Fourth District: Rita Mishoe Paige

Fourth District: Vacancy

LIST OF COMMITTEES, COMMISSIONS, AND BOARDS (CONT'D)

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 Matthew J. Lindell, Chair

Jonathan D. Contant

Daniel T. Shevock

Other Post-Employment Benefits (OPEB) Board

Councilman David L. Anderson

Councilman Ralph L. Taylor, Jr.

City Manager, Donna S. Mitchell

Controller/Treasurer, Lori Peddicord

Human Resources Director, Kimberly Hawkins

Parks, Recreation and Community Enhancement

Councilman David L. Anderson, Chair

M. Milford Caldwell, Jr.

Thomas J. Dix

Planning Commission

At-Large: Dr. Bobby Jones

First District: Kathleen Welsh, Vice Chair

First District: Deborah L. Edwards

Second District: Thomas Holt

Second District: Andrea Maucher

Third District: Nicholas A. Adams

Third District: Frederick Tolbert, Chair

Fourth District: John H. Baldwin, Sr.

Fourth District: Kenneth Roach

Police Pension Plan - Retirement Committee

Councilman David L. Anderson

Councilman Ralph L. Taylor, Jr.

City Manager, Donna S. Mitchell

Major Timothy Stump

(Ret. Lt.) Timothy Mullaney, Sr., Chair

(Ret. Captain) Larry Gray

(Ret. Sgt.) Steve Rogers

Public Advisory Committee of the Dover/Kent

County MPO

Dr. Carlton L. Cannon, Jr.

Jonathan Contant

Karen McGloughlin

Albert W. Holmes, Jr. (At-Large Alternate)

Safety Advisory and Transportation Committee

Councilman Ralph L. Taylor, Jr., Chair

William T. Garfinkel

Dana Shelton

Silver Lake Commission

Tricia K. Arndt, Chair

Vacancy

Zachery C. Carter

Vacancy

Lyle Allen Jones

Marie E. Kozel

Michael W. Lewis

St. Jones Greenway Commission

Vacancy

Michael P. Mercer

City Parks and Recreation Director, Kirby Hudson

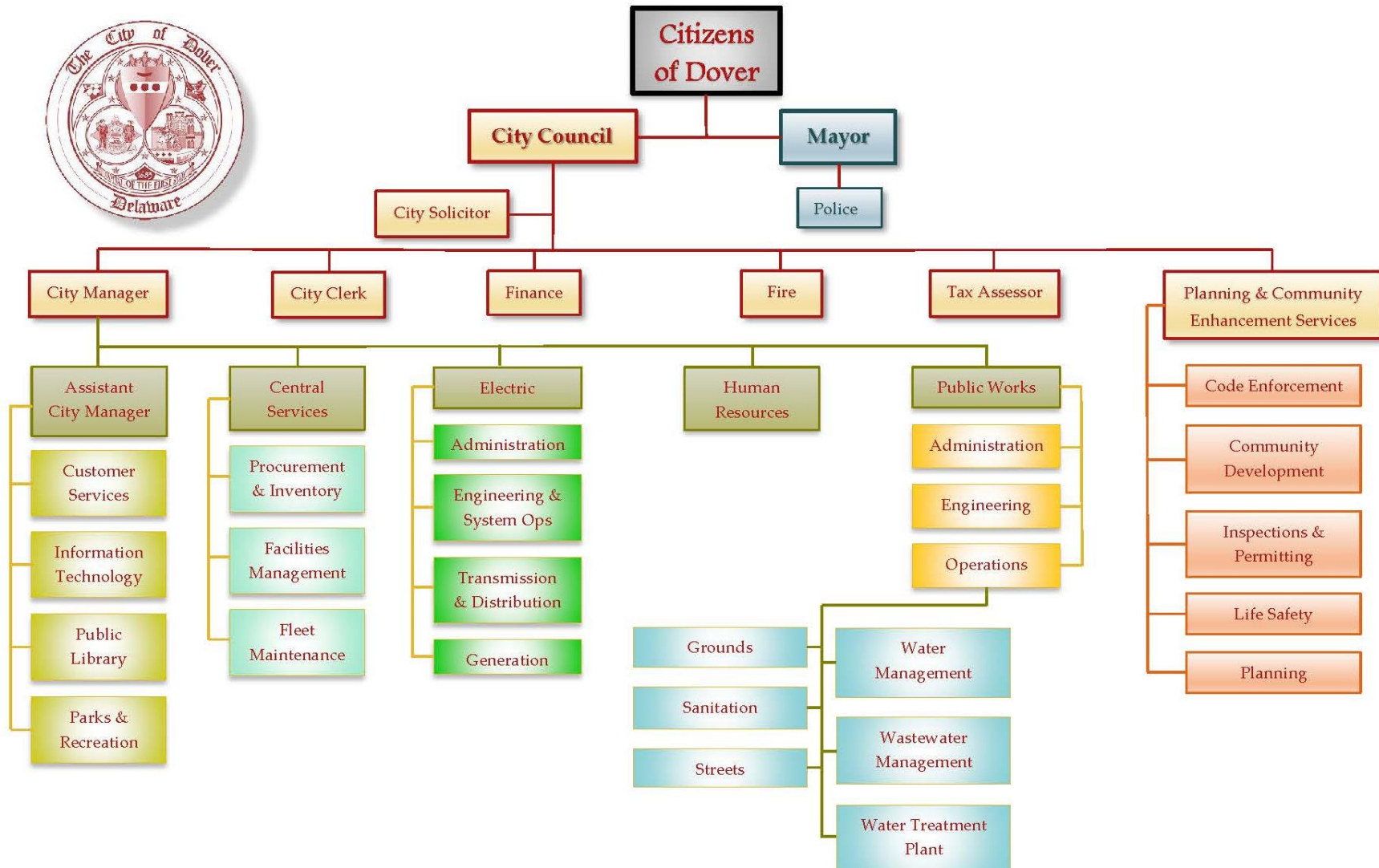
Utility Committee

Councilman Scott W. Cole, Chair

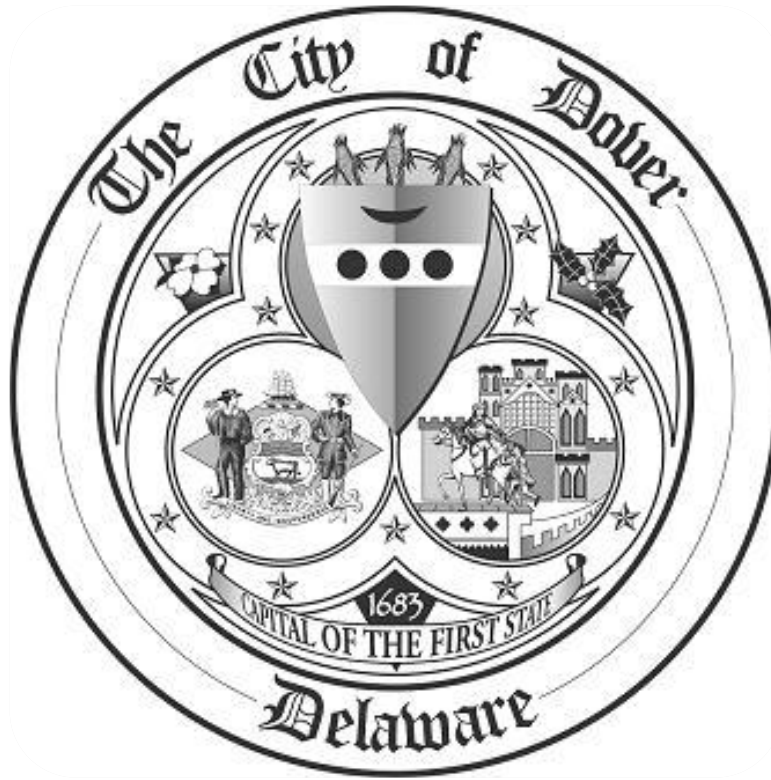
Kathleen Doyle

Margaret A. Haass

FY19 ORGANIZATION CHART



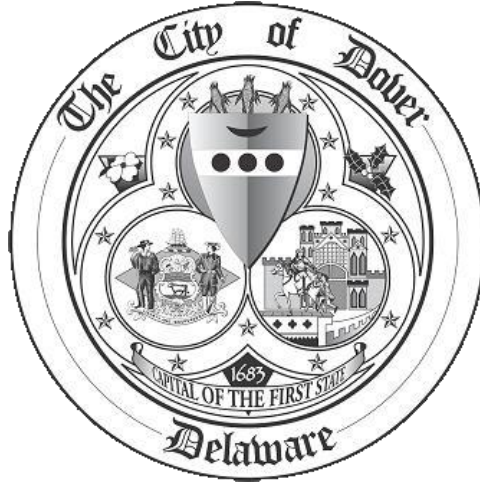
VISION



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

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FINANCIAL SECTION



THIS SECTION INCLUDES THE FOLLOWING:

PART A – REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

PART B – MANAGEMENT’S DISCUSSION AND ANALYSIS

PART C – BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

PART D – REQUIRED SUPPLEMENTARY INFORMATION

PART E – SUPPLEMENTARY INFORMATION

Combined Fund Statements

Budgetary Schedules

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PART A



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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, Delaware (the City), as of and for the year ended June 30, 2019, 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

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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

During the fiscal year ended June 30, 2019, the City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle as disclosed in Note 18. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General fund-schedule of revenues, expenditures, and changes in fund balance-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 schedule 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 firefighters pension plan; the schedule of the City of Dover's contributions for the county and municipal police and firefighters pension plan; and the schedule of changes in net OPEB liability, related ratios for the OPEB plan and schedule of City Contributions for the other post-employment plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

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 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.

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

The 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 combining and individual fund schedules and budgetary comparison schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
April 17, 2020

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PART B



MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Dover

Management’s Discussion and Analysis

For the Year Ended June 30, 2019

The following is a discussion and analysis of the City of Dover’s (the City’s) financial activities for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with additional information provided in our letter of transmittal, which can be found on pages 3-10 of this report, and the City’s financial statements which follow this section.

Financial Highlights

The City’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$207.0 million (net position). Included in this amount is a negative \$11.5 million balance in “unrestricted net position”. The total Net Position represents the funds available to meet the City’s ongoing obligations to citizens and creditors. The general government reported an unrestricted deficit of \$29.3 million and the business-type activities, Water/Wastewater and Electric funds, reported a positive \$17.8 million unrestricted net position. The difference between the unrestricted amounts and the total net position is \$218.5 million, of which \$54.7 million is restricted primarily for debt and capital construction purposes, and \$163.8 million is net investment in capital assets. Total Assets increased for both the governmental and business-type activities in the amounts of \$1.0 million and \$12.5 million respectively. Deferred Outflows for the governmental activities increased \$1.8 million and for the business-type activities it increased \$0.2 million. Deferred Inflows increased for both the governmental and Business-type activities by \$0.9 million and \$0.1 million respectively. Liabilities for the governmental activities decreased by \$6.0 million and increased by 12.2 million for the business-type activities.

- For governmental activities, the City reported: an increase of \$1.1 million invested in capital assets, a decrease in restricted net assets of \$0.7 million, and an increase of \$7.5 million in unrestricted net position. As a result of its operations, the City recognized a positive change in net position of governmental activities of \$7.9 million. The current year’s change in net position is \$1.1 million higher than the previous years’ change in net position and is primarily due to decreases in expenses across most functions of government totaling \$1.7 million with an offsetting \$0.5 million decrease in revenues from the prior year.
- For business-type activities the City reported: a decrease of \$2.4 million invested in capital assets, an increase in restricted net position of \$7.7 million and a decrease of \$4.9 million in unrestricted net position. As a result of its operations, the City recognized a positive change in net position of business-type activities of \$11.6 million; however, combined with the prior year Asset Retirement Obligation adjustment related to GASB 83

of negative \$11.2 million, the overall change in net position was a positive \$0.4 million. The current years’ change in net position is \$6.3 million higher than the previous years’ change in net position and is primarily due to a \$2.4 million increase in Water/Wastewater charges for services and \$4.1 million in electric fund expense reductions, driven primarily by reductions of \$1.9 million in energy costs and \$1.9 million in net capacity costs.

Overview of the Financial Statements

This discussion and analysis section is intended to serve as an introduction to the City’s Comprehensive Annual Financial Report (CAFR). The CAFR consists primarily of three *required* components: 1) management’s discussion and analysis (this section), 2) the basic financial statements; and 3) required supplementary information. The CAFR also includes *optional* supplementary information that provides summary and detail level information, and a statistical section.

The basic financial statements are presented in two categories that present different views of the City’s financial condition:

- The two *government-wide financial statements* (pages 49-50) provide both long-term and short-term information about the City’s overall financial position and operations.
- The remaining (pages 51-59) *fund financial statements* focus on specific activities of City government, reporting the City’s operations in more detail than the government-wide statements. The City financial statements can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.
 - The governmental fund statements (pages 51-54) 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 55-57) offer short and long-term financial information about the activities the government operates like businesses, which for the City of Dover are the Electric and Water/Wastewater Funds.
 - The Fiduciary fund statements (pages 58-59) 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 and Police Pension plans and Other Post-Employment 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 63-121) 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 123-136) 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 137 through 160.

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	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as public safety and public works	Activities the City operates similar to private businesses, such as electric, water and wastewater funds	Instances in which the City is the trustee or agent for someone else’s resources
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	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Continued

Continued

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter, no capital assets, or long-term liabilities included	All assets deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	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	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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 spending for other 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate schedule, 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 certain assets which, 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 the City’s fiduciary activities are reported separately in a statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

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, 2018 and 2019 are presented below (in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Assets						
Non-Capital Assets	\$ 17.8	\$ 17.9	\$ 99.9	\$ 114.0	\$ 117.7	\$ 131.9
Capital Assets	59.1	60.0	139.5	137.9	198.6	197.9
Total Assets	76.9	77.9	239.4	251.9	316.3	329.8
Deferred Outflow of Resources	3.1	4.9	0.8	1.0	3.9	5.9
Liabilities						
Current Liabilities	7.5	4.5	11.4	12.6	18.9	17.1
Non-Current Liabilities	45.0	42.0	44.5	55.5	89.5	97.5
Total Liabilities	52.5	46.5	55.9	68.1	108.4	114.6
Deferred Inflow of Resources	10.1	11.0	3.0	3.1	13.1	14.1
Net Position						
Net investment in Capital						
Assets	53.2	54.3	111.9	109.5	165.1	163.8
Restricted	1.0	0.3	46.7	54.4	47.7	54.7
Unrestricted	(36.8)	(29.3)	22.7	17.8	(14.1)	(11.5)
Total Net Position	\$ 17.4	\$ 25.3	\$ 181.3	\$ 181.7	\$ 198.7	\$ 207.0

The Changes in Net Position for the City of Dover as of June 30, 2018 and 2019 are presented below (in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues						
Charges for Services	\$ 12.2	\$ 10.7	\$ -	\$ -	\$ 12.2	\$ 10.7
Water/Wastewater Charges for Services	-	-	16.3	16.0	16.3	16.0
Electric Charges for Services	-	-	83.9	83.7	83.9	83.7
Operating Grants and Contributions	2.2	2.4	-	-	2.2	2.4
Capital Grants and Contributions	0.3	0.4	-	-	0.3	0.4
General Revenues						
Property Taxes	13.1	13.5	-	-	13.1	13.5
Transfer Taxes	2.0	1.6	-	-	2.0	1.6
Earnings on Investments-Other	0.1	0.8	0.2	3.8	0.3	4.6
Total Revenues	29.9	29.4	100.4	103.5	130.3	132.9
Expenses						
General Government	4.6	4.4	-	-	4.6	4.4
Public Safety	17.5	17.6	-	-	17.5	17.6
Public Works	8.4	6.9	-	-	8.4	6.9
Library and Recreation	3.1	3.2	-	-	3.1	3.2
Community and Economic Development	0.5	0.5	-	-	0.5	0.5
Central Services	1.6	1.4	-	-	1.6	1.4
Financial Administration	3.4	3.3	-	-	3.4	3.3
Interest Charges	0.1	0.2	-	-	0.1	0.2
Plus (less) Indirect Expense Allocation	(5.2)	(5.2)	5.2	5.2	-	-
Water/Wastewater	-	-	10.0	10.9	10.0	10.9
Electric	-	-	69.0	65.0	69.0	65.0
Total Expenses	34.0	32.3	84.2	81.1	118.2	113.4
Change in Net Position before Transfers	(4.1)	(2.9)	16.2	22.4	12.1	19.5
Transfers	10.9	10.8	(10.9)	(10.8)	-	-
Change in Net Position	6.8	7.9	5.3	11.6	12.1	19.5
Net Position, beginning of year	10.6	17.4	176.0	181.3	186.6	198.7
Prior Period Adjustment - ARO	-	-	-	(11.2)	-	(11.2)
Net Position, Beginning of Year restated	10.6	17.4	176.0	170.1	186.6	187.5
Net Position, End of Year	\$ 17.4	\$ 25.3	\$ 181.3	\$ 181.7	\$ 198.7	\$ 207.0

Governmental Activities

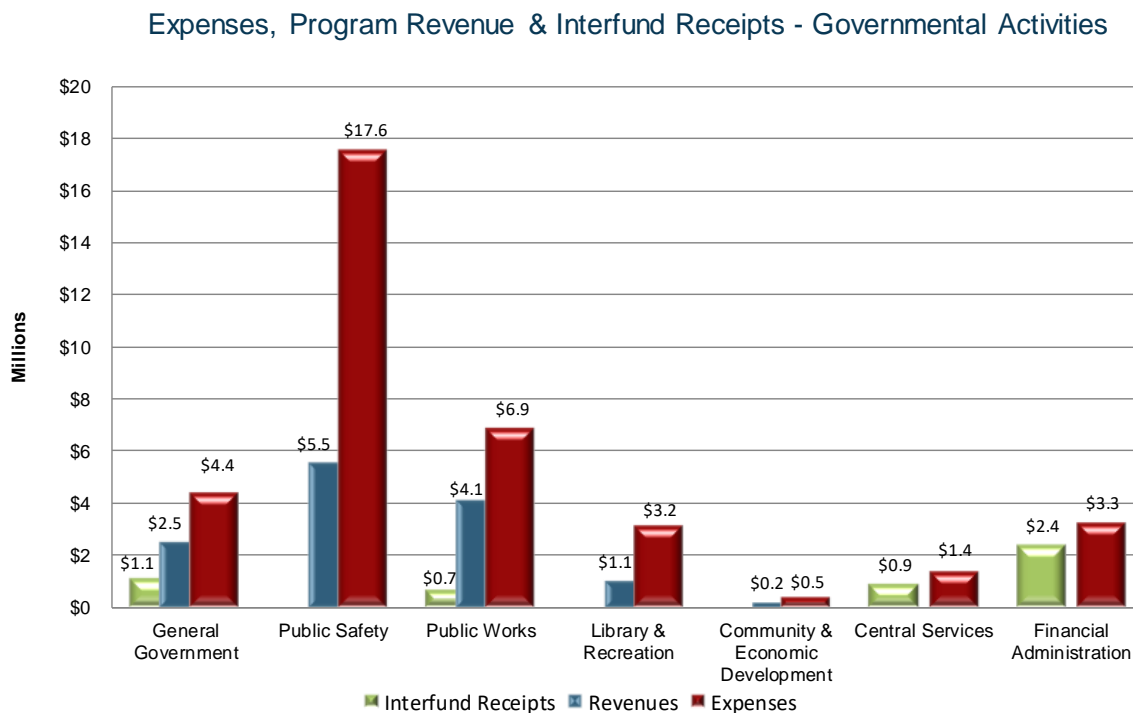
The preceding table shows changes in net position for the year ended June 30, 2019 compared to the year ended June 30, 2018. Governmental net position increased by \$7.9 million; this is an increase of \$1.1 million from the prior years’ positive change in net position of \$6.8 million.

Total revenues of \$29.4 million were less than the prior year by \$0.5 million. The decrease in revenues is primarily due to decreases in: license and permit revenue, transfer tax receipts and miscellaneous service revenue, which fell short of FY’18 revenues by \$1.8 million. The decreases were partially offset by increases in property tax receipts and grant revenue totaling \$0.7 million.

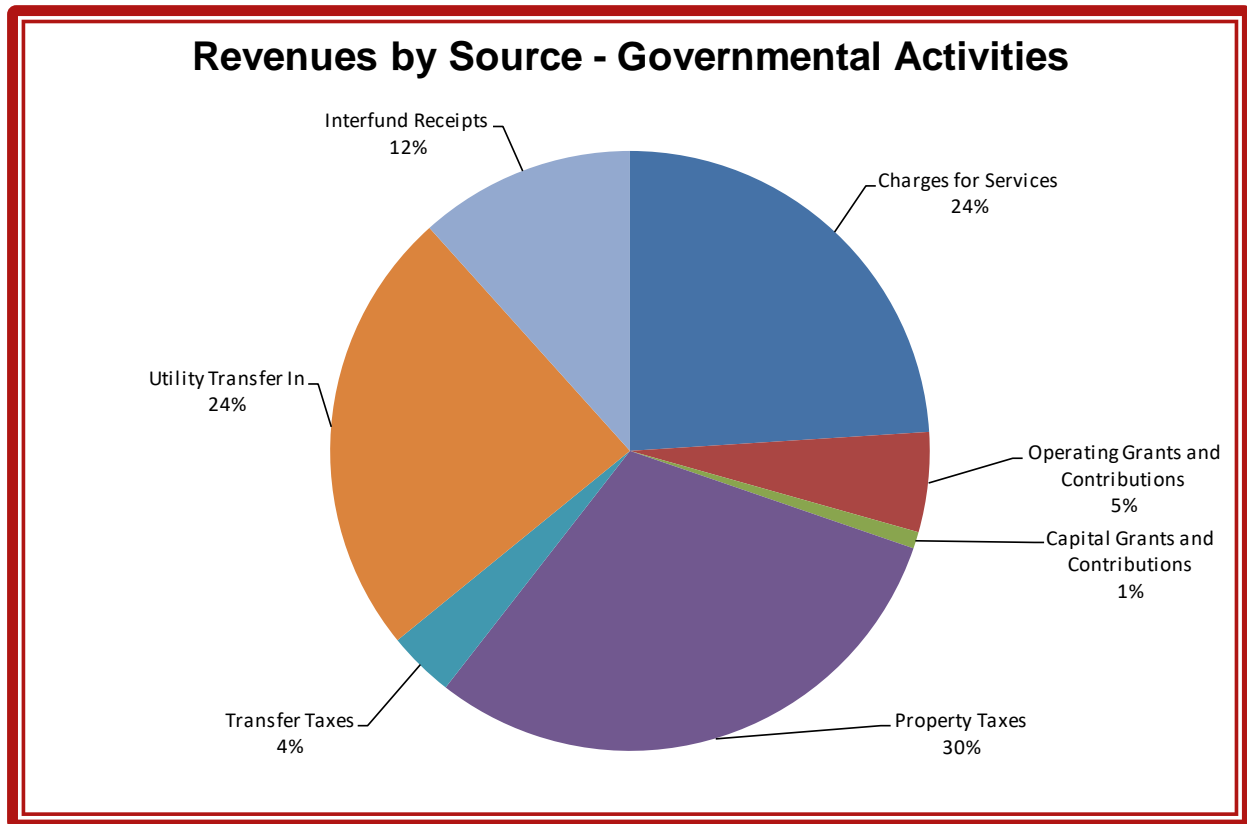
Minor increases and decreases in other revenue categories were offsetting.

Total expenses of \$32.3 million reflects a decrease from the prior year of \$1.7 million across all but two functions of government – Public Safety and Library and Recreation – each of which exceeded FY’18 spending by about \$0.1 million. Public Works drove the spending decrease with a reduction of \$1.5 million attributable to a decrease in street and sanitation expenses, reduced net pension liability among public works functions and lower depreciation expense recorded.

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 inter-fund receipts through the utilities (presented in millions of dollars):



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



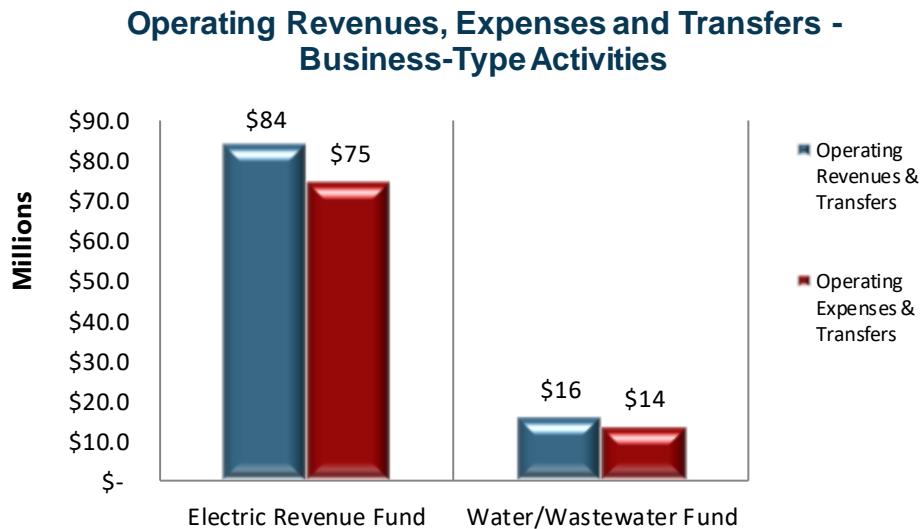
Business-Type Activities

The business-type activities generated an increase in net position of \$11.6 million, which exceeds the previous year’s \$5.3 million change in net position by \$6.3 million. The improvement was driven by the combination of \$3.1 million in total revenue increases, expense reductions totaling \$3.1 million, and a \$0.1 million reduction in transfers out. Transfers included \$1.3 million transferred out of the water/wastewater fund and net transfers of \$9.5 million out of the electric fund, which included \$10.0 million transferred to the general fund net of \$0.5 million transferred in. The indirect expense allocation was stable at \$5.2 million.

The water/wastewater utility realized a positive change in net position in excess of \$2.8 million. The utility experienced a decrease in operating revenues of \$0.3 million over the previous year. Although there was a decrease in operating income, there was higher system-wide water consumption and billable wastewater usage by more than 30 million and 20 million total gallons, respectively. Consumption increases were primarily driven by customer growth; the 360 new water and wastewater connections in FY’19 represented the largest increase in the last ten years. The average billing rate in the water division was flat from the previous year, but the average wastewater billing rate increased by 1.3%. In addition to volume-driven increases, groundwater inflow adjustment fees and sewer treatment fees also increased. The offsetting decreases of \$0.6 million to the operating revenues was to the water and wastewater impact fee collections resulting in the overall decrease in operating revenue by \$0.3 million. Expenses in the

water/wastewater fund increased by less than \$0.9 million, which were driven almost entirely by Kent County Wastewater Treatment fees that exceeded FY’18 by more than \$0.8 million. The balance of the cost increases was spread relatively evenly over water and wastewater operations and almost completely offset by administrative cost reductions, lower depreciation expense and retiree pension cost reductions. Finally, transfers out increased by \$0.4 million.

The electric utility realized a positive change in net position of \$8.7 million. Operating revenues decreased by \$0.2 million attributed to a decrease in the average billing rate per kilowatt-hour partially offset by an increase in power usage by customers. The increase in power consumption is attributable to residential customer growth, which was partially offset by a reduction in commercial customers and lower system-wide average consumption per customer. The decrease in the average billing rate resulted from the lower cost of energy supply. Operating Expenses in the Electric Fund increased by about \$0.7 million. A significant \$1.9 million reduction in power supply and generation costs, coupled with a \$1.1 million reduction in retiree health care expenses, were offset by an increase in non-cash depreciation expenses recorded in anticipation of the retirement of the City’s principal energy generation operations. As with the water/wastewater utility, nonoperating revenues in the electric utility increased by \$2.8 million versus the previous year on higher interest earnings and investment gains. Finally, nonoperating expenses were \$3.5 million lower than FY’18 due to normalized customer distributions and reduced interest expenses to round out the positive change in net position.



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 balance of the City’s governmental funds as of June 30, 2019, was nearly \$13.1 million. This represented an increase of more than \$0.1 million during the year. Approximately 55% of the combined fund balances, \$7.1 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, management, 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, 2019, was \$12.7 million. Revenue increased by \$0.2 million, due primarily to increases in property tax receipts, grant revenue, Court of Chancery fees, and investment income totaling \$1.2 million. The increases were partially offset by decreases in license and permit revenue, sanitation fees and rebates and fines, which combined to fall short of FY’18 revenues by \$1.0 million. Minor increases and decreases in other revenue categories were offsetting.

Total expenses of \$40.0 million reflect an increase from the prior year of \$1.6 million, which was driven primarily by expense increases of \$1.5 million in public safety and law enforcement, \$0.9 million in public works, and \$0.3 million in recreational services. The expense increases were offset by \$0.6 million in reductions to employee pension expenses, \$0.2 million in streets and sanitation services, \$0.2 million in retiree health care, and almost \$0.1 million in interest charges, while minor differences in all other functional areas round out the expense variance.

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, 2019, the water/wastewater fund has a net position of \$62.1 million, of which \$3.7 million is unrestricted. The fund’s net position increased \$2.8 million during the year as explained on page 39. As of June 30, 2019, the electric revenue fund has a net position of \$119.6 million, of which \$14.2 million is unrestricted. This fund experienced an increase in net position of \$8.7 million during the year as explained on page 40.

General Fund Budgetary Highlights

During this fiscal year, the City Council amended the budget three times. The budget amendment ordinances were primarily for the following purposes:

1. To re-appropriate budget balances for ongoing capital projects.
2. To amend the grant budgets and 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 changes in program revenues, expenses based on actual amounts.
3. To amend revenue and expense accounts based on actual experience during fiscal year 2019.

The General Fund financials in the Governmental Funds Balance Sheet (page 51) and Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds (page 53) 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 125-126).

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 142).

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 Governmental Capital Projects Fund is included in Part E – Supplementary Information (pages 140-142).

The Final General Fund Budget incorporated an increase in beginning budget balance of \$2.8 million carried forward from the prior fiscal year.

Budgeted expenditures were revised to reflect an aggregate increase of \$0.5 million. The increases were reflective of appropriations to the capital project fund and to public safety operating expenditures of \$0.4 million each, along with minor increases in appropriations to

support operating expenditures across nearly all other governmental functions totaling \$0.2 million. Other budgeted employment expenditures totaling \$0.5 million were de-funded to absorb half of the budget impact, while the other half resulted in a net increase of \$0.5 million in the revised budget balance over the original budget balance (on a non-GAAP basis).

Actual revenues and other financing sources received were below the final budgeted amounts in the General Fund by \$0.3 million for the current fiscal year. The more significant negative variances were in permits and other licenses, interfund service receipts and fines & police revenue. These revenue decreases were partially offset by increases in property tax revenue, court of chancery fees, interest earnings and transfer taxes. The General Fund budget balance carry forward was \$3.8 million higher than originally budgeted 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 \$60.0 million and \$137.9 million, respectively, in a variety of capital assets and infrastructure, as reflected in the following schedule, which exhibits a net increase of \$0.9 million for governmental activities and a net decrease of \$1.6 million for the business-type activities. The increase in assets reported within Governmental Activities is attributable to equipment and vehicle acquisitions (\$0.6 million), general infrastructure assets, (\$0.4 million) and increases in the value of construction projects that remained open as of June 30, 2019 (\$0.5 million), partially offset by a \$0.6 million reduction in the net book value of building assets. The decrease in Business-Type Activities is due primarily to increased depreciation expenses recorded in the electric fund in anticipation of the retirement of the City’s principal energy generation operations. 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	
	2018	2019	2018	2019	2018	2019
Depreciable Assets, Net						
Buildings	\$ 23.0	\$ 22.4	\$ -	\$ -	\$ 23.0	\$ 22.4
Equipment & Vehicles	4.0	4.6	7.4	6.5	11.4	11.1
General Infrastructure	26.3	26.7	-	-	26.3	26.7
Utility, Plant, Buildings, and Infrastructure	-	-	124.9	118.9	124.9	118.9
Other	0.4	0.4	1.6	1.4	2.0	1.8
Non-depreciable Assets						
Land	4.7	4.7	1.7	1.6	6.4	6.3
Construction in Progress	0.7	1.2	3.9	9.5	4.6	10.7
	<u>\$ 59.1</u>	<u>\$ 60.0</u>	<u>\$ 139.5</u>	<u>\$ 137.9</u>	<u>\$ 198.6</u>	<u>\$ 197.9</u>

The chart below shows that the City’s Total Net OPEB Liability decreased by \$6.0 million, with the majority of \$5.0 million attributable to the Governmental Activities and the balance

attributable Business-Type Activities. The City’s Total Net Pension Liability reduction of \$1.3 million was divided nearly evenly between the Governmental Activities (\$0.6 million) and Business-Type Activities (\$0.7 million). Additional detailed information regarding the City’s Other Post-Employment Benefits and Retirement Plans is presented in the Notes to the Basic Financial Statements in Notes 15 and 17, respectively.

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 3.5% of its debt limit. The City of Dover’s non-current liabilities as of June 30, 2018 and 2019 are presented below (in millions of dollars):

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Non-current liabilities						
Police Officer Separation Agreement	\$ 0.2	\$ 0.1	\$ -	\$ -	\$ 0.2	\$ 0.1
Liability for Compensated Absences	2.3	2.5	0.7	0.7	3.0	3.2
Bonds (Net of Discount/Issuance Cost)	5.9	5.7	29.2	28.9	35.1	34.6
Bond Premium	-	-	-	1.2	-	1.2
Net OPEB Liability	26.2	21.2	5.5	4.5	31.7	25.7
Net Pension Liability	14.7	14.1	10.9	10.2	25.6	24.3
Asset Retirement Obligation	-	-	-	11.9	-	11.9
	<u>\$ 49.3</u>	<u>\$ 43.6</u>	<u>\$ 46.3</u>	<u>\$ 57.4</u>	<u>\$ 95.6</u>	<u>\$ 101.0</u>

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

Economic Factors and Next Year’s Budgets and Rates

The City developed the fiscal year 2019 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 2019 were incorporated into the fiscal year 2020 budget.

- Property taxes increase of \$0.035 per \$100 of assessed property value is expected to generate \$1.1 million in additional general fund revenue.
- The power cost adjustment credit will be maintained at the FY’19 level of \$0.00382 in FY’20 for the electric utility, reflecting stable power supply costs.
- The City’s headcount increased by 14 full-time positions, which was partially offset by a reduction of 5 part-time positions. The net increase is driven by the following departmental changes, which are intended to revitalize services levels in several functional areas.
 - General Fund personnel will increase by 13 net new full-time positions, the new stormwater division leading with 7 new positions, followed by 1 new position in

the Mayor’s office and each of the police, fleet maintenance, grounds, human resources, inspections, life safety, library, public works administration divisions, offset by reductions of 1 full-time position in each of the procurement, public works – engineering and streets divisions. In addition, 3 part-time police cadets and a part-time fire dispatcher will be added in FY’20, with offsetting reductions of 9 part-time positions across the library and customer service functions.

- Water/wastewater operations will be staffed with 1 new full-time position in the water treatment plant, while 2 engineering positions and a maintenance position will shift in scope from water to wastewater operations.
- Electric utility operations will be improved by refocusing 1 administrative position and 1 transmission/distribution position on system operations, though utility-wide staffing will remain at the FY’19 level of 46 full-time positions.
- Increases in wages based on collective bargaining agreements were included.
- A 3.0% wage increase was included for non-bargaining employees.
- No changes in electric, water or wastewater rates
- 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 2.5%, or \$1.1 million, with expenditures increasing by 2.3%, or \$1.0 million. The property tax increase is expected to generate \$1.3 million in new revenue to drive the increase over FY’19 budgeted revenue, which is partially offset by anticipated reductions in fines and police revenues, permits and other fee revenue. The increased expenditures were attributed to the development of the new stormwater division, higher costs to support police operations, increased expenditures in the tax assessment and recreation functions, and a higher transfer to the capital project fund to support infrastructure improvements. Expense reductions in the streets, customer service, and life safety divisions, along with reductions to other budgeted employment-related expenditures, served to mitigate the total expense increase.

The Water/Wastewater utility operations were separated into two stand-alone enterprise funds starting with the FY’20 budget.

Water operating revenues are projected at \$6.5 million, which is a decrease of \$0.2 million, or about 3.5% below the prior year’s original budget of \$6.8 million. Total expenses are projected to increase by 5.0% to \$7.2 million, or about \$0.3 million higher than FY’19. The revenue reduction is driven by reduced water services revenue billings impacting revenue by \$0.4 million, partially offset by increases in water impact fees and water tank space leasing in excess of \$0.1 million. The expense increases are related primarily to water treatment plant operations (\$0.3 million), increased debt service requirements (\$0.2 million), an increase in interfund service fees (\$0.2 million) and higher engineering and inspection expenses (\$0.1 million), offset by reduced maintenance requirements (\$0.1 million) and reduced transfers to the Water Improvement & Extension Fund (\$0.3 million).

Wastewater operating revenues are expected to increase by nearly \$0.6 million to \$9.3 million in FY’20, representing an increase of 6.5%. Total expenses are projected to increase by 5.1%, or less than \$0.5 million to \$9.6 million. All major revenue categories are driving the revenue increase, but the \$0.4 million increase in wastewater treatment services is leading the way, while the other revenues, including impact fees, wastewater services and the groundwater inflow adjustment, combine for the remaining \$0.1 million increase. Kent County Treatment Charges are expected to exceed \$5.1 million in FY’20, which represents a \$1.4 million increase over FY’19 and the principal component of the budgeted expense increases, followed by higher maintenance expenses (\$0.2 million) and higher debt service requirements (\$0.1 million). A \$0.9 million reduction in the transfer to the Wastewater Improvement & Extension Fund serves to limit the net increase in expenses to \$0.5 million.

Total Electric Fund revenues are projected to increase by \$1.5 million to \$85 million, which is about 1.8% stronger than FY’19 anticipated revenue. Total expenses are projected to increase by 2.7% or \$2.2 million versus the prior budget year. Revenue increases are driven almost entirely by customer sales projections that exceed the prior year budget by \$1.5 million, which is attributable to higher consumption expectations as FY’20 billing rates are unchanged from the prior year. Other revenue sources are flat or modestly higher than FY’19 budgeted revenue. The energy component of electric utility expense is almost \$0.9 million lower in FY’20, driven by sharply offsetting movements in power supply expenses (decrease of \$6.4 million) and generation/capacity costs (increase of \$5.5 million). Direct expenditure categories combine for cost increases of \$0.4 million, spread relatively evenly between transmission & distribution operations, electrical engineering and system operations. Reductions in debt service requirements (\$0.2 million) and other employment costs (\$0.2 million) help further reduce expenses versus FY’19. However, the planned decommissioning of the McKee Run generation facility resulted in a \$2.5 million supplemental transfer to the depreciation reserve, which pushes the total expense variance from what otherwise would have been a modest cost reduction to a \$2.2 million increase. The budgeted transfer to the general fund is \$10 million in FY’20 and unchanged from the prior two fiscal years. The City also budgeted a distribution of earnings to customers of \$2.9 million or 3.4% of revenue, resulting from lower cost of service than projected for fiscal year 2018.

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. Lori Peddicord, Controller/Treasurer at 302-736-4452 (TTY/TDD Operator 1-800-855-1155).

PART C



FINANCIAL STATEMENTS

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**City of Dover, Delaware
Statement of Net Position
June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,797,981	\$ 15,525,430	\$ 17,323,411
Investments	20,211,857	26,855,698	47,067,555
Receivables, Net	455,168	5,523,622	5,978,790
Internal Balances	(5,191,801)	5,191,801	-
Due from Other Governments	35,696	-	35,696
Inventory	107,732	4,432,674	4,540,406
Prepaid Items	105,648	508,967	614,615
Restricted Cash and Cash Equivalents	407,941	7,405,120	7,813,061
Restricted Investments	18,793	48,583,723	48,602,516
Capital Assets, Not Being Depreciated	5,935,681	11,154,749	17,090,430
Capital Assets, Net of Depreciation	54,074,059	126,759,362	180,833,421
Total Assets	77,958,755	251,941,146	329,899,901
Deferred Outflows of Resources:			
Pension related Deferred Outflows	4,022,481	385,660	4,408,141
OPEB related Deferred Outflows	875,525	173,912	1,049,437
ARO related Deferred Outflows	-	486,361	486,361
Total Deferred Outflows of Resources	4,898,006	1,045,933	5,943,939
Liabilities:			
Accounts Payable and Accrued Liabilities	2,579,255	7,504,317	10,083,572
Unearned Revenue	97,393	370,198	467,591
Customer Deposits	-	2,496,129	2,496,129
Other	259,958	417,770	677,728
Liabilities Due within One Year	1,551,809	1,800,210	3,352,019
Non-Current Liabilities			
Due in more than One Year	6,755,506	28,932,074	35,687,580
Due in more than One Year - OPEB	21,227,234	4,552,451	25,779,685
Due in more than One Year - Pension	14,043,528	10,160,700	24,204,228
Due in more than One Year - ARO	-	11,915,849	11,915,849
Total Liabilities	46,514,683	68,149,698	114,664,381
Deferred Inflows of Resources:			
Pension related deferred inflows	1,737,599	406,348	2,143,947
OPEB related Deferred Inflows	9,300,794	2,730,460	12,031,254
Total Deferred Inflows of Resources	11,038,393	3,136,808	14,175,201
Net Position:			
Net Investment in Capital Assets	54,309,740	109,497,296	163,807,036
Restricted for:			
Capital Projects	134,522	54,353,211	54,487,733
Public Safety Grants	172,141	-	172,141
Verizon Grant	24,871	-	24,871
Library Grant	9,769	-	9,769
Community Development Grants	882	-	882
Other State Grants	100	-	100
Unrestricted	(29,348,340)	17,850,066	(11,498,274)
Total Net Position	\$ 25,303,685	\$ 181,700,573	\$ 207,004,258

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

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part C – Financial Statements

City of Dover, Delaware
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities								
General Government	\$ 4,435,777	\$ (1,139,446)	\$ 2,520,022	\$ 16,355	\$ -	\$ (759,954)	\$ -	\$ (759,954)
Public Safety	17,597,828	-	4,510,464	1,037,690	-	(12,049,674)	-	(12,049,674)
Public Works	6,914,756	(731,427)	3,068,399	803,494	273,636	(2,037,800)	-	(2,037,800)
Library and Recreation	3,211,586	-	612,737	339,771	98,500	(2,160,578)	-	(2,160,578)
Community and Economic Development	461,983	-	-	244,590	-	(217,393)	-	(217,393)
Central Services	1,460,276	(939,256)	-	-	-	(521,020)	-	(521,020)
Financial Administration	3,317,749	(2,423,079)	-	-	-	(894,670)	-	(894,670)
Interest Charges	178,514	-	-	-	-	(178,514)	-	(178,514)
Total Governmental Activities	37,578,470	(5,233,208)	10,711,622	2,441,900	372,136	(18,819,604)	-	(18,819,604)
Business Type Activities								-
Water/Wastewater	10,916,207	1,688,241	16,017,306	-	-	-	3,412,858	3,412,858
Electric	64,914,614	3,544,967	83,709,415	-	-	-	15,249,834	15,249,834
Total Business Type Activities	75,830,821	5,233,208	99,726,721	-	-			
Total Primary Government	\$ 113,409,291	\$ -	\$ 110,438,343	\$ 2,441,900	\$ 372,136	(18,819,604)	18,662,692	(156,912)
General Revenues								
Taxes								
Property Taxes						13,448,025	-	13,448,025
Transfer Taxes						1,637,194	-	1,637,194
Earnings on Investments						809,345	3,752,939	4,562,284
Total General Revenues						15,894,564	3,752,939	19,647,503
Transfers						10,800,000	(10,800,000)	-
Total General Revenues and Transfers						26,694,564	(7,047,061)	19,647,503
Changes in Net Position						7,874,960	11,615,631	19,490,591
Net Position Beginning - as Previously Reported						17,428,725	181,271,249	198,699,974
Prior Period Adjustment - Certain Asset Retirement Obligation (see note 18)						-	(11,186,307)	(11,186,307)
Net Position Beginning						17,428,725	170,084,942	187,513,667
Net Position Ending						\$ 25,303,685	\$ 181,700,573	\$ 207,004,258

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

City of Dover, Delaware
Governmental Funds Balance Sheet
June 30, 2019

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 998,637	\$ -	\$ 998,637
Restricted Cash and Cash Equivalents	-	407,941	407,941
Investments	18,716,676	-	18,716,676
Restricted Investments	18,793	-	18,793
Receivables, Net			
Accounts	375,335	51,766	427,101
Taxes	23,067	-	23,067
Due from Other Funds	328,543	-	328,543
Due from Other Governments	-	35,696	35,696
Prepaid Items	105,648	-	105,648
Inventory	107,732	-	107,732
Total Assets	<u>\$ 20,674,431</u>	<u>\$ 495,403</u>	<u>\$ 21,169,834</u>
Liabilities:			
Accounts Payable	\$ 1,940,668	\$ 140,293	\$ 2,080,961
Unearned Revenue	95,227	2,166	97,393
Due to Other Funds	1,482,615	37,729	1,520,344
Temporary Advances	4,000,000	-	4,000,000
Other	259,958	-	259,958
Total Liabilities	<u>7,778,468</u>	<u>180,188</u>	<u>7,958,656</u>
Deferred Inflows of Resources:			
Unavailable Revenue	147,077	-	147,077
Total Deferred Inflows of Resources	<u>147,077</u>	<u>-</u>	<u>147,077</u>
Fund Balances:			
Non-Spendable	234,974	-	234,974
Restricted	27,070	315,215	342,285
Committed	1,047,987	-	1,047,987
Assigned	4,320,615	-	4,320,615
Unassigned	7,118,240	-	7,118,240
Total Fund Balances	<u>12,748,886</u>	<u>315,215</u>	<u>13,064,101</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 20,674,431</u>	<u>\$ 495,403</u>	<u>\$ 21,169,834</u>

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

City of Dover, Delaware
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position (page 49) are different because:

Total fund balances for governmental funds (Page 51)	\$	13,064,101
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		60,009,740
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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	\$ 147,077	147,077
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The Net Pension Liability & OPEB 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	\$ 4,022,481	
Deferred Inflows - Pension	(1,737,599)	
Deferred Outflows - OPEB	875,525	
Deferred Inflows - OPEB	(9,300,794)	(6,140,387)

An internal service fund (page 56) 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.		1,801,810
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Accrual basis of bond interest paid		(579)
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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 Pension Liability and OPEB Liability are not a use of current financial resources, and therefore, are not reported in the governmental funds.

Current-		
General Obligation Bonds	\$ (328,716)	
Compensated Absences	(1,110,593)	
Police Officer separation agreement	(112,500)	
	(1,551,809)	
Long-Term-		
General Obligation Bonds	\$ (5,371,284)	
Compensated Absences	(1,384,222)	
Net Pension Liability	(14,043,528)	
Net OPEB Liability	(21,227,234)	
	(42,026,268)	(43,578,077)

Total net position of governmental activities (Page 49)	\$	25,303,685
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The notes to financial statements are an integral part of this statement.

City of Dover, Delaware
Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Fines	\$ 571,508	\$ 449,412	\$ 1,020,920
Library Revenue - General	136,141	-	136,141
Library Revenue County Reimbursement	274,013	-	274,013
Licenses and Permits	2,866,796	-	2,866,796
Sanitation Fees and Rebates	3,068,399	-	3,068,399
Recreation	-	61,147	61,147
Miscellaneous Services	1,672,401	-	1,672,401
Property Taxes	13,466,255	-	13,466,255
Transfer Taxes	-	1,637,194	1,637,194
Grants Received	671,006	2,143,030	2,814,036
Court of Chancery Fees	1,588,140	-	1,588,140
Investment Income	716,385	14,412	730,797
Total Revenues	25,031,044	4,305,195	29,336,239
Expenditures			
Current:			
General Government	1,760,851	-	1,760,851
Library Services	1,682,610	289,163	1,971,773
Public Safety and Law Enforcement	21,971,518	587,183	22,558,701
Public Works	2,046,593	808,789	2,855,382
Recreational Services	1,087,393	-	1,087,393
Streets and Sanitation Services	4,458,329	-	4,458,329
Engineering Services	266,332	-	266,332
Financial Administration	754,400	-	754,400
Garage and Stores	492,111	-	492,111
Insurance	276,689	-	276,689
Retiree Health Care	1,894,900	-	1,894,900
Community and Economic Development	150,000	311,983	461,983
Street Lights	805,185	-	805,185
Debt Service:			
Principal Retirement	322,745	-	322,745
Interest and Fiscal Charges	34,773	-	34,773
Total Expenditures	38,004,429	1,997,118	40,001,547
Excess (deficiency) of Revenues over Expenditures	(12,973,385)	2,308,077	(10,665,308)
Other Financing Sources (Uses)			
Bonds Issued	5,700,000	-	5,700,000
Payment to bond refunding agent	(5,700,000)	-	(5,700,000)
Transfers In	13,953,381	-	13,953,381
Transfers Out	(200,000)	(2,953,381)	(3,153,381)
Total other Financing Sources (Uses)	13,753,381	(2,953,381)	10,800,000
Net Change in Fund Balances	779,996	(645,304)	134,692
Fund Balances at Beginning of Year	11,968,890	960,519	12,929,409
Fund Balances at End of Year	\$ 12,748,886	\$ 315,215	\$ 13,064,101

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

City of Dover, Delaware
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, 2019

Amounts reported for governmental activities in the statement of activities (page 50) are different because:

Net change in fund balances--total governmental funds (Page 53)	\$	134,692
-----------------------------------------------------------------	----	---------

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

Capitalization of net capital asset expenditures including CIP	\$ 3,993,940		
Loss on assets disposed of during the year	(4,994)		
Current year depreciation	<u>(3,096,125)</u>		892,821

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.		177,013
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

Revenues that are not available to pay for current period expenditures are not reported as revenues in the funds.		5,435
-------------------------------------------------------------------------------------------------------------------	--	-------

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense		708,068
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		526,759
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Decreases in operating expenses due to the decrease in OPEB expense for the amortization of deferred outflows and inflows of resources related to the net OPEB liability.		328,271
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

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

Increase in compensated absences	\$ (217,470)		
Police separation agreement payout	35,700		
Bond interest accrual	1,992		
Decrease in OPEB Liability	<u>4,988,823</u>		4,809,045

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.

		292,856
Change in net position of governmental activities (Page 50)	<u>\$</u>	<u>7,874,960</u>

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

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part C – Financial Statements

City of Dover, Delaware
Statement of Net Position - Proprietary Funds
Proprietary Funds
June 30, 2019

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 5,171,600	\$ 10,353,830	\$ 15,525,430	\$ 799,344
Investments	7,416,805	19,438,893	26,855,698	1,495,181
Receivables, Net	700,958	4,822,664	5,523,622	5,000
Due from Other Funds	1,146	1,817,322	1,818,468	-
Due from other funds- temporary advances	-	4,000,000	4,000,000	-
Inventory	69,376	4,363,298	4,432,674	-
Prepaid Items	797	508,170	508,967	-
Total Current Assets	13,360,682	45,304,177	58,664,859	2,299,525
Non-Current Assets:				
Restricted Assets				
Cash	466,393	6,938,727	7,405,120	-
Investments	7,943,159	40,640,564	48,583,723	-
Capital Assets, Not Being Depreciated	5,933,482	5,221,267	11,154,749	-
Capital Assets, Net of Depreciation	57,248,456	69,510,906	126,759,362	-
Total Non-Current Assets	71,591,490	122,311,464	193,902,954	-
Total Assets	84,952,172	167,615,641	252,567,813	2,299,525
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	141,252	244,408	385,660	-
OPEB Related Deferred Outflows	60,971	112,941	173,912	-
Asset Retirement Oblig. Deferred Outflows	-	486,361	486,361	-
	202,223	843,710	1,045,933	-
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Expenses	2,639,516	4,864,801	7,504,317	497,715
Due to Other Funds - Charges	615,647	11,020	626,667	-
Unearned Revenue	-	370,198	370,198	-
Accrued Interest Payable	94,920	322,850	417,770	-
Customer Deposits	-	2,496,129	2,496,129	-
Revenue Bonds Payable	841,523	650,000	1,491,523	-
Liability for Compensated Absences	87,320	221,367	308,687	-
Total Current Liabilities	4,278,926	8,936,365	13,215,291	497,715
Non-Current Liabilities:				
OPEB Liability	1,780,776	2,771,675	4,552,451	-
Net Pension Liability	3,385,217	6,775,483	10,160,700	-
Asset Retirement Obligation	-	11,915,849	11,915,849	-
Revenue Bonds Payable	12,356,172	16,204,752	28,560,924	-
Liability for Compensated Absences	95,049	276,101	371,150	-
Total Non-Current Liabilities	17,617,214	37,943,860	55,561,074	-
Total Liabilities	21,896,140	46,880,225	68,776,365	497,715
Deferred Inflows of Resources:				
Pension Related Deferred Inflows	148,829	257,519	406,348	-
OPEB Related Deferred Inflows	1,055,053	1,675,407	2,730,460	-
Total Deferred Inflows of Resources	1,203,882	1,932,926	3,136,808	-
Net Position				
Net Investment in Capital Assets	51,619,875	57,877,421	109,497,296	-
Restricted for Capital Construction	6,773,920	47,579,291	54,353,211	-
Unrestricted	3,660,578	14,189,488	17,850,066	1,801,810
Total Net Position	\$ 62,054,373	\$ 119,646,200	\$ 181,700,573	\$ 1,801,810

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

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part C – Financial Statements

City of Dover, Delaware
Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities			Governmental Activities
	Water/ Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenues				
Charges for Services	\$ 14,163,823	\$ 81,977,065	\$ 96,140,888	\$ -
Miscellaneous Services/Income	1,853,483	1,732,355	3,585,838	809,408
Total Operating Revenues	16,017,306	83,709,420	99,726,726	809,408
Operating Expenses				
Water	592,138	-	592,138	-
Wastewater	984,785	-	984,785	-
Water Treatment Plant	1,487,255	-	1,487,255	-
Water/Wastewater Engineering	313,943	-	313,943	-
Kent County Wastewater Treatment	4,816,650	-	4,816,650	-
General Administrative	1,669,144	4,682,180	6,351,324	416,820
Power Supply	-	45,341,853	45,341,853	-
Transmission/Distribution	-	2,835,756	2,835,756	-
Engineering	-	970,783	970,783	-
Metering	-	351,991	351,991	-
Systems Operations	-	546,612	546,612	-
Utility Tax	-	1,270,320	1,270,320	-
Depreciation	2,166,852	8,086,669	10,253,521	-
Contractual Services	-	-	-	14,277
Taxes	-	-	-	36,244
Retirees Health Care	256,900	721,400	978,300	-
Self Insurance-Workers' Compensation	-	-	-	127,759
Total Operating Expenses	12,287,667	64,807,564	77,095,231	595,100
Operating Income/Loss	3,729,639	18,901,856	22,631,495	214,308
Non-Operating Revenues (Expenses)				
Interest Earned:				
Operating Funds	190,460	485,828	676,288	-
Reserve Funds	177,407	948,034	1,125,441	37,038
Net Increase in Fair Value of Investments	383,055	1,568,155	1,951,210	41,510
Interest and Fiscal Charges	(316,781)	(812,367)	(1,129,148)	-
Distribution of Earnings - PCA Credit	-	(2,839,650)	(2,839,650)	-
Gain on Sale of Assets	-	(5)	(5)	-
Total Non-Operating Revenue (expenses)	434,141	(650,005)	(215,864)	78,548
Income before Contributions and Transfers	4,163,780	18,251,851	22,415,631	292,856
Transfers In	-	498,000	498,000	-
Transfers Out	(1,298,000)	(10,000,000)	(11,298,000)	-
Total transfers	(1,298,000)	(9,502,000)	(10,800,000)	-
Change in Net Position	2,865,780	8,749,851	11,615,631	292,856
Total Net Position--Beginning	59,188,593	122,082,656	181,271,249	1,508,954
Prior period adj. - Certain Asset Retirement Obligation	-	(11,186,307)	(11,186,307)	-
Total Net Position--Beginning as Restated	59,188,593	110,896,349	170,084,942	1,508,954
Total Net Position--Ending	\$ 62,054,373	\$ 119,646,200	\$ 181,700,573	\$ 1,801,810

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

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part C – Financial Statements

City of Dover, Delaware
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities			Governmental Activities
	Water Wastewater Fund	Electric Revenue Fund	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities				
Receipts from Customers	\$ 15,975,984	\$ 77,725,974	\$ 93,701,958	\$ -
Payments to Suppliers (including Purchased Power)	(5,498,953)	(48,701,522)	(54,200,475)	(47,597)
Payments to Employees	(2,323,080)	(4,357,212)	(6,680,292)	-
Payments of Personnel Related Costs	(818,956)	(1,647,078)	(2,466,034)	757,081
Internal Activity-Payments from (to) Other Funds	234,762	(976,628)	(741,866)	-
Other Receipts (Payments) including Claims Paid	(661,723)	(2,488,507)	(3,150,230)	(475,400)
Net Cash Provided by (used for) Operating Activities	6,908,034	19,555,027	26,463,061	234,084
Cash Flows from Noncapital Financing Activities				
Transfers Out	(1,298,000)	(10,000,000)	(11,298,000)	-
Transfers In	-	498,000	498,000	-
Distribution to Customers - PCA Credit	-	(2,839,650)	(2,839,650)	-
Net Cash Used for Noncapital Financing Activities	(1,298,000)	(12,341,650)	(13,639,650)	-
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(6,132,980)	(3,013,058)	(9,146,038)	-
Proceeds of issuance of debt	2,710,256	18,091,986	20,802,242	-
Payment to refund bond escrow agent	-	(16,937,234)	(16,937,234)	-
Bond Issuance Costs	(13,153)	(228,275)	(241,428)	-
Principal Paid on Revenue Bond Maturities	(824,960)	(765,000)	(1,589,960)	-
Interest Paid on Capital Debt	(303,931)	(812,367)	(1,116,298)	-
Net Cash Used for Capital and Related Financing Activities	(4,564,768)	(3,663,948)	(8,228,716)	-
Cash Flows from Investing Activities				
Interest on Investments	190,460	485,828	676,288	-
Redemption of Investment Securities	684,910	1,624,220	2,309,130	-
Purchase of Investment Securities	(1,451,657)	(1,203,833)	(2,655,490)	9,902
Interest on Restricted Cash	177,407	948,034	1,125,441	-
Net Cash Provided by (used for) Investing Activities	(398,880)	1,854,249	1,455,369	9,902
Net Increase/Decrease in Cash and Cash Equivalents	646,386	5,403,678	6,050,064	243,986
Cash and cash equivalents June 30 (incl. \$466,393 for W/WW fund and \$6,938,727 for Electric fund reported in restricted accounts)	4,991,607	11,888,879	16,880,486	555,358
Cash and cash equivalents July 1 (including \$923,774 for W/WW fund and \$2,319,570 for Electric fund reported in restricted accounts)	\$ 5,637,993	\$ 17,292,557	\$ 22,930,550	\$ 799,344
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ 3,729,639	\$ 18,901,856	\$ 22,631,495	\$ 214,308
Adjustments to Reconcile Operating Income to Net Cash provided by (Used for) Operating Activities:				
Depreciation Expense	2,166,852	8,086,669	10,253,521	-
Effect of Changes in Operating Assets and Liabilities:				
Receivables	(67,994)	(273,046)	(341,040)	-
Due from other funds	26,672	(5,813,500)	(5,786,828)	-
Inventory	35,323	(214,474)	(179,151)	-
Prepaid items	935	424,323	425,258	129,716
Deferred outflow of resources Pension	(64,242)	434,871	370,629	-
Deferred outflow of resources OPEB	(60,971)	(112,941)	(173,912)	-
Deferred outflow of resources ARO	-	(486,361)	(486,361)	-
Accounts payable and accrued expenses	1,264,836	(103,109)	1,161,727	(109,940)
Unearned revenue	-	(75,989)	(75,989)	-
Due to other funds	432,592	(380,258)	52,334	-
Customer Deposits	-	179,089	179,089	-
Liability for Compensated Absences	(48,232)	23,415	(24,817)	-
Net OPEB Liability	(347,420)	(643,549)	(990,969)	-
Net pension liability	(262,046)	(453,423)	(715,469)	-
Deferred inflow of resources Pension	63,979	(9,142)	54,837	-
Deferred inflow of resources OPEB	38,111	70,596	108,707	-
Net Cash Provided by Operating Activities	\$ 6,908,034	\$ 19,555,027	\$ 26,463,061	\$ 234,084
Non-Cash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ 383,055	\$ 1,568,155	\$ 1,951,210	\$ 49,632

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

City of Dover, Delaware
Statement of Net Position
Fiduciary Funds
June 30, 2019

	Pension and Other Postemployment Benefit Trust Funds	Agency Funds
Assets		
Cash and Cash Equivalents	\$ 7,139,446	\$ 858,447
Investments at Fair Value - Mutual Funds	90,914,986	-
Receivables	254,150	-
Prepaid Items	-	20,274
Total Assets	<u>98,308,582</u>	<u>878,721</u>
Liabilities		
Vouchers Payable & Deposit Payable	61,820	54,927
Due to Agencies	4,451	823,794
Total Liabilities	<u>66,271</u>	<u>\$ 878,721</u>
Net Position		
Net Position Restricted for Pension and Retiree Health Benefits	<u>\$ 98,242,311</u>	

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

City of Dover, Delaware
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Pension and Other Postemployment Benefit Trust Funds</u>
Additions:	
Net Investment Income	\$ 5,769,156
City's Contribution-Payroll Based	4,934,811
City's Contribution-Lump Sum	3,801,200
Employee Contribution	190,030
State Grants	512,151
Total Additions	<u>15,207,348</u>
Deductions:	
Benefit Payments	8,298,006
General Administration	26,742
Total Deductions	<u>8,324,748</u>
Change in Net Position	6,882,600
Net Position - Beginning	<u>91,359,711</u>
Net Position - Ending	<u><u>\$ 98,242,311</u></u>

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

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Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

1. FINANCIAL REPORTING ENTITY

A. The City of Dover, Delaware

The City of Dover, Delaware (the City) 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, 2019.

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 Generally Accepted Accounting Principles 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. SUMMARY OF 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, however, interfund services provided and used are not eliminated in the process of consolidation.

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 for 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, deferred inflows/outflows, 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 ensure 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

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 during which they are levied, provided they are "available;" meaning they are collected in the current period or are expected to be collected soon

enough thereafter to satisfy liabilities in the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end, except for trash collection, which has a thirty-day collection period.

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

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

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 52 & 54. 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 funds. Charges to customers for sales and services constitute the principal operating revenue for proprietary funds.

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. 84, "Fiduciary Activities" was issued in January 2017 and is effective for periods beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

GASB Statement No. 87, "Leases" was issued in June 2017 and is effective for periods after December 15, 2019. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in March 2018 and is effective for periods after June 15, 2018. This Statement will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement did not have an impact on the financial statements.

GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018 and is effective for periods after December 15, 2019. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will also simplify accounting for certain interest costs.

GASB Statement No. 90, "Majority Equity Interests" was issued in August 2018 and is effective for periods after December 15, 2018. This Statement will improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, "Conduit Debt Obligations" was issued in May 2019 and is effective for periods after December 15, 2020. This Statement will define conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The requirements of this Statement apply to the financial statements of all state and local governments.

The City is currently evaluating the impact of these statements.

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 capital assets are shown at acquisition value based on the developers' cost of the infrastructure. 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

The remaining useful life for certain buildings, vehicles, equipment and plant assets recorded in the Electric Fund is being shortened to coincide with the estimated retirement date of the City's principal generation assets.

Capital assets are maintained substantially and reported in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the Electric Fund and the National Association of Regulatory Utility Commissioners (NARUC) for the Water/Wastewater Fund.

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, Electronic Red-Light Safety Program Fund, Community Development Block Grant Fund (Federal), State Department of Transportation Grants Fund (Community Transportation), Police Grant Funds, Substance Abuse Prevention Program Fund, Realty Transfer Tax 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 to be presented elsewhere.

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 General and Water/Wastewater funds are required to maintain an 8% minimum ending budget balance and the Electric fund is required to maintain a 12% minimum. These percentages are expressed as a percentage of operating revenues, excluding the beginning budget balance.

Unassigned fund balances as a percentage of current year operating revenues on a budgetary basis for the General Fund, Water/Wastewater Fund and Electric Fund are 15.3%, 13.7% & 21.3% respectively and all are exceeding the financial policy maximum for each fund. Per the Financial policy, these overages will be addressed in the next year's budget.

The City Manager may approve transfers of savings from completed CIP items to non-completed CIP items. Any transfers that cause the particular item or project to exceed its original budget 10% or greater will be communicated to Council and the Controller/Treasurer. The City Manager may approve intra-fund transfers (i.e., within the General Fund) of up to five percent per annum, with the exception of line items associated with salary and benefits. Budget amendments exceeding that authorized above or that affect budget balances shall be referred to the City Council. (Source: City of Dover Policy Manual, Budget Administration – Policy for Operating Departments, 2014).

There were 2 departments that exceeded their budget, as follows:

- 1) The Police Department was over budget due to retro pay increases, comp-time payouts, retirements, and promotions occurring within the year.
- 2) The Public Services Administration Department was over budget and was attributed to salaries and pension expense due to an unanticipated mid-year pay increase.

In both cases, the increase was needed to meet operational requirements of the City.

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 Funds 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 revenues collected by the State of Delaware on behalf of the City or other State revenues provided for in Delaware Code. These receipts are subsequently 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 items 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 acquisition date. Investments consist of notes and bonds issued by the United States Government and its agencies, corporate debt instruments, common stock and open-end mutual funds. The fair value of investments is determined by GASB 72 *Fair Value Measurements*.

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	\$475,507
Water/Wastewater Fund	83,878
Electric Revenue Fund	1,310,904

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, 2019 total \$56,415,577 including cash and cash equivalents of \$7,813,061 and \$48,602,516 in investments. Of this amount, \$426,734 is attributed to governmental activities and \$55,988,843 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.

L. Bond Accounts/Issuance Costs

The City recognizes bond discounts and issuance costs 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

The statement of financial position, in addition to reporting assets and liabilities, reports a separate section for deferred outflows / inflows of resources. Deferred outflows / inflows of resources represent either a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an outflow / inflow (expense / revenue) of resources until that period.

The City's deferred outflows / inflows of resources are reported on the government-wide statement of net position and proprietary funds statement of net position for pension and Other Post-Employment Benefits (OPEB). For purposes of measuring the OPEB and pension liability, deferred outflows of resources and deferred inflows of resources related to OPEB and pensions, and OPEB and pension expense, information about the fiduciary net position of the OPEB and pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the City of Dover's OPEB Trust and 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 OPEB and pension systems report investments at fair value. Deferred inflows of resources related to OPEB and pensions are explained in Notes 15 and 17, respectively.

The City also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes, demolitions, general billings, grass cutting, police extra-duty, and State grants.

In addition to the above deferred inflows / outflows, the City is reporting a deferred outflow of resources for asset retirement obligation on the Electric Revenue Fund, due to the retirement of the McKee Run Generating Facility.

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 defined by 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 a majority vote of City Council, the City's 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; and
- 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.

P. Net Position Flow Assumption

Sometimes the City will fund outlays for a specific purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position and fund balance in the government-wide, proprietary fund, and governmental fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

3. DEPOSITS AND INVESTMENTS

A. Cash in Bank and Cash Equivalents

Custodial credit risk – deposits. The City's depository institutions collateralize the City'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 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, 2019, the carrying amount of unrestricted cash and cash equivalents totaled \$17,323,411, and the bank cash balances totaled \$14,272,631. The carrying amount of restricted cash totaled \$7,813,061 and the bank cash balances on restricted accounts totaled \$11,441,507. \$2,635,825 of the bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. Fiduciary funds cash and cash equivalents carrying value of \$7,997,893 included \$8,015,097 of cash deposits, \$613,798 of the bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The restricted deposits are held by the City for bond related transactions, special purpose operating and capital grants.

B. Investments

The City Council has adopted an investment policy which is reviewed every two years and updated as needed to meet best practices. The Pension Boards have adopted their own distinct investment policies to govern the Pension Trust funds because the objectives differ from those of the City. The City's investments are segregated from the Pension Trust investments for clarity. As of June 30, 2019, 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 several different investment capacities from mutual funds and certificate of deposit with a significant investment in debt securities.

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The City recorded the following investments as of June 30, 2019:

Investment Type	Weighted Average Maturity (Years)	June 30, 2019	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	2.86	\$ 27,070,612	\$ -	\$ 27,070,612
Federal Agency Bond / Note	2.36	14,504,010	1,175,117	13,328,893
Municipal Obligations	0.63	3,809,978	-	3,809,978
Domestic Fixed Income	2.44	27,107,148	-	27,107,148
International Fixed Income	1.05	8,589,963	-	8,589,963
Certificates of Deposit	0.91	8,618,159	-	8,618,159
Federal Agency Mortgage-Backed Security	13.31	4,567,721	-	4,567,721
Total Investments by fair value level	2.73	\$ 94,267,591	\$ 1,175,117	\$ 93,092,474
Other Investments, at amortized cost:				
Accrued Interest Earned		520,209		
Money Market Mutual Funds & Equity Stock		882,271		
Total other investments		1,402,480		
Total Government-Wide Investments		95,670,071		

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 and most other investments to a maximum maturity of 10 years from the date of purchase. Commercial Paper, Bankers' Acceptances and Repurchase Agreements all have a much shorter investment period ranging from 90 days to 365 days. Short-term cash flow balances are invested up to one year. The portfolio's weighted average maturity is 2.73 years.

Credit risk: The City's investment policy applies 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, 2019, the City's fixed income and short-term investments carried the following S&P Global Credit Ratings as compared to the policy's minimum ratings:

Authorized Investments	Policy Minimum Rating Category	Portfolio Ratings	Percent Allocation
U.S. Government	N/A	AAA	28.30%
U.S. Government Agency	N/A	AA+ to AAA	19.93%
Certificates of Deposit and Time Deposits	Short-Term A-1 Long-Term AA	Short-Term A-1 to A-1+ N/A	9.01%
Corporate Debt	Issued by a US Corporation		
Commercial Paper	A-1	N/A	0.00%
Corporate Notes/Bonds	A	BBB+ to AAA	28.33%
International Fixed Income	A	AAA	8.98%
Repurchase Agreements	ST A-1; LT AA	N/A	0.00%
Registered Investment Companies (Money Market Funds)	AAAm	AAAm	1.47%
Municipal Obligations	A	A to AAA	3.98%

Concentration of credit risk: As of June 30, 2019, United States Treasury Notes represented 28.72% of the portfolio, Federal Home Loan Bank represented 9.57% of the portfolio and Federal National Mortgage Association represented 9.42% of the portfolio. No other issuer exceeded 5% of the portfolio.

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

The Pension Trusts and OPEB Trust invest exclusively in open-end mutual funds. The fair value is measured using the net asset value (NAV) as quoted in active markets in a manner consistent with the measurement principles for investment companies calculated as of June 30, 2019.

Investment Type	June 30, 2019			
Other Postemployment Benefits (OPEB) & Pension Funds (Trustee held):	Employee's Plan	Police Plan	OPEB Trust	Total
Investments measured at the net asset value (NAV)				
Money market funds	\$ 3,662,851	\$ 1,218,053	\$ 1,390,668	\$ 6,271,572
Fixed Income:				
Short-term bond funds	2,149,150	816,764	2,253,994	5,219,908
Intermediate-term bond funds	1,731,456	411,270	1,698,459	3,841,185
Long-term bond funds	2,188,524	693,087	1,530,030	4,411,641
Inflation-protected bond funds	2,156,702	683,014	1,508,091	4,347,807
High yield bond funds	2,167,511	686,456	1,894,329	4,748,296
Nontraditional bond funds	1,724,342	409,569	1,695,533	3,829,444
Total Fixed Income	12,117,685	3,700,160	10,580,436	26,398,281
Equities:				
Large cap value funds	3,472,885	1,099,866	3,052,289	7,625,040
Large cap growth funds	4,819,766	1,526,493	4,199,320	10,545,579
Mid-cap value funds	1,757,337	556,560	3,071,467	5,385,364
Mid-cap blend funds	1,748,366	553,710	-	2,302,076
Small-cap value funds	3,535,910	1,119,831	4,245,177	8,900,918
International growth funds	3,093,905	979,755	2,705,175	6,778,835
World stock funds	3,078,999	975,082	2,691,525	6,745,606
Diversified emerging market funds	5,292,078	1,675,881	4,626,792	11,594,751
Real estate funds	2,117,480	670,625	1,850,431	4,638,536
Total Equities	28,916,726	9,157,803	26,442,176	64,516,705
Total investments measured at the NAV	\$41,034,411	\$12,857,963	\$ 37,022,612	\$90,914,986

The City recorded the following OPEB and Pension investments as of June 30, 2019:

Investment Type	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)
Other Postemployment Benefits (OPEB) & Pension Funds		
Investments by fair value level		
Mutual Funds	\$ 90,914,986	\$ 90,914,986
Other Investments at amortized Cost		
Money Market Mutual Funds	6,271,572	6,271,572
	<u>\$ 97,186,558</u>	<u>\$ 97,186,558</u>

Limits on investments are as follows:

Category Allocation	Target Percentage		
	Employee's Plan	Police Plan	OPEB Trust
Cash & Short Term Bonds	11.00%	13.00%	9.00%
Non-traditional Bonds	4.00%	3.00%	4.50%
Inflation Protected Bonds	5.00%	5.00%	4.00%
Intermediate Term Bonds	4.00%	3.00%	4.50%
Long Term Bonds	5.00%	5.00%	4.00%
High Yield Bond	5.00%	5.00%	5.00%
Large Cap Value	8.00%	8.00%	8.00%
Large Cap Growth	11.00%	11.00%	11.00%
Mid Cap	8.00%	8.00%	8.00%
Small Cap	8.00%	8.00%	11.00%
Real Estate Investment	5.00%	5.00%	5.00%
Foreign Equity	14.00%	14.00%	14.00%
Emerging Markets	12.00%	12.00%	12.00%
	100.00%	100.00%	100.00%

Custodial Credit Risk 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, the City requires all investments held with a third-party custodian to be registered in the City's name.

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Pension and OPEB Plans' investment policies do not formally address interest rate risk. As of June 30, 2019, the Pension and OPEB plans had \$26,398,281 in fixed income investments. The weighted average maturity for \$24,503,952 of its fixed income funds was 9.49 years, the remaining balance of \$1,894,329 was not available.

Credit Risk: The OPEB Plan's investments are exposed to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. The Pension and OPEB Plan's investment balances at June 30, 2019 consisted of open-ended mutual funds.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The Pension and OPEB Plan's investment policies do not formally address concentration of credit risk. The Pension and OPEB Plans held no positions of five percent or more in securities of any single issuer at June 30, 2019.

Foreign Currency Risk is the risk that changes in the exchange rate of investments will adversely affect the fair value of an investment. As of June 30, 2019, the Pension and OPEB Plans had no investments that were denominated in foreign currency.

4. CAPITAL ASSETS

A summary of the capital asset activity for the year ended June 30, 2019 is presented below and on the following page:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,688,301	\$ 51,261	\$ -	\$ 4,739,562
Construction in progress	738,629	498,417	40,927	1,196,119
Total capital assets, not being depreciated	5,426,930	549,678	40,927	5,935,681
Capital assets, being depreciated:				
Buildings	29,321,058	57,991	-	29,379,049
Furniture and fixtures	821,678	-	-	821,678
Equipment	8,729,096	241,876	193,374	8,777,598
Vehicles	5,495,671	1,353,976	317,794	6,531,853
Lights	655,647	-	-	655,647
Improvements other than buildings	55,259,173	1,831,346	-	57,090,519
Total capital assets, being depreciated	100,282,323	3,485,189	511,168	103,256,344
Less accumulated depreciation for:				
Buildings	(6,308,166)	(704,693)	-	(7,012,859)
Furniture and fixtures	(543,709)	(54,735)	-	(598,444)
Equipment	(6,240,570)	(515,667)	193,376	(6,562,861)
Vehicles	(3,989,084)	(470,848)	312,798	(4,147,134)
Lights	(519,905)	(6,648)	-	(526,553)
Improvements other than buildings	(28,990,900)	(1,343,534)	-	(30,334,434)
Total accumulated depreciation	(46,592,334)	(3,096,125)	506,174	(49,182,285)
Total capital assets, being depreciated, net	53,689,989	389,064	4,994	54,074,059
Governmental activities capital assets, net	\$ 59,116,919	\$ 938,742	\$ 45,921	\$ 60,009,740

(Continued)

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part C – Notes to Financial Statements

(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Revenue Fund				
Capital assets, not being depreciated				
Land	\$ 1,458,066	\$ -	\$ -	\$ 1,458,066
Construction in progress	3,003,311	1,381,594	621,704	3,763,201
Total capital assets, not being depreciated	4,461,377	1,381,594	621,704	5,221,267
Capital assets, being depreciated				
Buildings	14,480,088	-	-	14,480,088
Vehicles and Equipment	28,266,103	342,933	-	28,609,036
Transformers, Meters, T&D & Fiber Optic Lines, Street Lights	63,908,180	1,306,173	-	65,214,353
SS, Switch Yards, Switchgears	36,550,989	136,873	-	36,687,862
Boiler, Turbo Generators, Cap Int - VS	39,122,189	-	-	39,122,189
Other (Streets, EST, Swr Lines, Wells, Eng & Legal Svcs, Land Impr)	7,662,501	-	-	7,662,501
Total capital assets, being depreciated	189,990,050	1,785,979	-	191,776,029
Less accumulated depreciation for:				
Buildings	(10,314,516)	(837,801)	-	(11,152,317)
Vehicles and Equipment	(23,422,828)	(1,112,652)	-	(24,535,480)
Transformers, Meters, T&D & Fiber Optic Lines, Street Lights/Signals	(35,499,747)	(1,754,964)	-	(37,254,711)
SS, Switch Yards, Switchgears	(14,627,704)	(1,101,706)	-	(15,729,410)
Boiler, Turbo Generators, Cap Int - VS	(24,204,794)	(3,087,296)	-	(27,292,090)
Other (Streets, EST, Swr Lines, Wells, Eng & Legal Svcs, Land Impr)	(6,108,865)	(192,250)	-	(6,301,115)
Total accumulated depreciation	(114,178,454)	(8,086,669)	-	(122,265,123)
Total capital assets, being depreciated, net	75,811,596	(6,300,690)	-	69,510,906
Total electric revenue fund capital assets, net	80,272,973	(4,919,096)	621,704	74,732,173
 Water/Wastewater Fund				
Capital assets, not being depreciated				
Land	163,240	-	-	163,240
Construction in progress	912,403	5,410,322	552,483	5,770,242
Total capital assets, not being depreciated	1,075,643	5,410,322	552,483	5,933,482
Capital assets, being depreciated				
Buildings	2,026,662	-	-	2,026,662
Pumping Stations	28,842,952	447,787	-	29,290,739
Distribution mains, hydrants, and accessories	24,293,711	159,379	-	24,453,090
Sewer Lines	33,190,813	507,535	-	33,698,348
Vehicles and equipment	7,549,513	160,744	-	7,710,257
Total capital assets, being depreciated	95,903,651	1,275,445	-	97,179,096
Less accumulated depreciation for:				
Buildings	(894,597)	(42,203)	-	(936,800)
Pumping Stations	(10,069,008)	(709,408)	-	(10,778,416)
Distribution mains, hydrant, and accessories	(8,255,258)	(334,324)	-	(8,589,582)
Sewer Lines	(13,605,625)	(749,696)	-	(14,355,321)
Vehicles and equipment	(4,939,300)	(331,221)	-	(5,270,521)
Total accumulated depreciation	(37,763,788)	(2,166,852)	-	(39,930,640)
Total capital assets, being depreciated, net	58,139,863	(891,407)	-	57,248,456
Total water/wastewater fund capital assets, net	59,215,506	4,518,915	552,483	63,181,938
Total Business-type Activities	\$139,488,479	\$ (400,181)	\$ 1,174,187	\$137,914,111
Capital Assets, not being depreciated	\$ 5,537,020	\$ 6,791,916	\$ 1,174,187	\$ 11,154,749
Capital Assets, being depreciated	133,951,459	(7,192,097)	-	126,759,362
Total	\$139,488,479	\$ (400,181)	\$ 1,174,187	\$137,914,111

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

Governmental activities:	
General government	\$ 12,689
Central services	38,949
Public safety	468,965
Public works	1,984,895
Library and recreation	558,384
Financial administration	<u>32,242</u>
Total depreciation expense - governmental activities	<u>\$ 3,096,125</u>

5. LONG -TERM OBLIGATIONS

A. Summary of Bonded Indebtedness by Issue

	<u>Original</u>	<u>Remaining</u>	<u>Interest</u>	<u>Maturity</u>	<u>Arbitrage</u>	<u>Purpose</u>
<u>Governmental Activities</u>						
2019 General Obligation Bonds	\$ 5,700,000	\$ 5,700,000	2.39%	7/18/19 - 6/30/29	No	Refund General Obligation Bonds Series 2012 and Series 2014 A, which funded public safety equipment and library, storm water and street infrastructure projects
<u>Business Type Activities</u>						
<u>Water/Wastewater Bonds</u>						
2000 State of Delaware - Revolving Loan Fund - Municipal Revenue	\$ 750,000	\$ 51,532	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	3,821,547	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	1,593,447	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	580,913	2.00%	6/1/12 - 12/1/31	No	Pump station replacements/upgrades and sanitary sewer main relining
2013 Revenue Bonds	6,125,000	4,440,000	3.58%	7/1/14 - 7/1/33	Yes	Water and Wastewater capital project financing, refund 2003 Series WWW bonds
2018 State of Delaware - Revolving Loan Fund - Municipal Revenue	2,598,099	2,598,099	2.00%	20 year term once the project is complete	No	Water Treatment Plant Improvements
2018 State of Delaware - Revolving Loan Fund - Municipal Revenue	112,157	112,157	2.00%	20 year term once the projects are complete	No	Replacement of 3 Pump Stations: Delaware Tech, Walker Woods and Silver Lake
(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>						
2018 Revenue Bonds	\$ 15,700,000	\$ 15,700,000	3 - 5%	7/1/19 - 7/1/33	Yes	Refund Electric Revenue Bonds Series 2008, which funded system expansion & upgrades
(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, 2019 – General Obligation Bonds

Long-term indebtedness of the City of Dover consists of Series 2019 General Obligation Bonds totaling \$5,700,000.

The total General Obligation Bonds outstanding amount includes \$328,716 payable within one year.

C. Change in Long-Term Debt

The following tables summarize the debt transactions for the year ended June 30, 2019:

i. General Long-Term Debt

Item	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Payable within One Year
Police Officer Separation Agrmt	\$ 150,000	\$ -	\$ 37,500	\$ 112,500	\$ 37,500
Compensated Absences	2,277,345	1,483,055	1,265,585	2,494,815	1,110,593
General Obligation Bonds	5,877,013	5,700,000	5,877,013	5,700,000	328,716
Net OPEB Liability	26,216,057	-	4,988,823	21,227,234	-
Net Pension Liability	14,751,596	-	708,068	14,043,528	-
Sub-total of General Long-Term Debt	<u>\$ 49,272,011</u>	<u>\$ 7,183,055</u>	<u>\$ 12,876,989</u>	<u>\$ 43,578,077</u>	<u>\$ 1,476,809</u>

In June 2019, the City issued General Obligation Bond Series 2019 in the amount of \$5,700,000 to refund the outstanding principal of the original series 2012 and 2014A bonds. The proceeds (net of bond issuance costs), were used to satisfy all of the remaining outstanding principal on the 2012 Series bonds and 2014 A Series bonds. The City completed the refunding to reduce its total debt service payments over the next 10 years by approximately \$635,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$290,000.

ii. Enterprise Funds Debt – Water/Wastewater Fund

Item	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Payable within One Year
Compensated Absences	\$ 230,601	\$ 114,311	\$ 162,543	\$ 182,369	\$ 87,320
Revenue Bonds-Water and Wastewater	4,795,000	-	355,000	4,440,000	360,000
State of Delaware Municipal Revenue Bond - Wastewater	4,806,555	112,157	352,563	4,566,149	361,043
State of Delaware Municipal Revenue Bond - Water	1,710,844	2,598,099	117,397	4,191,546	120,481
Net OPEB Liability	2,128,196	-	347,420	1,780,776	-
Net Pension Liability	3,647,263	-	262,046	3,385,217	-
Sub-total of Water/Wastewater Fund	<u>\$ 17,318,459</u>	<u>\$ 2,824,567</u>	<u>\$ 1,596,969</u>	<u>\$ 18,546,057</u>	<u>\$ 928,844</u>

State of Delaware Water Pollution Control Revolving Fund (WPCRF) Loan and State of Delaware Drinking Water State Revolving Fund (DWSRF)

The City has two New State of Delaware Revolving Fund loans that are in the process of being drawn down because the related projects are in the construction stage. Loans outstanding as of June 30, 2019 were as follows:

Loan Number	Interest Rate	Maximum Loan Amount	Outstanding as of June 30, 2019
Loan #12000090	2.0%	881,400	\$112,157
Loan #21000082	2.0%	4,000,000	\$2,598,099

The City's repayment obligation is secured by a pledge of net operating revenue of the water and sewer system. Upon Completion of each project, semi-annual payments of principal and interest shall be payable in an amount sufficient to amortize the outstanding principal balance of each loan over a twenty-year term.

iii. Enterprise Funds Debt – Electric Revenue Fund

Item	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Payable within One Year
Compensated Absences	\$ 474,054	\$ 277,542	\$ 254,128	\$ 497,468	\$ 221,367
Revenue Bonds	17,890,000	15,700,000	17,890,000	15,700,000	650,000
Bond Premium	-	1,154,752	-	1,154,752	-
Net OPEB Liability	3,415,224	-	643,549	2,771,675	-
Net Pension Liability	7,228,906	-	453,423	6,775,483	-
Asset Retirement Obligation	11,915,849	-	-	11,915,849	-
Sub-total of Electric Revenue Fund	40,924,033	17,132,294	19,241,100	38,815,227	871,367
Sub-total of Enterprise Fund Debt	58,242,492	19,956,861	20,838,069	57,361,284	1,800,211
Grand Totals of Long-Term Debt	\$ 107,514,503	\$ 27,139,916	\$ 33,715,058	\$ 100,939,361	\$ 3,277,020

In August 2018, the City issued Electric Revenue Refunding Bonds, Series 2018 in the amount of \$15,700,000 to refund the outstanding principal of the original series 2008 bonds. The proceeds (net of bond issuance costs), were used to satisfy all of the remaining outstanding principal on the series 2008 bonds. The City completed the refunding to reduce its total debt service payments over the next 15 years by approximately \$3,614,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$3,024,000.

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, 2019. In previous years, the City has used General Fund Revenues to liquidate Net Pension and Net OPEB Liabilities in the General Fund.

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:

2019 General Obligation Bonds			
<u>Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Year</u>			
2020	328,716	134,842	463,558
2021	335,760	126,434	462,194
2022	342,624	118,222	460,846
2023	349,632	109,842	459,474
2024	356,556	101,565	458,121
2025	364,092	92,569	456,661
2026	371,544	83,664	455,208
2027	379,140	74,576	453,716
2028	386,760	65,478	452,238
2029	2,485,176	55,843	2,541,019
Total	<u>\$ 5,700,000</u>	<u>\$ 963,035</u>	<u>\$ 6,663,035</u>

ii. Business-type Activities

Water/Wastewater Fund								
<u>Fiscal</u>	2000 Municipal Revenue Bonds (Wastewater)		2009 Municipal Revenue Bonds (Wastewater)		2010 Municipal Revenue Bonds (Water)		2011 Municipal Revenue Bonds (Wastewater)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	51,532	1,396	271,970	75,078	120,481	40,808	37,541	20,584
2021	-	-	277,437	69,611	123,646	37,643	38,905	19,219
2022	-	-	283,013	64,035	126,895	34,395	40,318	17,806
2023	-	-	288,702	58,346	130,228	31,061	41,783	16,341
2024	-	-	294,505	52,543	133,649	27,640	43,302	14,823
2025	-	-	300,424	46,624	137,160	24,129	44,875	13,250
2026	-	-	306,463	40,585	140,764	20,526	46,505	11,619
2027	-	-	312,623	34,425	144,461	16,828	48,195	9,930
2028	-	-	318,906	28,142	148,257	13,033	49,946	8,178
2029	-	-	325,316	21,732	152,151	9,138	51,761	6,364
2030	-	-	331,855	15,193	156,148	5,141	53,642	4,483
2031	-	-	338,526	8,522	79,607	1,039	55,592	2,534
2032	-	-	171,807	1,718	-	-	28,548	514
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
Total	<u>\$ 51,532</u>	<u>\$ 1,396</u>	<u>\$ 3,821,547</u>	<u>\$ 516,554</u>	<u>\$ 1,593,447</u>	<u>\$ 261,381</u>	<u>\$ 580,913</u>	<u>\$ 145,645</u>

(Continued)

ii. Business-type Activities (Continued)

Water/Wastewater/Electric Revenue Funds

Fiscal Year	2013 Revenue Bonds Water/Wastewater		2018 Municipal Revenue Loan (Wastewater)		2018 Municipal Revenue Loan (Water)		2018 Revenue Bonds Electric		Business- Type Activities
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	360,000	146,493	5,608	2,243	129,905	51,962	650,000	629,450	2,595,051
2021	375,000	135,469	5,608	2,131	129,905	49,364	785,000	593,575	2,642,513
2022	385,000	124,069	5,608	2,019	129,905	46,766	820,000	553,450	2,633,279
2023	395,000	112,369	5,608	1,907	129,905	44,168	865,000	511,325	2,631,743
2024	410,000	100,294	5,608	1,795	129,905	41,570	910,000	466,950	2,632,584
2025	215,000	90,919	5,608	1,682	129,905	38,971	955,000	420,325	2,423,872
2026	220,000	84,256	5,608	1,570	129,905	36,373	1,005,000	371,325	2,420,499
2027	225,000	77,106	5,608	1,458	129,905	33,775	1,055,000	319,825	2,414,139
2028	235,000	69,281	5,608	1,346	129,905	31,177	1,110,000	265,700	2,414,479
2029	245,000	60,269	5,608	1,234	129,905	28,579	1,160,000	214,750	2,411,807
2030	255,000	50,269	5,608	1,122	129,905	25,981	1,200,000	173,550	2,407,897
2031	265,000	39,869	5,608	1,009	129,905	23,383	1,240,000	136,950	2,327,544
2032	275,000	29,069	5,608	897	129,905	20,785	1,275,000	99,225	2,038,076
2033	285,000	17,869	5,608	785	129,905	18,187	1,315,000	60,375	1,832,729
2034	295,000	6,084	5,608	673	129,905	15,589	1,355,000	20,325	1,828,184
2035	-	-	5,608	561	129,905	12,990	-	-	149,064
2036	-	-	5,608	449	129,905	10,392	-	-	146,354
2037	-	-	5,608	336	129,905	7,794	-	-	143,643
2038	-	-	5,608	224	129,905	5,196	-	-	140,933
2039	-	-	5,605	112	129,904	2,598	-	-	138,219
Total	\$ 4,440,000	\$ 1,143,685	\$ 112,157	\$ 23,552	\$ 2,598,099	\$ 545,601	\$ 15,700,000	\$ 4,837,100	\$ 36,372,609

E. Certain Asset Retirement Obligation

The City implemented GASB Statement No. 83 Certain Asset Retirement Obligation (ARO) during the fiscal year ended June 30, 2019. An ARO is a legally enforceable liability associated with the retirement of a tangible asset. The McKee Run Generating Station is an electric generating facility owned and operated by the City since 1972, and is scheduled to be shut down on May 31, 2021. A legal obligation exists for the City to perform future retirement activities for the decommissioning of the McKee Run Generating Station, as the site contains hazardous and other materials that require special handling, based upon Federal Regulations and the Delaware Department of Natural Resources and Environmental Control (DNREC). McKee Run has an estimated remaining useful life of 22 months. The City engaged a specialist to estimate the cost of decommissioning the station, and accordingly recognized a liability of \$11,915,849, and deferred outflow of resources of \$486,361, as of June 30, 2019.

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.	\$ 134,522
Grants-public safety	These represent the Police grants, ERLSP grant and Substance Abuse Prevention grant in the special revenue type funds.	172,141
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.	35,622
Total Restricted Net Position		<u>\$ 342,285</u>

Business Type Activities

Net restricted position for construction purposes - expendable		
Water/Wastewater	Restrictions on investments imposed by bond covenants	\$ 6,773,920
Electric	Restrictions on investments imposed by bond covenants	47,579,291
Total Restricted Net Position		<u>\$ 54,353,211</u>

7. FUND BALANCES & NET POSITION

In the governmental fund financial statements, fund balances are reported based on a hierarchy of constraints on the specific purposes for which the funds can be spent. Non-spendable fund balances represent items that are not in spendable form and not expected to be converted to cash. This criterion also applies to the corpus of permanent funds, which would include the Mary Elizabeth 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. 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 previously mentioned 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 as of June 30, 2019 follows:

	General Fund	Other Governmental Funds	Total
Fund balances:			
Nonspendable:			
Inventory & Prepaids	\$ 213,380	\$ -	\$ 213,380
Patronage Stock	16,594	-	16,594
Library Endowment	5,000	-	5,000
Subtotal Nonspendable:	<u>234,974</u>	<u>-</u>	<u>234,974</u>
Restricted for:			
Library Endowment Interest	2,199	-	2,199
Verizon cable franchise	24,871	-	24,871
Highway resurfacing	-	142,092	142,092
ERLSP	-	100	100
CDBG	-	882	882
Substance Abuse Prevention	-	88,556	88,556
Municipal Street Aid	-	100	100
Police Grants	-	83,485	83,485
Subtotal Restricted for:	<u>27,070</u>	<u>315,215</u>	<u>342,285</u>
Committed to:			
Contingency	770,914	-	770,914
Parkland	277,073	-	277,073
Subtotal Committed to:	<u>1,047,987</u>	<u>-</u>	<u>1,047,987</u>
Assigned to:			
Capital Projects	4,320,615	-	4,320,615
Unassigned	<u>7,118,240</u>	<u>-</u>	<u>7,118,240</u>
Total fund balances	<u><u>\$ 12,748,886</u></u>	<u><u>\$ 315,215</u></u>	<u><u>\$ 13,064,101</u></u>

As noted in the Introductory section of this report (page 9), the City has established the "City of Dover, Delaware Financial Policies" booklet, which is a standardized set of principles managed by the Finance Department to ensure that the City follows the minimum fund balance policies.

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 oversees 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	July 1
Taxes due and payable at par	July 31
Penalty of one and one-half percent starts	August 1
Lien established on property for property taxes	July 1
Tax sales of property with unpaid taxes	2 years from date of billing

As of June 30, 2019, there were no material delinquent taxes.

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 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	\$ 37,729
	Water/Wastewater Fund	279,794
	Electric Revenue Fund	11,020
		328,543
Water/ Wastewater Fund	General Fund	1,146
Electric Revenue Fund	General Fund	1,481,469
	Water/Wastewater Fund	335,853
		1,817,322
Total		\$ 2,147,011

B. Due to/from other funds – Temporary Advances

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	General Fund	\$ 4,000,000

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.

C. Interfund Transfers

Transfers Out	Transfers In -		Total
	General Fund	Electric Revenue Fund	
Non-Major Governmental Funds	\$ 2,953,381	\$ -	\$ 2,953,381
Water/ Wastewater Fund	1,000,000	298,000	1,298,000
Electric Revenue Fund	10,000,000	-	10,000,000
General Fund	-	200,000	200,000
Total	<u>\$ 13,953,381</u>	<u>\$ 498,000</u>	<u>\$ 14,451,381</u>

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

10. RENTAL INCOME

The City is the lessor in two active lease agreements related to its Garrison Oak Business & Technology Center that result in miscellaneous revenue reported in the General Fund. The first lease is with LS Power – White Oak Solar Energy LLC, which generated \$66,195 in rental income, and the second lease is with Garrison Energy Center which generated \$34,223 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. Lease revenue is \$116,267 in the Electric Revenue Fund consisting of office space rental of \$18,150, substation rental of \$30,000 and pole attachment rentals of \$68,117.

The City maintains several water tower leases for a group of telecommunications companies. The transactions are recorded as revenue in the Water/Wastewater Fund and totaled \$399,849 in the fiscal year ended June 30, 2019.

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 financial contributions to assist the volunteer fire company with the acquisition of firefighting apparatus. The current fiscal year includes \$145,614 in expenditures for Ladder #1, and \$71,199 for Pierce Enforcer Pumper Engine 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 City has extended the contract through June 30, 2022. The Energy Authority manages energy purchases and utilizes the City's generating assets to provide a level of rate stability and to mitigate the effects of volatility in the energy markets.
- 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, 2021. The City has incorporated the budgets and financial activity of the generating assets 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 cost estimate for annual management fees and incentives totals \$759,607 in fiscal year 2019 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 loans is paid monthly from rental receipts the Partnership receives from its current tenants on the properties.
- E. The City owes \$112,500 to a former employee of the City due to a separation agreement. The former employee is owed this money over the next 3 years.

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 to determine the extent to which financial hedges would mitigate market and credit risk to the benefit of the City. These contracts meet the definition of a derivative instrument as defined by GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments* (GASB 53). However, these contracts meet the normal purchases and sales exemption of GASB 53 as the City intends to use the physical commodity in its normal utility operations to supply energy to its customers. Accordingly, these contracts are not within the scope of GASB 53 and are not recorded on the City's Statement of Net Position.

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 S&P Global Ratings or Baa2 as rated by Moody's Investors Service). 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 using 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.

A summary of the contracts outstanding as of June 30, 2019 are as follows:

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	\$10,648	(\$648)	No Collateral if exposure under specified threshold
Barclays Bank, PLC	BBB+	\$10,000	\$10,000	\$0	No Collateral if exposure under specified threshold
BP Energy Company	A-	\$15,000	\$15,694	(\$694)	No Collateral if exposure under specified threshold
Citigroup Energy, Inc.	BBB+	\$7,000	\$7,000	\$0	\$10,000 guaranty from Citigroup Global Markets Holdings, threshold is \$7,000
EDF Trading North America, LLC	BBB	\$18,000	\$18,000	\$0	Threshold is \$18 million unless guarantor's credit rating falls below Baa3
Exelon Generation Company, LLC	BBB	\$30,000	\$30,000	\$0	No Collateral if exposure under specified threshold
Macquarie Energy, LLC	A	\$15,000	\$15,496	(\$496)	Up to \$15,000 is guaranteed by Macquarie Bank Limited
Morgan Stanley Capital Group, Inc	BBB+	\$10,000	\$14,088	(\$4,088)	Unlimited guaranty from Morgan Stanley, threshold set by table in contract
NextEra Energy Marketing, LLC.	BBB+	\$10,000	\$23,333	(\$13,333)	Guaranty from NextEra Energy Capital Holdings, threshold set by table in contract
NJR Energy Services Company	NR	No threshold	\$0	\$0	No Specified threshold
PJM Settlement, Inc.	AA	No threshold	\$0	\$47	No Specified threshold
PSEG Energy Resources & Trade, LLC	BBB+	\$5,000	\$4,816	\$184	\$5,000 guaranty from PSEG Power LLC
Sequent Energy Management, L.P.	BBB+	\$5,000	\$5,000	\$0	Unlimited guaranty from AGL Resources (now Southern Company Gas), threshold is \$5,000

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 Highmark Delaware. Pre-determined premiums consisting of City and employee contributions are subsequently paid 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 records. The City maintains a fund balance reserve to cover any claims incurred but not reported.

AMI Risk Consultants completed an updated valuation in fiscal year 2014. As of June 30, 2019, \$490,800 is 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, 2019.

Workers' Compensation activity is recorded in the General Fund as follows:

	2019	2018
Claims payable, beginning of year	\$ 598,030	\$ 751,659
Claims incurred	(476,461)	239,594
Payment of claims	369,231	(393,223)
Claims payable, end of year	<u>\$ 490,800</u>	<u>\$ 598,030</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, except for 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 labor 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 City of Dover OPEB Plan is a post-retirement employee benefit program established for the purpose of funding retiree health care as provided for in Chapter 80, Article IV, Division 5 of the City Ordinances.

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 seven members - 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, 2019:

Retirees and beneficiaries receiving benefits	267
Terminated plan members entitled to but not yet receiving the benefits	10
Active plan members	<u>324</u>
Total	<u>601</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, 2017 through June 30, 2020.
- The American Federation of State, County, and Municipal Employees (AFSCME), Council 81 contract period is July 1, 2017 through June 30, 2020.
- The Fraternal Order of Police Lodge #15 (FOP) union contract period is July 1, 2018 through June 30, 2021.
- The Dover Organization of Employees (DOE) union contract period is July 1, 2018 through June 30, 2021.

The eligibility provisions for early retirement are as follows:

SUMMARY OF PRINCIPAL PLAN PROVISIONS

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

(Continued)

SUMMARY OF PRINCIPAL PLAN PROVISIONS

(Continued)

- c. 15% for individual and spouse coverage if retired on or after July 1, 2012
- 2. DOE Employees:
 - a. None if retired prior to September 1, 1991
 - b. 0% for individual coverage and 25% for spouse coverage if retired on or after September 1, 1991 and prior to June 1, 2013
 - c. 15% for individual and spouse coverage if 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 premium was \$135.50 for 2019; for 2018 the average premium was \$111.0, and the standard premium was \$134.0. Spouses are not eligible for the reimbursement. Eligible retirees are:
 - 1. Non-union and AFSCME 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.

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 premium was \$135.50 for 2019; for 2018, the average premium was \$111.0, and the standard premium was \$134.0. Spouses are not eligible for the reimbursement. Eligible retirees are members who retired prior to September 30, 2006.

Employer Contributions:

The City of Dover funds the other post-employment 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	\$ 4,373,985
Water/Wastewater Fund	293,954
Electric Revenue Fund	779,489
Total Contributions	<u>\$ 5,447,428</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. For the year ended June 30, 2019, the City's average contribution rate was 27.8% of covered payroll of \$19,580,134.

The components of the Net OPEB liability of the City at June 30, 2019, are as follows:

**Other Post Employment Benefits Fund
Changes in Net OPEB Liability**

Changes in Net OPEB Liability	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2018	\$ 66,118,639	\$ 34,359,162	\$ 31,759,477
Changes for the year:			
Service cost	1,201,696	-	1,201,696
Interest	4,287,917	-	4,287,917
Differences between expected and actual exp	(5,152,216)	-	(5,152,216)
Effect of assumption changes or inputs	1,311,796	-	1,311,796
Benefit payments	(2,748,016)	(2,748,016)	-
Employer contributions	-	5,447,428	(5,447,428)
Net investment income	-	2,184,357	(2,184,357)
Trust administrative expenses	-	(2,800)	2,800
Balances as of June 30, 2019	\$ 65,019,816	\$ 39,240,131	\$ 25,779,685
Plan Fiduciary Net Position as % of total OPEB Liability	60.4%		

Actuarial Methods and Significant Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 with liabilities projected to the June 30, 2019 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Actuarial cost method	Entry Age Normal Level % of Salary
Amortization method	Level Dollars
Amortization period	29 years
Asset valuation method	Fair Market Value
Actuarial assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
Inflation	2.5% per year included in payroll growth
Healthcare cost trend rates	
Pre-65 Medical / Rx	Initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%

Post-65 Medical / Rx	Initial rate of 8.0% decreasing by 0.5%
	Annually to an ultimate rate of 4.5%
Mortality	RPH-2018 Total Dataset Mortality
	Table fully generational using Scale
	MP-2018 for all employees

Changes in Actuarial Assumptions or Methods

The long term expected rate of return on OPEB 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 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 target asset allocation as of June 30, 2019 are summarized in the following table:

OPEB Trust Long-Term Expected Rate of Return

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return
Cash & Short-Term Bond	9.00%	0.50%
Fixed Income	22.00%	3.55%
Equity	64.00%	8.26%
Real Estate	5.00%	7.96%
Alternatives	0.00%	0.00%
Long-Term Expected Rate of Return		6.51%

*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.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability as of June 30, 2019, calculated using the discount rate of 6.50%, as well as what the City's net OPEB 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.

Other Post-Employment Benefits

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability	\$ 34,687,013	\$ 25,779,685	\$ 18,512,409

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability as of June 30, 2019, calculated using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates:

Health Care Trend Rates Assumptions

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 18,202,036	\$ 25,779,685	\$ 35,106,011

- The current health care trend rate starts at an initial rate of 8.0% decreasing to an ultimate rate of 4.5%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.0%, decreasing to an ultimate rate of 3.5%.
- The 1% increase in health care trend rates would assume an initial rate of 9.0%, decreasing to an ultimate rate of 5.5%.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense (credit) of (\$925,840) as calculated in the following table:

OPEB Expense

Service cost	\$ 1,201,696
Interest	4,287,917
OPEB plan administrative expenses	2,800
Projected earnings on OPEB plan investments	(2,319,606)
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	(2,928,710)
Differences between projected and actual earnings on plan investments	(324,746)
Changes of assumptions	(845,191)
Total OPEB Expense	<u>\$ (925,840)</u>

At June 30, 2019, the City reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Deferred Outflows (Inflows) of Resources		
Differences between expected and actual experience	\$ -	\$ (9,158,731)
Changes in assumptions	1,049,437	(2,215,098)
Net difference between projected and actual earnings on OPEB plan investments	-	(657,425)
Total Deferred Outflows (Inflows) of Resources	<u>\$ 1,049,437</u>	<u>\$ (12,031,254)</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	
2020	\$ (4,098,647)
2021	(4,098,643)
2022	(2,043,492)
2023	(741,035)

Separate Other Postemployment Benefit fund financial statements have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

The City of Dover, Delaware
Schedule of Other Postemployment Benefits Trust Fund Net Position
June 30, 2019

	Other Postemployment Benefit Trust Fund
ASSETS:	
Cash and cash equivalents	\$ 2,085,721
Receivables	137,500
Investments at Fair Value - Mutual Funds	<u>37,022,611</u>
Total Assets	<u>39,245,832</u>
LIABILITIES:	
Accounts Payable	<u>5,701</u>
Total Liabilities	<u>5,701</u>
NET POSITION:	
Net Position Restricted for Retiree Health Benefits	<u>\$ 39,240,131</u>

The City of Dover, Delaware
Schedule of Changes in Other Postemployment Benefits Trust Fund Net Position
June 30, 2019

	Other Postemployment Benefit Trust Fund
ADDITIONS:	
Net Investment Income	\$ 2,184,357
City's Contribution-Payroll Based	2,231,228
City's Contribution-Lump Sum	<u>3,216,200</u>
Total Additions	<u>7,631,785</u>
DEDUCTIONS:	
Benefit Payments	2,748,016
General Administration	<u>2,800</u>
Total Deductions	<u>2,750,816</u>
Change in Net Position	
Net Position - Beginning	4,880,969
Net Position - Ending	<u>34,359,162</u>
	<u><u>\$ 39,240,131</u></u>

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 option for the Deferred Compensation Plan with Nationwide Retirement Solutions.

In May 1994, the City offered the 457 Deferred Compensation Plan to employees 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 \$9,394,178 (market value) as of June 30, 2019, with 151 active employees contributing \$473,810. The Nationwide plan has assets of \$3,429,063 (market value) as of June 30, 2019 with 15 active employees contributing \$107,499. 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, 2019, there are 374 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 2019, the total wages were \$20.6 million, and the total pensionable wages were \$20.1 million for all full-time employees. The number of employees eligible for pension benefits as of June 30, 2019 is 374.

Following is the total of the City of Dover's pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and the pension expense and expenditures for the fiscal year ended June 30, 2019:

	2019			
	Police	General	DPERS	Total
Pension Assets	\$14,294,532	\$44,707,648	\$ 30,956,514	\$ 89,958,694
Pension Liabilities	18,207,829	63,058,424	32,896,671	114,162,924
Net Pension Liabilities	3,913,297	18,350,776	1,940,155	24,204,228
Deferred Outflows of Resources	-	811,879	3,596,263	4,408,142
Deferred Inflows of Resources	(135,912)	(855,431)	(1,152,604)	(2,143,947)
Pension Expense	131,616	2,228,697	1,173,558	3,533,871

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 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.

All eligible employees not represented in a bargaining unit may contribute to the 401a Plan from the minimum of 3% to the maximum of 6% of pensionable wages. The City provides a dollar-for-dollar match of the contribution to the 401a Plan, not to exceed 6%. The City provides an additional dollar-for-dollar match into the 401a Plan if the employee contributes to their 457 Plan, up to a maximum of 3% for a total matching contribution not to exceed 9%. (see note 17 – Deferred Compensation Plan).

The Dover Organization of Employees (DOE) union contract renewed effective July 1, 2018 through June 30, 2021. The contract changed the mandatory minimum employee contribution (MMEC) as well as the City's minimum matching contribution as follows:

<u>Effective Date</u>	<u>Minimum Employee Contribution</u>	<u>City's Match (Up To)</u>
March 27, 2016	4%	7%
July 1, 2016	5%	8%
July 1, 2017	6%	9%

All other employees, except for FOP members, must contribute 3% of pensionable wages into the 401a Plan. The City matches the 3% contribution into the 401a Plan. The City provides an additional dollar-for-dollar match into the 401a Plan if the employee contributes to their 457 Plan, up to a maximum of 3% for a total matching contribution not to exceed 6%. (see note 16 – Deferred Compensation Plan).

The 401a Plan and 457 Plan contributions are calculated on base wages plus on-call pay, pay adjustments, and scheduled overtime. All full-time regular employees are eligible, excluding law enforcement personnel. Personnel that have elected the defined contribution plan are not eligible for the defined benefit plan. All contributions are 100% vested upon election of the plan. To be eligible for benefit payments, the participant must meet the same eligibility requirements as the participants in the defined benefit plan. Employees are eligible to withdraw or rollover to another plan the employer and employee benefits upon separation of service. Withdrawals prior to age 59 ½ could be subject to penalty.

As of June 30, 2019, there were 154 full-time employees enrolled in the 401a plan. The City contributed a total of \$425,960 on wages of approximately \$6.9 million. Employees contributed \$304,674 to the 401a Money Purchase Plan. The market value of the 401a plan assets totaled \$7,349,926 as of June 30, 2019.

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 the City Police Pension and General Employees' Pension Plan have not been issued; accordingly, they are presented as required by GASB Statement No. 34, as follows:

The City of Dover, Delaware
Combining Schedule of Pension Trust Fund Net Position
June 30, 2019

	Police Pension	General Pension	Totals
ASSETS:			
Cash and cash equivalents	\$ 1,380,039	\$ 3,673,686	\$ 5,053,725
Investments at fair value - Mutual Funds	12,857,963	41,034,412	53,892,375
Receivables	116,650	-	116,650
Total Assets	<u>14,354,652</u>	<u>44,708,098</u>	<u>59,062,750</u>
LIABILITIES:			
Accounts Payable	<u>(60,120)</u>	<u>(450)</u>	<u>(60,570)</u>
Net position held in trust for pension benefits	<u>\$ 14,294,532</u>	<u>\$ 44,707,648</u>	<u>\$ 59,002,180</u>

The City of Dover, Delaware
Combining Schedule of Changes in Pension Trust Fund Net Position
For the Year Ended June 30, 2019

	Police Pension	General Pension	Totals
Additions			
Net investment income	\$ 819,535	\$ 2,765,264	\$ 3,584,799
City's contribution - payroll based	-	2,703,583	2,703,583
City's contribution - lump sum	585,000	-	585,000
Employee contribution	-	190,030	190,030
State contributions	512,151	-	512,151
Total Additions to Net Position	<u>1,916,686</u>	<u>5,658,877</u>	<u>7,575,563</u>
Deductions			
Benefit payments	1,517,190	4,032,800	5,549,990
General administration	5,093	18,849	23,942
Total Deductions From Net Position	<u>1,522,283</u>	<u>4,051,649</u>	<u>5,573,932</u>
Change in net position	394,403	1,607,228	2,001,631
Net Position - Beginning	13,900,129	43,100,420	57,000,549
Net Position - Ending	<u>\$ 14,294,532</u>	<u>\$ 44,707,648</u>	<u>\$ 59,002,180</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, 2019, there are 46 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 seven members – 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 Actuarially Determined Contribution (ADC) as provided for in the actuarial valuation. 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 ADC. 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, 2019, the State contributed \$512,151.

The ADC conforms to the entry age method as defined in GASB Statement No. 67/68. The City has interim valuations completed each year between the required biennial valuations to monitor the funding progress. The City's actuary is Nyhart of Indianapolis, Indiana. The ADC is being amortized using a level dollar method. The amortization period is 6 years for the 2019 fiscal year and will decline by 1 each year until 1 year.

Total contributions to the plan for the fiscal year ending June 30, 2019 were \$1.1 million, which is 104.5% of the ADC.

The ADC is based on a closed 10-year level dollar amortization of the Unfunded Actuarial Accrued Liability (UAAL). The Schedule of Changes in the Net Pension Liability, and a Schedule of Employer Contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of July 1, 2018 with liabilities projected to the June 30, 2019 measurement date. As of June 30, 2019, the plan was 78.51% funded. The total pension liability for benefits was \$18.2 million, and the fiduciary net position was \$14.3 million, which resulted in a net pension liability (NPL) of \$3.9 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, are presented below:

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2018
Actuarial cost method	Entry Age Method
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	2.3%
Automatic Cost of living (retirees)	2.0%
Mortality	RP-2014 Blue Collar with fully generational improvements from 2006 based on Society of Actuaries Scale MP-2018

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, 2019 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 and Equivalents	7.00%	2.51%
Fixed Income	27.00%	4.00%
Real Estate	5.00%	7.61%
Stocks	61.00%	8.13%
Long-Term Expected Rate of Return	100.00%	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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2018	\$ 18,797,596	\$ 13,900,129	\$ 4,897,467
Changes for the year:			
Interest on total pension liability	1,172,535	-	1,172,535
Effect of assumptions changes or inputs	(245,112)	-	(245,112)
Benefit payments	(1,517,190)	(1,517,190)	-
Employer contributions	-	1,097,151	(1,097,151)
Net investment income	-	819,535	(819,535)
Administrative expenses	-	(5,093)	5,093
Balances as of June 30, 2019	\$ 18,207,829	\$ 14,294,532	\$ 3,913,297

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	\$ 5,670,032	\$ 3,913,297	\$ 2,416,838

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

For the year ended June 30, 2019, the City recognized pension expense of \$131,616 calculated in the following chart:

Police Pension Expense

	<u>July 1, 2018 to June 30, 2019</u>
Interest on total pension liability	\$ 1,172,535
Projected earnings on pension plan investments	(889,692)
Administrative expenses	5,093
Current period recognition of deferred outflows/(inflows) of resources	
Changes of assumptions	(245,112)
Differences between projected and actual earnings on plan investments	88,792
Total Pension Expense	<u>\$ 131,616</u>

As of June 30, 2019, the City reported deferred outflows/(inflows) of resources related to pension from the following sources:

	<u>Police Pension Plan</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings	\$ (135,912)

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

	<u>Police Pension Plan</u>
Fiscal Year Ending June 30:	
2020	\$ (25,267)
2021	(127,552)
2022	2,874
2023	14,033

ii. City of Dover General Employee Pension Plan

Plan Description

The City of Dover General Employee Pension Plan started on July 1, 1967, under the authority of the City Council, Municipal Code, Chapter 2, Article IV, Division 7, General Employee Pension Plan, Sections 2-321 through 2-370, and was made contributory on July 1, 1983. Employees contribute 3.5% of gross salary, exclusive of unscheduled overtime. An employee's pension right is vested upon completion of 10 years of continuous service. As of the valuation date, July 1, 2018, 95 employees and 210 retirees participate in the plan. The General Employee Pension Plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	210
Active employees	
Fully Vested	95
Non-Vested	16

Deferred vested

17

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, 2019, gross payroll earnings of \$5.4 million were reported to and covered by this plan.

An employee hired before May 1, 1994 is eligible for normal retirement benefits under this plan, when they attain 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 $\frac{1}{50}$ 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 their 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, and a Schedule of Employer Contributions are presented as Required Supplementary Information (RSI) following the notes to the financial statements.

Net Pension Liability

The total pension liability was determined by an actuarial valuation as of July 1, 2018 with liabilities projected to the June 30, 2019 measurement date. As of June 30, 2019, the plan was 70.90% funded. The total pension liability for benefits was \$63.1 million, and the fiduciary net position was \$44.7 million, which resulted in a net pension liability (NPL) of \$18.4 million for the primary government. The covered payroll (annual payroll of active employees covered by the plan) was \$5.4 million and the ratio of the NPL to the covered payroll was 340.11%.

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Key methods and assumptions used in calculating the total pension liability are presented in the following chart:

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2018
Actuarial cost method	Entry Age
Amortization method	Level Dollar
Amortization period	Closed; 15-year of the Unfunded AAL
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	2.3%
Mortality	RP-2014 Mortality Table with fully generational improvements from 2006 based on Society of Actuaries Scale MP-2018

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, 2019 are summarized in the following table:

General Employee Pension Plan Long-Term Expected Rate of Return

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return
Cash	6.00%	2.51%
Fixed Income	28.00%	3.99%
Stocks	61.00%	8.13%
Real Estate	5.00%	7.61%
Long-Term Expected Rate of Return	100.00%	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 Employee Pension Fund Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2018	\$ 62,957,382	\$ 43,100,420	\$ 19,856,962
Changes for the year:			
Service cost	424,017	-	424,017
Interest on total pension liability	3,988,725	-	3,988,725
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	(278,900)	-	(278,900)
Benefit payments	(4,032,800)	(4,032,800)	-
Employer contributions	-	2,703,583	(2,703,583)
Member contributions	-	190,030	(190,030)
Net investment income	-	2,765,264	(2,765,264)
Administrative expenses	-	(18,849)	18,849
Balances as of June 30, 2019	\$ 63,058,424	\$ 44,707,648	\$ 18,350,776

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 Employee Pension Fund			
	1%	Current	1%
	Decrease	Discount Rate	Increase
	5.50%	6.50%	7.50%
Net pension liability	\$ 25,807,735	\$ 18,350,776	\$ 12,143,190

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

For the year ended June 30, 2019, the City recognized pension expense of \$2,228,697 as calculated in the following chart:

General Employee Pension Expense

	July 1, 2018 to June 30, 2019
Service cost	\$ 424,017
Interest on total pension liability	3,988,725
Changes of benefit terms	-
Administrative expenses	18,849
Member contributions	(190,030)
Projected earnings on pension plan investments	(2,763,891)
Current period recognition of deferred outflows/(inflows) of resources	
Differences between expected and actual experience	444,938
Differences between projected and actual earnings on plan investments	132,063
Changes of assumptions	174,026
Total Pension Expense	<u>\$ 2,228,697</u>

As of June 30, 2019, the City reported deferred outflows/(inflows) of resources related to pension from the following sources:

	General Employee Pension Plan
Deferred Outflows of Resources	
Changes in assumptions	\$ 300,152
Differences between expected and actual experience	511,727
Total Deferred Outflows of Resources	<u>\$ 811,879</u>
Deferred Inflows of Resources	
Changes in assumptions	\$ (219,094)
Net difference between projected and actual earnings	(636,337)
Total Deferred Inflows of Resources	<u>\$ (855,431)</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
	<u> </u>
Fiscal Year Ending June 30:	
2020	\$ 527,474
2021	(537,122)
2022	(33,631)
2023	(273)

iii. Delaware Public Employee Retirement System - County and Municipal Police and Firefighters' 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, 2019, city membership in this plan is comprised of the following:

Retired and beneficiaries currently receiving benefits	65
Active employees:	
Fully Vested 5 years	68
Non-Vested	31

The following are brief descriptions of the Plan. For a more complete description, please refer to the DPERS CAFR on the web at <https://accountingfiles.delaware.gov/docs/2018cafr.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 16.68%, 13.6% and 13.77% of earnings for the Fiscal Year 2019, 2018 and 2017, respectively. The City's contributions to the plan for years ended June 30, 2019, 2018 and 2017 were \$1,258,817, \$827,827 and \$980,117, respectively, and were equal to the required contributions for each year. Total eligible full-time wages covered by the State plan were \$7.4 million this fiscal year.

Member – 7% of compensation.

Basis of Presentation

The DPERS financial statements are prepared on the accrual basis of accounting, whereby expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of the related trade date. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. 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 DPERS Plan and additions to/deductions from DPERS's fiduciary net position have been determined on the same basis as they are reported by DPERS.

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 8.4242% for the current fiscal year, 8.6629% for the prior year and the change is a decrease of 0.2387%.

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

At June 30, 2019, the City reported a net pension liability of \$1,940,155 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the percentage of actual employer contributions. The components of the proportionate share of the net pension liability of the Plan as of June 30, 2019 were as follows (dollar values expressed in thousands):

County and Municipal Police & Firefighter's Pension Plan
(dollar values expressed in thousands)

Year	(3)		
	(1)	(2)	The Employers' proportionate share of the net pension liability (asset) (1)-(2)
	Total proportionate share of the pension liability	Plan fiduciary proportionate share of the net position	
2018	\$ 32,897	\$ 30,957	\$ 1,940
2017	29,103	28,230	873
2016	27,030	25,599	1,431

The City recognized pension expense of \$1,173,558 for the year ended June 30, 2019, associated with membership within the Delaware State Police Pension Plan. As of June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County and Municipal Police & Firefighter's Pension Plan
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 1,670,672
Change in proportion	12,195
Changes of assumptions	637,347
City contributions subsequent to the measurement date	1,276,048
Total Deferred Outflows of Resources	<u>\$ 3,596,262</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ (457,562)
Changes in assumptions	(273,820)
Net difference between actual and expected earnings	(338,089)
Change in proportion	(83,133)
Total Deferred Inflows of Resources	<u>\$ (1,152,604)</u>

The City's contributions of \$1,276,048 are subsequent to the measurement date and therefore are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

	County and Municipal Police & Firefighter's Pension Plan
Fiscal Year Ending June 30:	
2020	\$ 82,952
2021	82,952
2022	82,952
2023	82,952
2024	82,952
Thereafter	752,850

The components of collective pension expense for the year ending June 30, 2018 are as follows:

County and Municipal Police & Firefighter's Pension Expense

	June 30, 2018
Service cost	\$ 1,432,956
Member contributions	(511,180)
Administrative expenses	12,215
Interest on the total pension liability	2,174,408
Projected earnings on plan investments	(1,943,181)
Recognition of deferred outflow and inflows of resources:	-
Changes in assumptions in the measurement of total pension liability	40,520
Differences between expected and actual experience	130,912
Differences between projected and actual earnings on plan investments	(163,093)
Total Pension Expense	\$ 1,173,558

The proportionate share of the total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. These actuarial valuations used the following actuarial assumptions:

Actuarial Assumptions

Investment rate of return/Discount rate ¹	7.0%
Projected salary increases ¹	2.5% + Merit
Cost-of-living adjustments	0.0%

Inflation is included at 2.5%; the total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. 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 assumptions are based on the RP – 2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

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 weighting 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:

**County and Municipal Police & Firefighter's Pension Plan
Long-Term Expected Rate of Return**

	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Allocation</u>
Asset class:		
Domestic equity	5.7%	30.7%
International equity	5.7	13.9
Fixed income	2.0	23.3
Alternative investments	7.8	24.4
Cash and equivalents	-	7.7

Discount Rate

The discount rate for all plans used to measure the total pension liability was 7.0%. 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 7.0%, 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):

**County and Municipal Police & Firefighter's Pension Plan
(dollar amounts expressed in thousands)**

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability (asset)	\$ 7,112	1,940	(2,198)

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

18. RESTATEMENT IMPLEMENTATION OF GASB 83 - CERTAIN ASSET RETIREMENT OBLIGATION

The City adopted GASB Statement No. 83 *Certain Asset Retirement Obligation (ARO)* which improves accounting and financial reporting by state and local governments to enhance comparability of financial statements among governments by instituting uniform criteria for recognition and measurement of AROs. GASB concluded an ARO meets the criteria for recognition as a liability and should be recognized when the liability is both incurred and reasonably estimable.

This pronouncement requires restatement of the June 30, 2018 net position of the business type activities and electric fund as follows:

	Business type activities Net Position June 30, 2018	Electric Fund Net Position June 30, 2018
As previously stated	181,271,249	122,082,656
Cumulative effect of application of GASB 83	(11,186,307)	(11,186,307)
As restated	170,084,942	110,896,349

PART D



REQUIRED SUPPLEMENTARY INFORMATION

SERVICES TO OUR RESIDENTS AND CUSTOMERS

Animal Control

Leaf Collection

Beautification Building

Library

Bulky Trash Collection

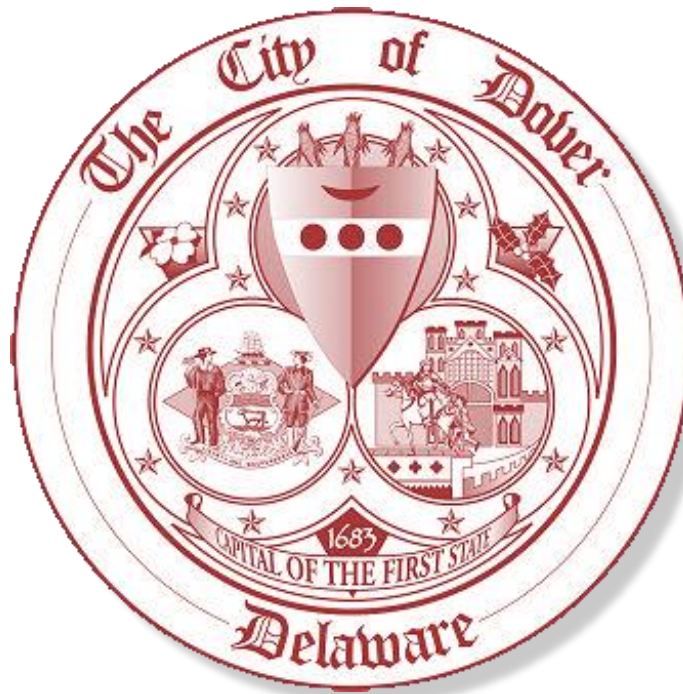
Parks & Recreation

Community Development/Housing

Planning & Zoning

Community Policing

Police Protection



Elections

Snow Removal

Electricity

Street Maintenance/Cleaning

Economic Development

Trash Collection

Emergency Preparedness

Tree Maintenance

Fire Protection

Water & Wastewater

Inspections & Code Enforcement

CITY OF DOVER, DELAWARE
GENERAL FUND

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

For the Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance	\$ 5,399,700	\$ 8,239,400	\$ 8,239,430	\$ 30
REVENUES:				
Fines & Police Revenue	688,300	688,300	513,450	(174,850)
911 Fee	63,300	63,300	58,059	(5,241)
Interest Earnings	137,900	137,900	327,613	189,713
Library Revenues - General	100,000	100,000	136,141	36,141
Library Revenues - County Reimb.	300,000	300,000	274,012	(25,988)
Business Licenses	1,470,000	1,470,000	1,437,532	(32,468)
Permits & Other Licenses	1,969,000	1,969,000	1,472,138	(496,862)
Miscellaneous Revenues	57,000	57,000	57,470	470
Police Extra Duty Fees	510,000	510,000	579,872	69,872
Property Taxes	13,274,400	13,274,400	13,448,025	173,625
Franchise Fees	685,600	685,600	631,884	(53,716)
Recreation Revenue	150,000	150,000	141,436	(8,564)
Sanitation Fees	3,095,400	3,095,400	3,068,399	(27,001)
Garrison Farm Rent	97,900	97,900	100,418	2,518
Court of Chancery Fees	1,439,500	1,439,500	1,588,140	148,640
Interfund Service Receipts	5,640,100	5,640,100	5,233,208	(406,892)
Transfer Tax	1,459,300	1,459,300	1,638,543	179,243
Grants:				
Green Energy Grant	25,000	25,000	16,355	(8,645)
Miscellaneous Grants	98,500	98,500	98,500	-
Police Pension Grant	466,000	466,000	512,152	46,152
Cable EG Grant	-	-	8,158	8,158
Transfer from Police Grant Funds	90,000	90,000	59,141	(30,859)
Transfer from Municipal Street Aid	665,300	665,300	806,285	140,985
Transfer from Civil Traffic Penalties	497,000	497,000	449,412	(47,588)
Transfer from Water/Wastewater Fund	1,000,000	1,000,000	1,000,000	-
Transfer from Electric Fund	10,000,000	10,000,000	10,000,000	-
Total Revenues	43,979,500	43,979,500	43,656,343	(323,157)
TOTAL BEGINNING BALANCE & REVENUES	\$ 49,379,200	\$ 52,218,900	\$ 51,895,773	\$ (323,127)

(Continued)

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Financial Section – Part D – Required Supplementary Information

(Continued)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES:				
Tax Assessor	\$ 244,500	\$ 246,900	\$ 239,845	\$ 7,055
Fire	789,800	789,800	721,189	68,611
Library	1,767,400	1,781,100	1,682,610	98,490
Recreation	1,000,600	1,015,700	931,374	84,326
Life Safety	504,200	513,400	465,240	48,160
Code Enforcement	610,500	617,700	484,807	132,893
Planning Commission	568,200	573,500	572,172	1,328
Public Inspections	568,100	570,100	565,567	4,533
Police	17,337,500	17,764,800	17,925,521	(160,721)
Streets	1,409,100	1,357,900	1,094,290	263,610
Sanitation	2,475,200	2,479,700	2,192,665	287,035
Engineering	277,600	282,200	266,332	15,868
Allocated Expenditures:				
City Clerk	442,500	454,500	426,162	28,338
Council	144,800	144,800	114,103	30,697
Grounds Maintenance	1,195,000	1,198,800	1,140,066	58,734
City Manager	1,005,200	1,011,700	857,431	154,269
Information Technology	731,000	750,500	747,527	2,973
Finance	946,200	949,700	866,905	82,795
Public Services-Administration	720,800	725,200	731,292	(6,092)
Facilities Management	652,900	653,100	637,578	15,522
Procurement and Inventory	726,000	726,000	588,366	137,634
Fleet Maintenance	832,500	884,500	845,193	39,307
Customer Services	1,197,100	1,199,500	1,139,043	60,457
Human Resources	485,600	541,200	415,233	125,967
Mayor	173,700	173,700	145,329	28,371
Insurance	735,000	735,000	644,963	90,037
Budget Appropriations				
Contribution to Downtown Dover Partnership	150,000	150,000	150,000	-
Miscellaneous Grant Expense	25,000	25,000	8,323	16,677
Other Employment Expenses	500,000	-	-	-
Bank & Credit Card Fees	28,000	28,000	18,719	9,281
Retiree Benefits	1,894,900	1,894,900	1,894,900	-
Subtotal	40,138,900	40,238,900	38,512,745	1,726,155
Debt Service - Principal and Interest	500,000	500,000	455,574	44,426
Bond issue Costs	-	-	(98,056)	98,056
Transfer to Capital Fund for Projects	3,013,800	3,432,000	3,432,000	-
Transfer to Electric I & E	200,000	200,000	200,000	-
Transfer to Police Pension Fund	466,000	466,000	512,151	(46,151)
Transfer to Uncollectible Reserve	100,000	100,000	100,000	-
Transfer to Cable Franchise Reserve	-	-	16,355	(16,355)
Appropriation to Police Pension Fund	585,000	585,000	585,000	-
Street Lights	815,000	815,000	805,185	9,815
Total Expenditures	45,818,700	46,336,900	44,520,955	1,815,945
Budget Balance	3,560,500	5,882,000	7,374,818	(1,492,818)
Total Budget Balance & Expenditures	\$ 49,379,200	\$ 52,218,900	\$ 51,895,773	\$ 323,127
Budget Balance - Working Capital			\$ 7,374,818	
Perspective and GAAP (Non-GAAP) Differences:				
Fair Value of Investment Adjustment			103,879	
Deferred Revenues - Non-spendable			(147,077)	
Inventory & Prepaids - Non-spendable			(213,380)	
Unassigned Fund Balance			7,118,240	

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

	Fiscal Year Ending June 30,					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Interest on total pension liability	\$ 1,173	\$ 1,197	\$ 1,211	\$ 1,281	\$ 1,311	\$ 1,325
Effect of economic/demographic (gains) or losses	(157)	-	-	(836)	286	25
Effect of assumption changes or inputs	(88)	(44)	116	-	932	-
Benefit payments	(1,517)	(1,541)	(1,528)	(1,528)	(1,557)	(1,548)
Net change in total pension liability	(590)	(388)	(201)	(1,083)	972	(198)
Total pension liability, beginning	18,798	19,186	19,387	20,471	19,499	19,697
Total pension liability, ending (a)	\$ 18,208	\$ 18,798	\$ 19,186	\$ 19,388	\$ 20,471	\$ 19,499
Fiduciary Net Position						
Employer contributions	\$ 1,097	\$ 1,295	\$ 1,118	\$ 1,093	\$ 1,386	\$ 1,229
Investment income net of investment expenses	820	908	1,433	279	283	1,583
Benefit payments	(1,517)	(1,541)	(1,528)	(1,528)	(1,557)	(1,548)
Administrative expenses	(5)	(5)	(4)	(4)	(6)	(20)
Net change in plan fiduciary net position	394	657	1,019	(160)	106	1,244
Fiduciary net position, beginning	13,900	13,243	12,225	12,385	12,279	11,035
Fiduciary net position, ending (b)	\$ 14,295	\$ 13,900	\$ 13,244	\$ 12,225	\$ 12,385	\$ 12,279
Net pension liability, ending = (a) - (b)	\$ 3,913	\$ 4,898	\$ 5,942	\$ 7,163	\$ 8,086	\$ 7,220
Fiduciary net position as a % of total pension liability	78.51%	73.95%	69.03%	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
Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2019	\$ 1,050,375	\$ 1,097,151	\$ (46,776)	\$ -	N/A
2018	1,205,092	1,294,750	(89,658)	\$ -	N/A
2017	1,176,462	1,118,346	58,116	-	N/A
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

Police Pension Plan
Schedule of Investment Returns
Fiscal year 2017 through 2019⁽¹⁾

Fiscal year ending June 30	2019	2018	2017
Money-weighted rate of return, net of investment expense	6.43%	7.16%	12.34%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

Police Pension Plan
Net Pension Liability

	June 30, 2019	June 30, 2018
Total pension liability	\$ 18,207,829	\$ 18,797,596
Fiduciary net position	14,294,532	13,900,129
Net pension liability	3,913,297	4,897,467
Fiduciary net position as a % of total pension liability	78.51%	73.95%
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.

The total pension liability was determined by an actuarial valuation as of July 1, 2018 with liabilities projected to the June 30, 2019 measurement date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2018
Actuarial cost method	Entry Age Method
Amortization method	Level dollar
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	2.3%
Automatic Cost of living (retirees)	2.0%
Mortality	RP-2014 Blue Collar with fully generational Improvements from 2006 based on Society of Actuaries Scale MP-2018

General Employee Pension Fund
Schedule of Changes in Net Pension Liability, Related Ratios (in Thousands)

	Fiscal Year Ending June 30					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 424	\$ 406	\$ 433	\$ 401	\$ 459	\$ 484
Interest on total pension liability	3,989	3,827	3,729	3,719	3,861	3,810
Changes of benefit terms	-	830	-	-	-	-
Effect of economic/demographic (gains) or losses	-	1,504	41	(267)	(422)	111
Effect of assumption changes or inputs	(279)	(99)	1,200	-	1,956	-
Benefit payments	(4,033)	(3,976)	(3,746)	(3,718)	(3,700)	(3,654)
Net change in total pension liability	101	2,492	1,657	135	2,154	751
Total pension liability, beginning	62,957	60,465	58,808	58,673	56,519	55,768
Total pension liability, ending (a)	\$ 63,058	\$ 62,957	\$ 60,465	\$ 58,808	\$ 58,673	\$ 56,519
Fiduciary Net Position						
Employer contributions	\$ 2,704	\$ 4,777	\$ 2,877	\$ 3,090	\$ 3,420	\$ 3,473
Member contributions	190	195	202	202	209	212
Investment income net of investment expenses	2,765	2,757	4,351	850	955	4,153
Benefit payments	(4,033)	(3,976)	(3,746)	(3,718)	(3,700)	(3,654)
Administrative expenses	(19)	(18)	(18)	(16)	(19)	(20)
Net change in plan fiduciary net position	1,607	3,735	3,666	408	865	4,164
Fiduciary net position, beginning	43,100	39,364	35,699	35,291	34,426	30,263
Fiduciary net position, ending (b)	\$ 44,708	\$ 43,100	\$ 39,365	\$ 35,699	\$ 35,291	\$ 34,427
Net pension liability, ending = (a) - (b)	\$ 18,350	\$ 19,857	\$ 21,100	\$ 23,109	\$ 23,382	\$ 22,092
Fiduciary net position as a % of total pension liability	70.90%	68.46%	65.10%	60.70%	60.15%	60.91%
Covered payroll	\$ 5,396	\$ 5,561	\$ 5,636	\$ 5,504	\$ 5,864	\$ 5,971
Net pension liability as a % of covered payroll	340.11%	357.06%	374.39%	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
Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2019	\$ 2,885,737	\$ 2,703,583	\$ 182,154	\$ 5,395,564	50.11%
2018	3,016,283	4,777,466	(1,761,183)	5,561,300	85.91%
2017	2,824,098	2,876,657	(52,559)	5,635,987	51.04%
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%

**General Employee Pension Plan
Schedule of Investment Returns
Fiscal year 2017 through 2019⁽¹⁾**

Fiscal year ending June 30	2019	2018	2017
Money-weighted rate of return, net of investment expense	6.76%	7.12%	12.50%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

**General Employee Pension Plan
Net Pension Liability**

	June 30, 2019	June 30, 2018
Total pension liability	\$ 63,058,424	\$ 62,957,382
Fiduciary net position	44,707,648	43,100,420
Net pension liability	18,350,776	19,856,962
Fiduciary net position as a % of total pension liability	70.90%	68.46%
Covered payroll	5,395,564	5,561,300
Net pension liability as a % of covered payroll	340.11%	357.06%

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.

The total pension liability was determined by an actuarial valuation as of July 1, 2018 with liabilities projected to the June 30, 2019 measurement date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. Any significant changes during this period have been reflected as prescribed by GASB 67 and 68.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2018
Actuarial cost method	Entry Age
Amortization method	Level dollar
Amortization period	Closed; 15-year – Unfunded AAL
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	2.3%
Mortality	RP-2014 Mortality Table with fully generational improvements from 2006 based on Society of Actuaries Scale MP-2018

County & Municipal Police and Firefighter's Pension Plan
Schedule of the City of Dover's Proportionate Share of the Net Pension Liability

	Fiscal Year Ending				
	2018	2017	2016	2015	2014
City's proportion of the net pension liability(asset)	8.4242%	8.6629%	9.0042%	9.6070%	9.6334%
City's proportionate share of the net pension liability(asset)	\$ 1,940,156	\$ 873,337	\$ 1,431,281	\$ (524,958)	\$ (1,042,117)
City's covered payroll	\$ 6,843,159	\$ 6,996,159	\$ 7,117,770	\$ 7,060,453	\$ 6,582,053
City's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	28.35%	12.48%	20.11%	(7.44%)	(15.83%)
Plan fiduciary net position as a percentage of the total pension liability	94.10%	109.23%	105.59%	101.97%	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.

County & Municipal Police and Firefighter's Pension Plan
Schedule of City of Dover's Contributions

	Fiscal Year Ending					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,258,817	\$ 944,356	\$ 951,199	\$ 977,587	\$ 933,750	\$ 990,588
Contributions in relation to the contractually required contribution	(1,258,817)	(944,356)	(951,199)	(977,587)	(933,750)	(990,588)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,372,815	\$ 6,843,159	\$ 6,843,159	\$ 7,117,770	\$ 7,060,453	\$ 6,582,053
Contributions as a percentage of covered payroll	17.07%	13.80%	13.90%	13.73%	13.23%	15.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2014 is not available.

OPEB Trust Fund
Schedule of Changes in Net OPEB Liability, Related Ratios

	Fiscal Year Ending June 30		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 1,202	\$ 1,222	\$ 1,655
Interest	4,288	4,498	4,682
Effect of economic/demographic (gains) or losses	(5,152)	(6,202)	(2,871)
Effect of assumption changes or inputs	1,311	-	(4,833)
Benefit payments	(2,748)	(2,704)	(2,663)
Net change in total OPEB liability	(1,099)	(3,186)	(4,030)
Total OPEB liability, beginning	66,119	69,305	73,335
Total OPEB liability, ending (a)	\$ 65,020	\$ 66,119	\$ 69,305
Fiduciary Net Position			
Employer contributions	\$ 5,448	\$ 5,722	\$ 4,603
Investment income net of investment expenses	2,184	2,295	3,074
Benefit payments	(2,748)	(2,704)	(2,663)
Administrative expenses	(3)	(8)	(3)
Net change in plan fiduciary net position	4,881	5,305	5,011
Fiduciary net position, beginning	34,359	29,054	24,043
Fiduciary net position, ending (b)	\$ 39,240	\$ 34,359	\$ 29,054
Net OPEB liability, ending = (a) - (b)	\$ 25,780	\$ 31,760	\$ 40,251
Fiduciary net position as a % of total OPEB liability	60.40%	52.00%	41.90%
Covered payroll	\$ 19,578	\$ 19,101	\$ 17,657
Net OPEB liability as a % of covered payroll	131.70%	162.20%	210.70%

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.

OPEB Trust Fund
Schedule of City's Contributions
(In Thousands)

	For the year ended June 30		
	2019	2018	2017
Actuarially determined contribution (ADC)	\$ 4,044	\$ 4,560	\$ 4,644
Contributions in relation to the ADC	(5,447)	(5,722)	(4,603)
Contributions deficiency / (excess)	\$ (1,403)	\$ (1,162)	\$ 41
Covered payroll	\$ 19,580	\$ 19,578	\$ 19,101
Contributions as a percentage of covered payroll	27.8	29.2	24.1%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Post-Employment Other than Pensions Plan (OPEB)
Schedule of Investment Returns
Fiscal year 2017 through 2019⁽¹⁾

Fiscal year ending June 30	2019	2018	2017
Money-weighted rate of return, net of investment expense	6.10%	7.87%	12.66%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2017 is not available.

Actuarial Methods and Significant Assumptions

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal Level % of Salary
Amortization method	Level Dollars
Remaining amortization period	29 years
Asset valuation method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
Inflation	2.5% per year included in payroll growth
Healthcare cost trend rates	
Pre-65 Medical / Rx	Initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%
Post-65 Medical / Rx	Initial rate of 8% decreasing by 0.5% annually to an ultimate rate of 4.5%
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 for all employees

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENTAL BUDGETS

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 and are not on a modified accrual basis. 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 lower than the final budget by \$323,157 with positive variances in interest earnings, library revenues – general, police extra duty fees, property taxes, court of chancery fees, transfer tax, police pension grant, cable EG grant and municipal street aid grant. The sources of revenues with negative variances are fines and police revenue, library revenues – county reimbursement, business licenses, permits and other licenses, franchise fees, inter-fund services receipts, transfer from Police Grant Funds and civil traffic penalties. Expenditures were lower than budget by \$1,815,945 due to lower than budgeted expense across almost all functions a result of personnel reductions through attrition and retirements. The net result is an increase of \$1,492,818 to the General Fund ending fund balance.

Budget Amendments

During this fiscal year, the City Council amended the budget three times. These budget amendment 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, and 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 changes in program revenues, expenses based on actual amounts.
3. To amend revenue and expense accounts based on actual experience during fiscal year 2019.

The differences for the year ended June 30, 2019 were as follows:

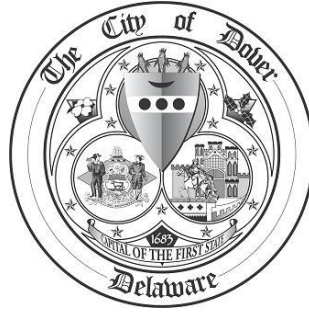
Total revenues- budgetary basis	\$ 43,656,343
Total expenditures- budgetary basis	<u>44,520,955</u>
Net decrease in fund balance- budgetary basis	(864,612)
Perspective differences	
Transfer to Reserves	16,355
General Fund Subfund Expense Activity for the Capital Project Fund	(2,383,754)
Intrafund Transfers to the General Fund- Capital Projects Fund	3,432,000
General Fund Subfund Revenue Activity for the Capital Project Fund	290,070
Fair Value of Investments	295,372
Deferred Revenue Adjustment	<u>(5,435)</u>
Net increase in fund balance - GAAP Basis	<u><u>\$ 779,996</u></u>

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PART E

SUPPLEMENTARY INFORMATION

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FINANCIAL STATEMENTS

GENERAL FUND COMBINING SCHEDULES

The General Fund contains a sub-fund for capital projects which is separately budgeted. 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, Delaware
Combining General Fund Balance Sheet
June 30, 2019

	General Fund	General Capital Projects Fund	Total General Funds
Assets:			
Cash and Cash Equivalents	\$ (328,624)	\$ 1,327,261	\$ 998,637
Restricted Cash and Cash Equivalents	-	-	-
Investments	15,322,358	3,394,318	18,716,676
Restricted Investments	18,793	-	18,793
Receivables, net			
Accounts	370,335	5,000	375,335
Taxes	23,067	-	23,067
Due from Other Funds	328,543	-	328,543
Prepaid Items	105,648	-	105,648
Inventory, at Cost	107,732	-	107,732
Total Assets	<u>\$ 15,947,852</u>	<u>\$ 4,726,579</u>	<u>\$ 20,674,431</u>
Liabilities:			
Accounts Payable	\$ 1,879,073	\$ 61,595	\$ 1,940,668
Unearned Revenue	37,402	57,825	95,227
Due to Other Funds	1,473,144	9,471	1,482,615
Temporary Advances	4,000,000	-	4,000,000
Other	259,958	-	259,958
Total Liabilities	<u>7,649,577</u>	<u>128,891</u>	<u>7,778,468</u>
Deferred Inflows of Resources:			
Unavailable revenue	147,077	-	147,077
Total Deferred Inflows of Resources	<u>147,077</u>	<u>-</u>	<u>147,077</u>
Fund Balances:			
Non-Spendable			
Inventory and Prepaids	213,380	-	213,380
Library Endowment	5,000	-	5,000
Patronage Stock	16,594	-	16,594
Restricted			
Library Endowment	2,199	-	2,199
Verizon Cable Franchise	24,871	-	24,871
Committed			
Contingency	770,914	-	770,914
Parkland Reserve	-	277,073	277,073
Assigned			
Capital Projects	-	4,320,615	4,320,615
Unassigned	7,118,240	-	7,118,240
Total Fund Balances	<u>8,151,198</u>	<u>4,597,688</u>	<u>12,748,886</u>
Total Liabilities and Fund Balances	<u>\$ 15,947,852</u>	<u>\$ 4,726,579</u>	<u>\$ 20,674,431</u>

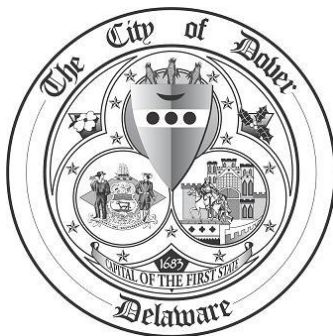
The City of Dover, Delaware
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances of the General Fund (Non-GAAP Basis)
For the Year Ended June 30, 2019

	General Fund	General Capital Projects Fund	Total General Funds
Revenues			
Fines	\$ 571,508	\$ -	\$ 571,508
Library Revenue- General	136,141	-	136,141
Library Revenue County Reimbursement	274,013	-	274,013
Licenses and Permits	2,909,670	-	2,909,670
Sanitation Fees and Rebates	3,068,399	-	3,068,399
Miscellaneous Services	1,511,080	133,952	1,645,032
Property Taxes	13,448,025	-	13,448,025
Grants Received	635,165	44,000	679,165
Court of Chancery Fees	1,588,140	-	1,588,140
Investment Income	308,893	23,827	332,720
Total Revenues	24,451,034	201,779	24,652,813
Expenditures			
Current:			
General Government	1,639,152	19,500	1,658,652
Library Services	1,682,610	-	1,682,610
Public Safety and Law Enforcement	21,259,475	712,040	21,971,515
Public Works	1,777,509	269,085	2,046,594
Recreational Services	931,374	156,020	1,087,394
Streets and Sanitation Services	3,286,955	1,171,374	4,458,329
Engineering services	266,332	-	266,332
Financial Administration	698,670	55,735	754,405
Garage and Stores	494,303	-	494,303
Insurance	276,689	-	276,689
Retiree Health Care	1,894,900	-	1,894,900
Employee Pension	-	-	-
Community and Economic Development	150,000	-	150,000
Street Lights	805,185	-	805,185
Debt Service:			
Principal Retirement	224,689	-	224,689
Interest and Fiscal Charges	132,829	-	132,829
Total Expenditures	35,520,673	2,383,754	37,904,427
Excess (deficiency) of Revenues over Expenditures	(11,069,639)	(2,181,975)	(13,251,614)
Other Financing Sources and Uses			
Reserve Transfers	(116,355)	175,879	59,524
Interfund Transfers	10,321,382	3,432,000	13,753,382
Total other Financing Sources and Uses	10,205,027	3,607,879	13,812,906
Net Change in Fund Balances	(864,612)	1,425,904	561,292
Fund Balances at Beginning of Year	8,239,430	1,415,201	9,654,631
Fund Balances at End of Year	\$ 7,374,818	\$ 2,841,105	\$ 10,215,923
 Perspective and GAAP (Non-GAAP) Differences:			
Fair Value of Investment Adjustment	\$ 103,879	\$ 23,009	\$ 126,888
Deferred Revenues - Non-spendable	(147,077)	-	(147,077)
Inventory & Prepaids - Non-spendable	(213,380)	-	(213,380)
Capital Asset - Assigned	-	(2,864,114)	(2,864,114)
Unassigned Fund Balance	\$ 7,118,240	\$ -	\$ 7,118,240

CITY OF DOVER, DELAWARE
GOVERNMENTAL CAPITAL PROJECTS FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget & Actual (Non-GAAP Basis)
For the Year Ended June 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 521,700	\$ 1,415,200	\$ 1,415,201	\$ 1
REVENUES:				
State Grant - Other	-	-	44,000	44,000
Transfer from General Fund for Projects	3,013,800	3,432,000	3,432,000	-
Transfer from Parkland Reserve	80,000	301,700	88,886	(212,814)
Transfer from Capital Asset Reserve	388,800	440,100	89,993	(350,107)
Income from Sale of Assets	-	19,500	94,351	74,851
Interest Earnings	-	-	23,827	23,827
Miscellaneous Receipts	-	-	39,601	39,601
Total Revenues	3,482,600	4,193,300	3,812,658	(380,642)
TOTAL BEGINNING BALANCE & REVENUES	\$ 4,004,300	\$ 5,608,500	\$ 5,227,859	\$ (380,641)
EXPENDITURES:				
Fire	\$ 222,500	\$ 216,900	\$ 216,813	\$ 87
Grounds Maintenance	188,000	250,500	220,866	29,634
Police	512,000	602,300	495,227	107,073
Recreation	536,100	755,600	156,020	599,580
Sanitation	34,400	452,600	447,825	4,775
Streets	2,215,000	2,844,000	723,549	2,120,451
Information Technology	57,600	57,600	55,735	1,865
City Manager	-	19,500	19,500	-
Facilities Management	28,800	53,900	48,219	5,681
Subtotal	3,794,400	5,252,900	2,383,754	2,869,146
TRANSFERS AND MISCELLANEOUS EXPENSES:				
Parkland Acquisition - Silver Lake	-	51,300	-	51,300
Transfer to Parkland Reserve	-	-	3,000	(3,000)
Total Expenditures	3,794,400	5,304,200	2,386,754	2,917,446
Budget Balance - Working Capital	209,900	304,300	2,841,105	(2,536,805)
Budget Balance & Expenditures	\$ 4,004,300	\$ 5,608,500	\$ 5,227,859	\$ 380,641
Budget Balance - Working Capital			\$ 2,841,105	
Perspective and GAAP (Non-GAAP) Differences:				
Fair value of investment adjustment			23,009	
Assigned to Capital assets			1,456,501	
Committed to Parks & Recreation improvements			277,073	
Total Fund Balances			\$ 4,597,688	



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

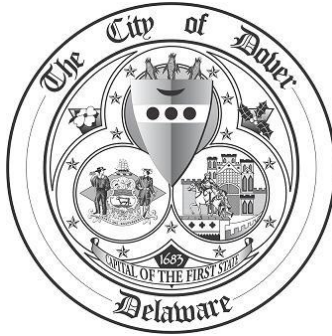
The City of Dover Public Library receives various grants from the State of Delaware, Kent County, and the Federal Government. Activities associated with these grants are recorded in this fund.

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 is to provide decent housing, a suitable living environment and expand economic opportunities primarily for people of low and moderate incomes. Combined with the CDBG Fund is the Neighborhood Stabilization Program (NSP) that provides assistance in the redevelopment of residential properties that have been abandoned and foreclosed upon to stabilize residential communities.



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, DELAWARE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	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	\$ 61,456	\$ 14,904	\$ 352	\$ 10,378	\$ 231,305	\$ 89,330	\$ 100	\$ 116	\$ 407,941
Receivables	51,766	-	-	-	-	-	-	-	51,766
Due from other governments	11,060	-	-	-	-	-	24,636	-	35,696
TOTAL ASSETS	\$ 124,282	\$ 14,904	\$ 352	\$ 10,378	\$ 231,305	\$ 89,330	\$ 24,736	\$ 116	\$ 495,403
LIABILITIES AND FUND BALANCE:									
Liabilities:									
Vouchers Payable	\$ 35,402	\$ 7,334	\$ -	\$ -	\$ 96,783	\$ 774	\$ -	\$ -	\$ 140,293
Deferred Revenue	2,166	-	-	-	-	-	-	-	2,166
Due to other funds-charges	3,229	-	252	9,496	-	-	24,636	116	37,729
Total Liabilities	40,797	7,334	252	9,496	96,783	774	24,636	116	180,188
Fund Balances:									
Restricted	83,485	7,570	100	882	134,522	88,556	100	-	315,215
Total Fund Balances	83,485	7,570	100	882	134,522	88,556	100	-	315,215
TOTAL LIABILITIES AND FUND BALANCES	\$ 124,282	\$ 14,904	\$ 352	\$ 10,378	\$ 231,305	\$ 89,330	\$ 24,736	\$ 116	\$ 495,403

CITY OF DOVER
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	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
REVENUES:									
Grants received	\$ 525,539	\$ 295,771	\$ 803,494	\$ 216,560	\$ 273,636	\$ 28,030	\$ -	\$ -	\$ 2,143,030
Recreation revenue	-	-	-	-	-	61,147	-	-	61,147
Police fines	-	-	-	-	-	-	449,412	-	449,412
Transfer taxes	-	-	-	-	-	-	-	1,637,194	1,637,194
Investment income (loss)	2,949	-	2,791	-	7,323	-	-	1,349	14,412
TOTAL REVENUES	528,488	295,771	806,285	216,560	280,959	89,177	449,412	1,638,543	4,305,195
EXPENDITURES:									
Program expenditures	587,183	289,163	-	217,691	808,789	94,292	-	-	1,997,118
TOTAL EXPENDITURES	587,183	289,163	-	217,691	808,789	94,292	-	-	1,997,118
Excess (deficiency) of revenues over (under) expenditures	(58,695)	6,608	806,285	(1,131)	(527,830)	(5,115)	449,412	1,638,543	2,308,077
OTHER FINANCING SOURCES (USES):									
Transfers-out	(59,141)	-	(806,285)	-	-	-	(449,412)	(1,638,543)	(2,953,381)
Net Change in fund balances	(117,836)	6,608	-	(1,131)	(527,830)	(5,115)	-	-	(645,304)
FUND BALANCE									
AT BEGINNING OF YEAR	201,321	962	100	2,013	662,352	93,671	100	-	960,519
FUND BALANCE									
AT END OF YEAR	\$ 83,485	\$ 7,570	\$ 100	\$ 882	\$ 134,522	\$ 88,556	\$ 100	\$ -	\$ 315,215

CITY OF DOVER, DELAWARE
POLICE GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 63,500	\$ 201,300	\$ 201,321	\$ 21
Interest earned	-	-	2,949	2,949
Grants received	393,000	675,800	525,539	(150,261)
TOTAL REVENUES & BEGINNING BALANCE	456,500	877,100	729,809	(147,291)
EXPENDITURES:				
Personnel	13,500	13,500	13,494	(6)
Program expenses/supplies	317,000	643,600	539,262	(104,338)
Telephone/fax	20,000	20,000	14,911	(5,089)
Training/Conference/Food/Travel	15,000	19,700	19,516	(184)
Consulting/audit fees	1,000	1,000	-	(1,000)
TOTAL EXPENDITURES	366,500	697,800	587,183	(110,617)
Other financing uses:				
Operating transfers - out	(90,000)	(100,300)	(59,141)	41,159
BALANCE CARRIED TO NEXT YEAR	\$ -	\$ 79,000	\$ 83,485	\$ 4,485

CITY OF DOVER, DELAWARE
LIBRARY GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ -	\$ 18,900	\$ 962	\$ (17,938)
Grants received: State	287,900	280,800	287,931	7,131
Grants received: Other	-	-	5,500	5,500
Grants received: Federal	1,600	1,800	2,340	540
TOTAL REVENUES & BEGINNING BALANCE	289,500	301,500	296,733	(4,767)
EXPENDITURES:				
Program expenditures/supplies (Fed Grant)	1,600	2,700	2,500	(200)
Program expenditures/supplies (Other Grant)	-	-	1,918	1,918
Program expenditures/supplies (State Grant)	26,100	25,500	27,852	2,352
Office Supplies	25,000	28,000	25,667	(2,333)
Printing/duplicating	12,500	13,700	13,500	(200)
Postage	100	200	31	(169)
Books	126,000	128,800	124,024	(4,776)
Furniture/Fixtures	5,500	5,500	5,499	(1)
Audio visual supplies	79,000	79,000	76,693	(2,307)
Training/conference/food/travel	4,000	4,200	2,504	(1,696)
Office equipment repairs	2,000	4,000	4,562	562
Office equipment lease	2,200	2,100	2,158	58
Computer software	2,000	2,500	1,869	(631)
Computer hardware	3,500	5,300	386	(4,914)
TOTAL EXPENDITURES	289,500	301,500	289,163	(12,337)
BALANCE CARRIED TO NEXT YEAR	\$ -	\$ -	\$ 7,570	\$ 7,570

**CITY OF DOVER, DELAWARE
MUNICIPAL STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 100	\$ 100	\$ 100	\$ -
State Grant - Operations	665,300	803,700	803,494	(206)
Interest Earned	-	-	2,791	2,791
TOTAL REVENUES & BEGINNING BALANCE	665,400	803,800	806,385	2,585
Other financing uses:				
Operating transfers-out	(665,300)	(803,700)	(806,285)	(2,585)
BALANCE CARRIED TO NEXT YEAR	\$ 100	\$ 100	\$ 100	\$ -

CITY OF DOVER, DELAWARE
HOUSING PROGRAMS - CDBG & NSP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

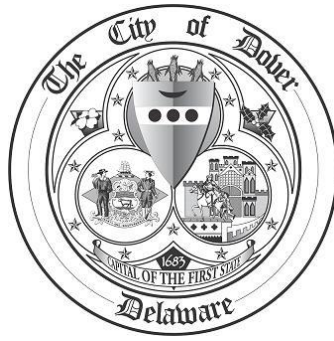
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance CDBG	\$ 2,500	\$ 2,500	\$ 2,013	\$ (487)
Beginning balance NSP	6,300	6,300	-	(6,300)
Federal grant received	230,300	250,000	217,691	(32,309)
TOTAL REVENUES & BEGINNING BALANCE	239,100	258,800	219,704	(39,096)
EXPENDITURES:				
Closing Cost/Down Payment Program	70,000	71,400	104,938	(33,538)
Connections Community Support	5,000	1,800	1,037	763
Dover Interfaith Ministry	22,000	22,000	23,353	(1,353)
MHDC Emergency Home Repair	29,200	12,700	12,002	698
Habitat Homeowner Repair	20,000	17,000	13,846	3,154
Milford Housing H/O Rehab	38,000	1,000	27,368	(26,368)
Administrative Expense	46,100	92,800	35,147	57,653
TOTAL EXPENDITURES	230,300	218,700	217,691	1,009
CDBG BALANCE CARRIED TO NEXT YEAR	\$ 2,500	\$ 33,800	\$ 2,013	\$ 31,787
NSP BALANCE CARRIED TO NEXT YEAR	\$ 6,300	\$ 6,300	\$ -	\$ 6,300
Fund Balance - Working Capital			2,013	
GAAP Differences				
Deferred Revenue - non-spendable			(1,131)	
Total Fund Balance			<u>882</u>	

CITY OF DOVER, DELAWARE
STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION GRANTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 70,900	\$ 70,900	\$ 662,352	\$ 591,452
Grants received: State	500,000	500,000	273,636	(226,364)
Interest earned	-	-	7,323	7,323
TOTAL REVENUES & BEGINNING BALANCE	570,900	570,900	943,311	372,411
EXPENDITURES:				
Program expenditures grant related	500,000	500,000	808,789	308,789
TOTAL EXPENDITURES	500,000	500,000	808,789	(308,789)
BALANCE CARRIED TO NEXT YEAR	\$ 70,900	\$ 70,900	\$ 134,522	\$ 63,622

CITY OF DOVER, DELAWARE
SUBSTANCE ABUSE PREVENTION PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Beginning balance	\$ 45,700	\$ 93,700	\$ 93,671	\$ (29)
Grants revenue	28,000	28,000	28,030	30
Recreation revenue	33,000	33,000	61,147	28,147
TOTAL REVENUES & BEGINNING BALANCE	106,700	154,700	182,848	28,148
EXPENDITURES:				
Temporary help/benefits	67,700	67,700	66,272	(1,428)
Program expenditures/supplies	35,000	35,000	35,512	512
TOTAL EXPENDITURES	102,700	102,700	101,784	(916)
BALANCE CARRIED TO NEXT YEAR	\$ 4,000	\$ 52,000	\$ 81,064	\$ 29,064



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, DELAWARE
WATER/WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Water	\$ 1,991,200	\$ 1,912,800	\$ 1,912,846	\$ 46
Beginning Balance - Wastewater	1,680,900	1,053,000	1,052,990	(10)
TOTAL BEGINNING BALANCES	3,672,100	2,965,800	2,965,836	36
REVENUES:				
Water Services	5,897,400	5,463,000	5,682,005	219,005
Wastewater Services	3,620,600	3,794,600	3,720,797	(73,803)
Wastewater Treatment Services	2,819,300	2,970,000	2,902,852	(67,148)
Groundwater inflow adjustment	1,813,100	1,901,200	1,858,169	(43,031)
Miscellaneous service fees	54,400	12,700	12,303	(397)
Water tank space leasing	400,600	400,600	399,848	(752)
Interest - Water	7,600	15,000	34,121	19,121
Interest - Wastewater	7,600	15,000	21,283	6,283
Water Impact Fees	450,000	620,600	753,200	132,600
Wastewater Impact Fees	420,000	574,200	688,132	113,932
Total Revenues	15,490,600	15,766,900	16,072,710	305,810
TOTAL BEGINNING BALANCES & REVENUES	\$ 19,162,700	\$ 18,732,700	\$ 19,038,546	\$ 305,846
EXPENSES:				
Engineering & Inspection	\$ 502,400	\$ 507,800	\$ 421,709	\$ 86,091
Water Department	750,000	750,900	621,906	128,994
Water Treatment Plant	1,805,800	1,815,100	1,737,023	78,077
Wastewater Department	986,200	992,400	990,837	1,563
Kent County Treatment Charge	3,750,000	4,627,300	4,816,650	(189,350)
Interfund Service Fees	1,764,600	1,764,600	1,688,242	76,358
Retirees Health Care	215,500	215,500	215,500	-
OPEB Unfunded Liability	41,400	41,400	41,400	-
Debt Service - Water	520,500	520,500	523,093	(2,593)
Debt Service - Wastewater	611,200	611,200	612,565	(1,365)
Other Employment Expenses	30,000	4,200	-	4,200
Bank & Credit Card Fees	28,000	28,000	29,134	(1,134)
Bond Issue Cost	40,000	30,000	13,152	16,848
Transfer To:				
Water Improvement and Extension	1,800,000	1,800,000	1,800,000	-
Wastewater Improvement and Extension	1,800,000	1,100,000	1,100,000	-
Impact Fee Reserve - Water	-	100,100	394,209	(294,109)
Impact Fee Reserve - Wastewater	-	-	535,229	(535,229)
General Fund from Water	500,000	500,000	500,000	-
General Fund from Wastewater	500,000	500,000	500,000	-
Electric Improvement and Extension	298,000	298,000	298,000	-
Total Expenses	15,943,600	16,207,000	16,838,649	(631,649)
Budget Balance - Water	1,937,750	1,487,000	1,854,498	(367,498)
Budget Balance - Wastewater	1,281,350	1,038,700	345,399	693,301
Total Budget Balances - Working Capital	3,219,100	2,525,700	2,199,897	325,803
TOTAL BUDGET BALANCES & EXPENSES	\$ 19,162,700	\$ 18,732,700	\$ 19,038,546	\$ (305,846)

CITY OF DOVER, DELAWARE
WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019

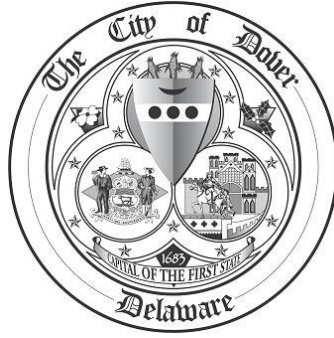
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance -Water	\$ 2,275,200	\$ 5,672,600	\$ 5,672,564	\$ (36)
Beginning Balance -Wastewater	88,300	1,148,800	1,148,815	15
TOTAL BEGINNING BALANCES	2,363,500	6,821,400	6,821,379	(21)
REVENUES:				
State Loan Fund - Water	4,000,000	4,000,000	2,598,099	(1,401,901)
State Loan Fund - Wastewater	1,033,900	1,033,900	112,157	(921,743)
Interest earnings	90,000	90,000	135,056	45,056
Transfer from Operating Fund - Water	1,800,000	1,800,000	1,800,000	-
Transfer from Operating Fund - Wastewater	1,800,000	1,100,000	1,100,000	-
Transfer from Water Impact Fee Reserve	40,400	40,400	40,400	-
Transfer from Wastewater Impact Fee Reserve	421,100	421,100	20,997	(400,103)
Total Revenues	9,185,400	8,485,400	5,806,709	(2,678,691)
TOTAL BEGINNING BALANCES & REVENUES	\$ 11,548,900	\$ 15,306,800	\$ 12,628,088	\$ (2,678,712)
EXPENSES:				
Water	\$ 515,300	\$ 723,700	\$ 656,164	\$ 67,536
Wastewater	2,505,200	2,638,100	1,558,362	1,079,738
Water Treatment Plant	4,000,000	6,468,200	4,157,995	2,310,205
Total Expenses	7,020,500	9,830,000	6,372,521	3,457,479
Budget Balance - Water	3,645,300	4,366,100	5,348,927	(982,827)
Budget Balance - Wastewater	883,100	1,110,700	906,640	204,060
Total Budget Balances - Working Capital	4,528,400	5,476,800	6,255,567	(778,767)
TOTAL BUDGET BALANCES & EXPENSES	\$ 11,548,900	\$ 15,306,800	\$ 12,628,088	\$ 2,678,712

**CITY OF DOVER, DELAWARE
ELECTRIC REVENUE FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 12,393,600	\$ 16,024,400	\$ 16,025,317	\$ 917
Distribution of Earnings - PCA Credit	(2,877,400)	(2,989,900)	(2,839,650)	150,250
	9,516,200	13,034,500	13,185,667	151,167
REVENUES:				
Direct base sales	81,192,600	82,607,300	80,706,744	(1,900,556)
Rental income	104,500	60,000	116,267	56,267
Miscellaneous services	524,300	565,000	1,031,168	466,168
Utility tax	1,299,100	1,320,700	1,270,320	(50,380)
Green Energy	127,400	133,800	133,902	102
Interest earned - operating	195,000	195,000	294,968	99,968
Total Revenues	83,442,900	84,881,800	83,553,369	(1,328,431)
TOTAL BEGINNING BALANCE & REVENUES	\$ 92,959,100	\$ 97,916,300	\$ 96,739,036	\$ (1,177,264)
EXPENSES:				
Power Supply & Generation				
Hedged Energy	\$ 24,232,900	\$ 24,232,900	\$ 23,453,963	\$ 778,937
Power Supply Management	1,085,000	835,000	834,996	4
Capacity Charges	16,663,400	16,663,400	16,215,822	447,578
Dover Sun Park Energy	2,685,400	2,685,400	2,474,940	210,460
Solar Renewal Energy Credits	392,300	392,300	359,905	32,395
Renewable Energy Credits	309,600	309,600	489,071	(179,471)
RGGI	54,000	54,000	-	54,000
PJM Charges - Energy	5,394,600	4,404,600	2,670,097	1,734,503
PJM Charges - Transmission & Fees	6,921,000	6,921,000	6,661,642	259,358
Total Power Supply	57,738,200	56,498,200	53,160,436	3,337,764
Plant Operations	6,216,000	6,306,000	5,569,240	736,760
Generation Fuels	778,400	1,678,400	1,306,819	371,581
Capacity Credits	(14,589,000)	(14,589,000)	(14,589,000)	-
PJM Spot Market Energy	(1,089,100)	(1,089,100)	(1,006,903)	(82,197)
PJM Credits	(454,400)	(454,400)	(452,916)	(1,484)
Total Generation	(9,138,100)	(8,148,100)	(9,172,760)	1,024,660
Utility Tax	1,299,100	1,320,700	1,270,320	50,380
Administration	625,400	625,400	547,145	78,255
Transmission/Distribution	3,673,500	3,673,500	3,194,307	479,193
Electrical Engineering	1,223,500	1,249,700	1,105,770	143,930
Systems Operations	690,700	690,700	636,052	54,648
Meter Reading	401,800	402,800	407,880	(5,080)
Contractual Services - Power Supply	-	150,000	30,915	119,085
Legal Expenses	-	100,000	23,827	76,173
Provision for Uncollectible	250,000	250,000	250,000	-
Retirees Health Care	721,400	721,400	721,400	-
Green Energy Payment to DEMEC	127,400	127,400	134,717	(7,317)
Bank & CC Fees	327,000	327,000	334,509	(7,509)
Interest on Deposits	17,500	17,500	18,237	(737)
Intrafund Service Fees	3,875,500	3,875,500	3,544,967	330,533
Other Appropriations:				
Electric Capital Project Fund	6,400,000	6,400,000	6,400,000	-
General Fund	10,000,000	10,000,000	10,000,000	-
Debt Service	1,584,700	1,586,500	1,591,774	(5,274)
Bond Issue Costs	-	-	228,275	(228,275)
Rate Stabilization Fund	-	2,000,000	2,000,000	-
Depreciation Reserve	2,500,000	2,500,000	2,500,000	-
Other Employment Expenses	163,800	-	-	-
TOTAL EXPENSES	82,481,400	84,368,200	78,927,771	5,440,429
Budget Balance - Working Capital	10,477,700	13,548,100	17,811,265	(4,263,165)
TOTAL BUDGET BALANCE & EXPENSES	\$ 92,959,100	\$ 97,916,300	\$ 96,739,036	\$ 1,177,264

**CITY OF DOVER, DELAWARE
ELECTRIC IMPROVEMENT AND EXTENSION FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Beginning Balance - Working Capital	\$ 8,332,100	\$ 11,123,900	\$ 11,123,889	\$ (11)
TOTAL BEGINNING BALANCES	8,332,100	11,123,900	11,123,889	(11)
REVENUES:				
Transfer from Electric Operating Fund	6,400,000	6,400,000	6,400,000	-
Transfer from Water/Wastewater Fund	298,000	298,000	298,000	-
Transfer from General Fund	200,000	200,000	200,000	-
General Service Billing	450,000	450,000	388,896	(61,104)
Miscellaneous Grant Revenue	-	21,500	-	(21,500)
Miscellaneous Receipts	-	40,600	62,117	21,517
Interest Earnings	109,800	109,800	190,860	81,060
Total Revenues	7,457,800	7,519,900	7,539,873	19,973
TOTAL BEGINNING BALANCES & REVENUES	\$ 15,789,900	\$ 18,643,800	\$ 18,663,762	\$ 19,962
EXPENSES:				
Power Plant	\$ 1,546,000	\$ 1,658,000	\$ 1,069,552	\$ 588,448
Transmission/Distribution	1,383,000	1,474,900	732,338	742,562
Engineering	2,245,500	2,362,800	973,499	1,389,301
Administration	1,175,200	-	-	-
ERP System	548,000	1,027,200	730,645	296,555
Total Expenses	6,897,700	6,522,900	3,506,034	3,016,866
Budget Balance - Improvement & Extension Fund	8,892,200	12,120,900	15,157,728	(3,036,828)
Total Budget Balances - Working Capital	8,892,200	12,120,900	15,157,728	(3,036,828)
TOTAL BUDGET BALANCES & EXPENSES	\$ 15,789,900	\$ 18,643,800	\$ 18,663,762	\$ (19,962)



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.

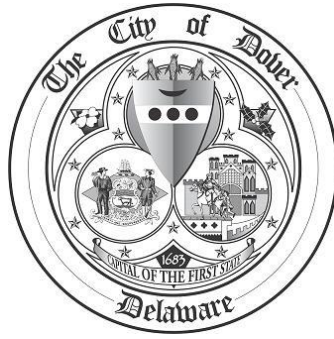
Budgetary schedule is included for public review of budgetary compliance.

CITY OF DOVER, DELAWARE
INTERNAL SERVICE FUND - WORKERS' COMPENSATION

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

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
OPERATING REVENUES:				
Beginning Balance	\$ 1,444,700	\$ 1,257,700	\$ 1,542,806	\$ 285,106
Interest Earned	22,500	22,500	37,038	14,538
City Contribution	908,500	904,300	757,081	(147,219)
Miscellaneous Revenue	-	-	52,327	52,327
TOTAL REVENUES	\$ 2,375,700	\$ 2,184,500	\$ 2,389,252	\$ 204,752
OPERATING EXPENSES:				
Program Expenses	\$ 550,000	\$ 565,000	\$ 416,820	\$ 148,180
Contractual Services	25,000	25,000	14,277	10,723
Insurance	110,000	110,800	127,759	(16,959)
State of Delaware - Self-Insurance Tax	39,000	39,000	36,244	2,756
TOTAL EXPENSES	\$ 724,000	\$ 739,800	\$ 595,100	\$ 144,700
BUDGET BALANCE - CARRY FORWARD	\$ 1,651,700	\$ 1,444,700	\$ 1,794,152	\$ (349,452)



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.

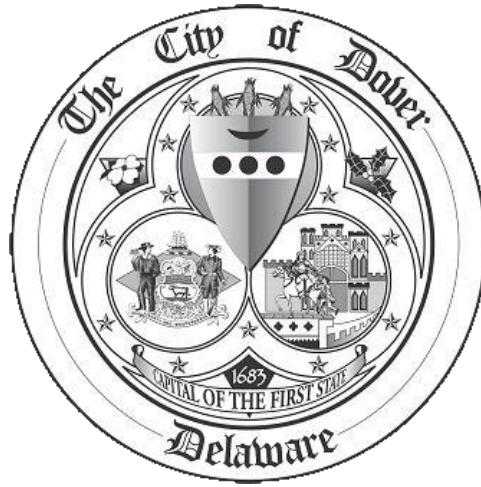
FOURTH OF JULY CELEBRATION COMMITTEE

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

CITY OF DOVER, DELAWARE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

	BALANCE			BALANCE		
	JUNE 30, 2018	ADDITIONS	DEDUCTIONS	JUNE 30, 2019		
DOWNTOWN DOVER PARTNERSHIP						
ASSETS:						
Cash	\$ 672,541	\$ 843,307	\$ 669,461	\$ 846,387		
Receivables	52,918	-	52,918	-		
Prepaid Items	342	1,932	-	2,274		
Total Assets	\$ 725,801	\$ 845,239	\$ 722,379	\$ 848,661		
LIABILITIES:						
Vouchers Payable	79,915	\$ 354,247	\$ 406,667	\$ 27,495		
Deposit Payable	27,432	-	-	27,432		
Due to Agencies	618,454	175,280	-	793,734		
Total Liabilities	\$ 725,801	\$ 529,527	\$ 406,667	\$ 848,661		
4TH OF JULY CELEBRATION COMMITTEE						
ASSETS:						
Cash	\$ 31,520	\$ 20,979	\$ 40,439	\$ 12,060		
Prepaid items	9,500	18,000	9,500	18,000		
Total Assets	\$ 41,020	\$ 38,979	\$ 49,939	\$ 30,060		
LIABILITIES:						
Vouchers Payable	\$ 2,200	\$ -	\$ 2,200	\$ -		
Due to Agencies	38,820	-	8,760	30,060		
Total Liabilities	\$ 41,020	\$ -	\$ 10,960	\$ 30,060		
TOTAL-ALL AGENCY FUNDS						
ASSETS:						
Cash & Investments	\$ 739,730	\$ 864,286	\$ 709,900	\$ 858,447		
Receivables	3,579	-	52,918	-		
Prepaid Items	4,889	19,932	9,500	20,274		
Total Assets	\$ 748,198	\$ 884,218	\$ 772,318	\$ 878,721		
LIABILITIES:						
Vouchers Payable	\$ 19,676	\$ 354,247	\$ 408,867	\$ 27,495		
Deposit Payable	27,432	-	-	27,432		
Due to Agencies	701,090	175,280	8,760	823,794		
Total Liabilities	\$ 748,198	\$ 529,527	\$ 417,627	\$ 878,721		

STATISTICAL SECTION



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

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STATISTICAL SECTION

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

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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.

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 1

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	\$ 54,309,740	\$ 53,239,906	\$ 54,350,984	\$ 54,325,174	\$ 51,485,408	\$ 50,738,483	\$ 49,577,021	\$ 49,642,124	\$ 38,839,995	\$ 35,742,504
Restricted	342,285	961,101	306,474	932,728	556,553	612,054	721,682	482,780	1,774,167	1,250,342
Unrestricted	(29,348,340)	(36,772,282)	(44,105,399)	(22,214,284)	(27,947,709)	(7,142,570)	(4,791,553)	(6,759,433)	(99,435)	4,820,682
Total governmental activities net position	25,303,685	17,428,725	10,552,059	33,043,618	24,094,252	44,207,967	45,507,150	43,365,471	40,514,727	41,813,528
Business-type activities										
Net investment in capital assets	109,497,296	111,894,357	110,779,002	110,647,045	108,565,514	101,670,949	100,079,972	98,303,263	97,270,906	96,660,480
Restricted	54,353,211	46,693,086	44,176,110	37,026,527	36,751,850	36,123,755	34,665,736	33,836,315	34,148,330	31,302,487
Unrestricted	17,850,066	22,683,806	21,086,446	26,876,166	21,732,221	36,098,998	39,534,763	33,947,753	23,286,232	19,318,633
Total business-type activities net position	181,700,573	181,271,249	176,041,558	174,549,738	167,049,585	173,893,702	174,280,471	166,087,331	154,705,468	147,281,600
Primary government										
Net investment in capital assets	163,807,036	165,134,263	165,129,986	164,972,219	160,050,922	152,409,432	149,656,993	147,945,387	136,110,901	132,402,984
Restricted	54,695,496	47,654,187	44,482,584	37,959,255	37,308,403	36,735,809	35,387,418	34,319,095	35,922,497	32,552,829
Unrestricted	(11,498,274)	(14,088,476)	(23,018,953)	4,661,882	(6,215,488)	28,956,428	34,743,210	27,188,320	23,186,797	24,139,315
Total primary government net position	\$ 207,004,258	\$ 198,699,974	\$ 186,593,617	\$ 207,593,356	\$ 191,143,837	\$ 218,101,669	\$ 219,787,621	\$ 209,452,802	\$ 195,220,195	\$ 189,095,128

NOTE

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

The Change in Net Position for fiscal 2017 includes a prior period adjustment for the OPEB Liability associated with GASB No. 74 & 75.

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
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Table 2

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 3,296,331	\$ 3,443,595	\$ 3,456,943	\$ 4,648,999	\$ 3,374,955	\$ 1,288,977	\$ 1,474,045	\$ 1,180,327	\$ 1,248,124	\$ 1,510,308
Public safety	17,597,828	17,441,023	14,947,553	19,919,050	21,336,042	19,219,986	17,989,463	17,638,304	16,848,343	16,357,692
Public works	6,183,329	7,736,355	6,942,760	7,381,557	3,848,402	6,594,829	6,099,484	8,135,172	6,257,946	7,115,319
Library and recreation	3,211,586	3,106,031	2,866,441	2,183,802	3,079,426	2,942,800	2,313,048	2,377,363	2,731,492	2,265,205
Community and economic development	461,983	513,857	449,356	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744
Central services	521,020	589,846	473,498	483,426	443,072	512,586	454,816	469,385	599,498	544,611
Financial administration	894,670	964,051	746,714	1,249,012	1,247,976	1,368,048	1,122,830	1,146,524	2,463,426	2,353,180
Other post-employment benefits	-	-	-	-	-	3,348,267	5,119,778	6,534,630	6,142,627	2,843,480
Interest on long-term debt	178,514	129,723	118,275	118,565	174,912	122,812	114,785	90,161	75,397	78,581
Total governmental activities expenses	32,345,262	33,924,481	30,001,540	36,536,290	33,949,259	36,074,859	35,628,215	38,345,074	37,540,399	35,297,120
Business-type activities										
Water and sewer	12,604,448	11,728,740	11,416,394	11,925,299	11,322,958	11,397,992	10,905,358	11,068,607	10,912,722	11,971,445
Electric	68,459,581	72,553,319	62,992,850	61,054,151	67,562,077	74,481,048	74,595,585	77,625,673	90,296,244	90,940,056
Total business-type activities	81,064,029	84,282,059	74,409,244	72,979,450	78,885,035	85,879,040	85,500,943	88,694,280	101,208,966	102,911,501
Total primary government expenses	113,409,291	118,206,540	104,410,784	109,515,740	112,834,294	121,953,899	121,129,158	127,039,354	138,749,365	138,208,621
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,520,022	2,456,576	2,362,123	2,336,389	2,116,233	2,137,574	2,463,437	4,043,168	1,503,243	1,307,296
Public safety	4,510,464	5,367,450	5,171,989	4,920,783	4,558,200	4,676,162	4,240,847	4,803,827	4,682,687	4,309,516
Public works	3,068,399	3,714,187	2,514,645	2,527,478	2,578,892	2,595,648	2,624,877	1,903,623	2,173,434	1,340,729
Library and recreation	612,737	640,061	602,873	667,996	696,179	699,622	656,001	632,824	632,861	650,283
Operating grants and contributions	2,441,900	2,190,146	2,025,522	2,759,367	2,298,936	2,159,616	2,914,696	2,654,051	5,032,926	3,813,842
Capital grants and contributions	372,136	344,561	360,538	675,784	166,379	1,226,559	2,107,444	6,292,303	856,338	169,130
Total governmental activities program revenues	13,525,658	14,712,981	13,037,690	13,887,797	12,414,819	13,495,181	15,007,302	20,329,796	14,881,489	11,590,796
(Continued)										

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
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(Table 2 Continued - Changes in Net Position)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program Revenues										
Business-type activities:										
Charges for services:										
Water and sewer	16,017,306	16,319,193	16,054,096	14,976,213	14,875,806	13,268,213	13,387,706	13,775,833	14,033,678	11,531,595
Electric	83,709,415	83,883,757	83,655,870	80,695,910	79,802,674	79,489,192	90,685,693	93,529,401	101,902,619	100,278,474
Capital contributions	-	-	1,201,963	44,955	1,516,932	401,947	-	441,285	997,750	392,855
Total business-type activities program revenues	99,726,721	100,202,950	100,911,929	95,717,078	96,195,412	93,159,352	104,073,399	107,746,519	116,934,047	112,202,924
Total primary government program revenues	113,252,379	114,915,931	113,949,619	109,604,875	108,610,231	106,654,533	119,080,701	128,076,315	131,815,536	123,793,720
Net (expense)/revenue:										
Governmental activities	(18,819,604)	(19,211,500)	(16,963,850)	(22,648,493)	(21,534,440)	(22,579,678)	(20,620,913)	(18,015,278)	(22,658,910)	(23,706,324)
Business-type activities	18,662,692	15,920,891	26,502,685	22,737,628	17,310,377	7,280,312	18,572,456	19,052,239	15,725,081	9,291,423
Total primary government net revenue (expense)	(156,912)	(3,290,609)	9,538,835	89,135	(4,224,063)	(15,299,366)	(2,048,457)	1,036,961	(6,933,829)	(14,414,901)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	13,448,025	13,065,098	12,895,597	12,846,774	11,176,763	11,094,479	11,126,395	11,050,198	10,904,908	10,029,584
Transfer taxes	1,637,194	2,022,165	1,634,707	2,191,915	1,713,505	1,543,626	1,107,686	1,373,103	1,461,983	867,692
Investment earnings	809,345	100,903	132,228	263,667	92,479	142,390	36,793	141,925	137,218	268,748
Transfers	10,800,000	10,900,000	10,875,000	16,295,503	10,500,000	8,500,000	10,491,718	8,300,796	8,856,000	7,306,120
Total governmental activities	26,694,564	26,088,166	25,537,532	31,597,859	23,482,747	21,280,495	22,762,592	20,866,022	21,360,109	18,472,144
Business-type activities:										
Investment earnings	3,752,939	208,800	379,160	1,058,028	544,624	832,919	112,402	630,420	554,787	837,564
Transfers	(10,800,000)	(10,900,000)	(10,875,000)	(16,295,503)	(10,500,000)	(8,500,000)	(10,491,718)	(8,300,796)	(8,856,000)	(7,306,120)
Total business-type activities	(7,047,061)	(10,691,200)	(10,495,840)	(15,237,475)	(9,955,376)	(7,667,081)	(10,379,316)	(7,670,376)	(8,301,213)	(6,468,556)
Total primary government	19,647,503	15,396,966	15,041,692	16,360,384	13,527,371	13,613,414	12,383,276	13,195,646	13,058,896	12,003,588
Change in Net Position										
Government activities	7,874,960	6,876,666	8,573,682	8,949,366	1,948,307	(1,299,183)	2,141,679	2,850,744	(1,298,801)	(5,234,180)
Business-type activities	11,615,631	5,229,691	16,006,845	7,500,153	7,355,001	(386,769)	8,193,140	11,381,863	7,423,868	2,822,867
Total primary government	\$ 19,490,591	\$ 12,106,357	\$ 24,580,527	\$ 16,449,519	\$ 9,303,308	\$ (1,685,952)	\$ 10,334,819	\$ 14,232,607	\$ 6,125,067	\$ (2,411,313)

NOTE

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

The Change in Net Position for fiscal 2017 includes a prior period adjustment for the OPEB Liability associated with GASB No. 74 & 75.

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
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Table 3

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,580
Unreserved	-	-	-	-	-	-	-	-	-	7,242,323
Non-spendable	234,974	259,258	187,294	195,134	202,620	207,884	227,457	198,175	191,567	-
Restricted	27,070	10,572	7,979	173,769	127,706	129,476	131,237	83,356	85,070	-
Committed	1,047,987	1,111,182	2,441,641	1,059,197	1,041,130	723,300	936,899	920,475	3,484,203	-
Assigned	4,320,615	2,865,373	1,956,061	2,735,602	3,839,571	3,163,431	3,519,012	658,890	614,559	-
Unassigned	7,118,240	7,722,505	5,528,605	4,995,522	3,991,442	3,435,079	3,391,714	3,007,983	3,385,209	-
Total general fund	12,748,886	11,968,890	10,121,580	9,159,224	9,202,469	7,659,170	8,206,319	4,868,879	7,760,608	7,557,903
All other governmental funds										
Special revenue funds										
Unreserved	-	-	-	-	-	-	-	-	-	872,309
Non-spendable	-	9,990	3,993	350	181	2,447	-	13,099	4,203	-
Restricted	315,215	950,529	298,495	758,959	428,847	482,578	590,445	399,424	764,512	-
Assigned	-	-	-	-	-	-	123,349	171,381	289,221	-
Total all other governmental funds	315,215	960,519	302,488	759,309	429,028	485,025	713,794	583,904	1,057,936	872,309
Total fund balances	<u>\$13,064,101</u>	<u>\$12,929,409</u>	<u>\$10,424,068</u>	<u>\$ 9,918,533</u>	<u>\$ 9,631,497</u>	<u>\$ 8,144,195</u>	<u>\$ 8,920,113</u>	<u>\$ 5,452,783</u>	<u>\$ 8,818,544</u>	<u>\$ 8,430,212</u>

NOTE

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

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 4

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Fines	\$ 1,020,920	\$ 1,121,135	\$ 1,142,722	\$ 1,128,211	\$ 1,161,876	\$ 1,011,156	\$ 912,004	\$ 1,202,615	\$ 1,665,496	\$ 1,418,354
Library revenue	410,154	392,108	380,561	419,677	480,823	498,553	471,065	475,822	444,455	465,387
Licenses and permits	2,866,796	3,786,167	3,548,401	3,525,992	2,893,990	2,952,015	2,548,913	2,816,866	2,417,363	2,424,768
Sanitation fees and rebates	3,068,399	3,133,360	2,514,645	2,527,478	2,578,892	2,595,648	2,624,877	1,903,623	2,173,434	1,340,729
Recreation	61,147	87,125	53,301	65,145	66,038	49,144	40,446	44,522	44,292	36,100
Miscellaneous services	1,672,401	2,210,980	1,679,390	1,874,534	1,650,153	1,831,683	2,470,200	3,940,294	1,480,845	1,247,096
Taxes	15,103,449	15,125,329	14,564,304	15,085,481	12,930,532	12,655,035	12,333,520	12,462,532	12,366,891	10,897,276
Grants	2,814,036	2,534,707	2,386,060	3,449,238	2,489,239	3,416,319	5,119,089	8,909,758	5,551,175	4,482,259
Court of chancery fees	1,588,140	1,496,520	1,343,020	1,239,300	1,118,680	1,034,460	917,700	863,220	766,340	675,390
Investment income	730,797	93,751	123,234	234,885	77,769	122,490	45,198	117,405	112,722	237,631
Total revenues	29,336,239	29,981,182	27,735,638	29,549,941	25,447,992	26,166,503	27,483,012	32,736,657	27,023,013	23,224,990
Expenditures										
General government	1,760,851	1,710,100	2,026,568	2,116,749	1,425,786	1,271,523	1,107,122	1,093,772	1,348,911	1,525,854
Library services	1,971,773	1,981,201	1,926,561	1,720,021	1,675,989	1,697,982	5,514,217	13,518,569	4,369,578	1,951,347
Public safety	22,558,701	21,018,381	21,248,561	21,240,506	20,218,519	19,130,832	18,048,642	17,001,619	16,139,953	15,948,298
Public works	2,855,382	1,918,473	2,119,186	2,146,917	1,708,658	2,572,965	1,758,405	2,074,061	2,535,060	2,504,061
Recreational services	1,087,393	821,613	733,961	783,976	865,938	683,363	651,341	827,230	834,124	746,868
Streets and sanitation services	4,458,329	4,637,145	4,275,648	6,081,813	6,574,262	4,634,091	2,990,430	3,280,165	3,383,465	3,181,025
Engineering services	266,332	263,930	219,198	166,579	26,996	-	-	-	-	-
Financial administration	754,400	762,860	764,622	919,086	979,112	1,002,539	909,877	902,009	866,314	895,570
Garage and stores	492,111	499,289	501,559	465,843	419,597	415,593	431,542	503,036	490,113	526,286
Insurance	276,689	302,258	295,923	280,901	278,682	272,895	241,395	198,241	203,343	197,723
Retiree health care lump sum	1,894,900	2,063,000	2,039,700	1,567,700	1,636,500	1,636,500	1,620,600	1,614,241	1,297,509	1,006,397
Employee pension unfunded liability	-	619,000	-	594,300	543,000	121,000	1,693,500	1,545,000	1,544,978	-
Street lights	805,185	803,924	811,992	804,246	775,197	774,533	878,760	986,430	968,562	956,860
Community and economic development	461,983	513,857	449,356	551,879	444,474	676,554	939,966	773,208	1,173,546	2,228,744

(Continued)

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
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Table 4 (Continued) - Changes in Fund Balances of Governmental Funds

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenditures										
Debt service										
Principal	322,745	332,355	573,497	553,824	848,069	429,239	296,003	275,000	270,000	260,000
Interest	34,773	128,455	118,771	118,565	114,243	122,812	73,071	52,734	65,225	68,410
Other charges (issuance of debt)	-	-	-	-	60,668	-	1,029	27,255	-	-
Total expenditures	40,001,547	38,375,841	38,105,103	40,112,905	38,595,690	35,442,421	37,155,900	44,672,570	35,490,681	31,997,443
Excess of revenues over(under) expenditures	(10,665,308)	(8,394,659)	(10,369,465)	(10,562,964)	(13,147,698)	(9,275,918)	(9,672,888)	(11,935,913)	(8,467,668)	(8,772,453)
Other financing sources (uses)										
Bond proceeds	5,700,000	-	-	-	4,135,000	-	2,648,500	851,500	-	-
Transfers in	13,953,381	14,220,407	13,885,445	14,339,821	13,500,366	11,458,445	12,666,208	10,959,204	12,420,329	9,156,575
Transfers out	(3,153,381)	(3,320,407)	(3,010,445)	(3,489,821)	(3,000,366)	(2,958,445)	(2,174,490)	(2,658,408)	(3,564,329)	(1,850,455)
Payments to refunded bond escrow agent	(5,700,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,800,000	10,900,000	10,875,000	10,850,000	14,635,000	8,500,000	13,140,218	9,152,296	8,856,000	7,306,120
Net change in fund balances	\$ 134,692	\$ 2,505,341	\$ 505,535	\$ 287,036	\$ 1,487,302	\$ (775,918)	\$ 3,467,330	\$ (2,783,617)	\$ 388,332	\$ (1,466,333)
Debt service as a percentage of noncapital expenditures	0.99%	1.27%	1.97%	1.96%	3.09%	1.74%	1.14%	1.07%	0.85%	1.05%
Capital outlay included in total expenditures (1)	\$ 3,993,940	\$ 2,066,950	\$ 2,973,131	\$ 5,753,588	\$ 7,500,186	\$ 3,777,578	\$ 4,872,122	\$ 13,927,288	\$ 5,296,536	\$ 2,434,391

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, Delaware
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Transfer Tax	Total
2019	\$ 13,448,025	\$ 1,637,194	\$ 15,085,219
2018	13,065,098	2,022,165	15,087,263
2017	12,895,597	1,634,707	14,530,304
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

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
2019	\$ 4,600,542,300	\$ 1,342,452,800	\$ 3,258,089,500	\$ 4,600,542,300	70.82%	\$ 0.4050
2018	4,553,536,100	1,338,792,000	3,214,744,100	4,553,536,100	70.60%	0.4050
2017	4,493,113,000	1,336,802,000	3,156,311,000	4,493,113,000	70.25%	0.4050
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

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

NOTES

1. There is no tax on personal properties. Therefore, no figures are presented.
2. In 2010, the City property values were reassessed, effective for tax year 2011. The tax rate was increased from \$.330 to \$.3378 per \$100. Had the tax rate been rolled back to a revenue neutral rate, the rate would have been \$.3108 per \$100. The revised rate represents a \$.027 rate increase.

Table 7

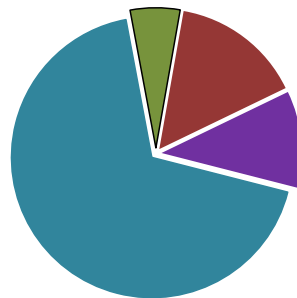
City of Dover, Delaware
Property Tax Rates - All Direct and Overlapping
Governments with the Capital School District
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

- NOTES**
1. Section 48 of the City of Dover charter provides that the amount of money to be raised through property taxes shall not exceed 2% of the total taxable assessment.
 2. Kent County Property tax rates reflect the 1987 reappraisal of properties in Kent County.
 3. 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	
2019	0.4050	0.3000	1.8307	0.1541	2.6898
2018	0.4050	0.3000	1.7942	0.1522	2.6514
2017	0.4050	0.3000	1.8065	0.1484	2.6599
2016	0.4050	0.3000	1.8115	0.1415	2.6580
2015	0.3378	0.3000	1.8215	0.1372	2.5965
2014	0.3378	0.3000	1.8500	0.1372	2.6250
2013	0.3378	0.3000	1.9090	0.1372	2.6840
2012	0.3378	0.3000	1.8320	0.1351	2.6049
2011	0.3378	0.3000	1.8320	0.1351	2.6049
2010	0.3300	0.3100	1.7685	0.1304	2.5389

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

Property Tax Rates - FY 2019
All Direct & Overlapping Governments



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

Table 8

**Principal Tax Payers
Current Year and Nine Years Ago**

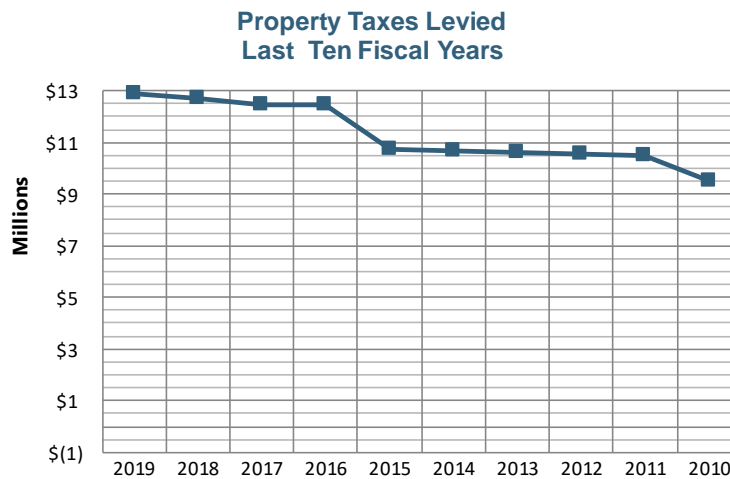
TAX PAYERS	2019 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION	2010 ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUATION
Dover Downs Prop, Inc.	\$147,924,900	1	3.22%	\$168,411,200	1	5.79%
Dover Mall LP/Dover Commons	71,706,800	2	1.56%	75,714,000	2	2.60%
Dover Medical Center	39,202,300	3	0.85%	24,887,600	3	0.86%
Blue Hen Apt LLC	30,895,300	4	0.67%	1,627,500	-	0.06%
Leander Lakes LLC	27,484,300	5	0.60%	-	-	-
CW Dover LLC FKA Dover South Coa	23,071,400	6	0.50%	14,470,300	9	0.50%
Kraft-General Foods Corp.	21,534,700	7	0.47%	20,624,800	4	0.71%
Onix Dover LLC	16,617,800	8	0.36%	8,951,100	-	0.31%
GM Country Club LLC	15,788,600	9	0.34%	11,415,800	-	0.39%
Multi Residential M LLC	14,415,500	10	0.31%	10,343,500	-	0.36%
Millers Dover Downs	-	-	-	14,837,900	8	0.51%
Dover Bay Court Plaza	-	-	-	19,107,300	5	0.66%
Berks City Real Estate LLC	-	-	-	18,034,400	6	0.62%
East Country Village	-	-	-	15,981,800	7	0.55%
Morgan Cannon Mill Apts	-	-	-	11,650,000	10	0.40%
			8.90%	\$416,057,200		14.31%
Source: Tax Assessor's Office, City of Dover \$408,641,600						
Total taxable assessed valuation for current year is				4,593,440,200		
Total taxable assessed valuation for ten years ago is				2,907,011,120		

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
2019	\$ 12,887,417	\$ 12,870,997	99.9%	\$ -	\$ 12,870,997	99.87%
2018	12,669,581	12,628,024	99.7%	37,746	12,665,770	99.97%
2017	12,478,630	12,401,338	99.4%	75,314	12,476,652	99.95%
2016	12,437,857	12,204,948	98.1%	232,909	12,437,857	98.13%
2015	10,737,703	10,612,272	98.8%	125,431	10,737,703	100.00%
2014	10,696,886	10,493,954	98.1%	202,932	10,696,886	100.00%
2013	10,594,623	10,398,888	98.2%	195,735	10,594,623	100.00%
2012	10,549,631	10,280,930	97.5%	268,701	10,549,631	100.00%
2011	10,481,734	10,166,681	97.0%	315,053	10,481,734	100.00%
2010	9,525,034	9,314,327	97.8%	210,707	9,525,034	100.00%

Source: City of Dover Assessor & Customer Service Reports.



NOTES

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

Table 10

**City of Dover, Delaware
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				
2019	\$ 5,700,000	\$ 13,197,695	\$ 15,700,000	\$ 34,597,695	3.8%	916	37,790
2018	5,877,013	11,312,399	17,890,000	35,079,412	4.1%	921	38,422
2017	6,209,368	12,111,088	18,620,000	36,940,456	4.3%	978	37,686
2016	6,782,865	12,888,791	19,315,000	38,986,656	4.6%	1,041	37,941
2015	7,336,689	13,650,787	21,680,000	42,667,476	5.4%	1,137	37,560
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	37,341
2010	1,758,971	3,765,547	34,543,730	40,068,248	5.7%	1,112	36,627

Source: City of Dover Financial Records

Population Source: City Count

Table 11

**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
2019	37,790	\$3,258,089,500	\$5,700,000	\$5,700,000	0.17%	150.83
2018	38,422	3,214,744,100	5,877,013	5,877,013	0.18%	154.24
2017	37,686	3,156,311,000	5,877,013	5,877,013	0.19%	154.24
2016	37,941	3,107,912,100	6,782,865	6,782,865	0.22%	179.51
2015	37,560	3,207,153,560	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%	121.97
2012	36,267	3,169,307,760	4,478,997	4,478,997	0.14%	122.74
2011	37,341	3,136,639,060	2,085,815	2,085,815	0.07%	57.51
2010	36,627	2,907,011,120	1,550,000	1,550,000	0.05%	41.51

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

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
2019	\$ 322,745	\$ 132,829	\$ 455,574	\$ 46,907,709	0.97%
2018	332,355	128,455	460,810	44,049,712	1.05%
2017	573,497	118,771	692,268	44,378,544	1.56%
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%

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, 2019**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Dover	Amount Applicable to City of Dover
City of Dover	\$ 5,700,000	100%	\$ 5,700,000
Kent County ⁽¹⁾	51,179,528	0%	N/A
Capital School District ⁽²⁾	46,416,895	N/A	N/A
TOTAL	<u>\$ 103,296,423</u>		<u>\$ 5,700,000</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 \$51,179,528 as of June 30, 2019. Although Kent County's bonds are general obligation bonds, \$47,580,700 is payable from the Kent County Sewer Fund(s) or other committed sources.
2. Capital School District: As of June 30, 2019, the net outstanding debt was \$46,416,895. Percentage and amount is not applicable to the City of Dover.

Table 14

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt Limit	\$ 162,904	\$ 160,737	\$ 157,816	\$ 155,396	\$ 158,485	\$ 157,995	\$ 159,075	\$ 158,465	\$ 156,832	\$ 145,351
Net (Taxable) Assessed Value on Books	3,258,090	3,214,744	3,156,311	3,107,912	3,207,154	3,159,894	3,181,496	3,169,308	3,136,639	2,907,011
Total net debt applicable to limit	5,700	5,877	6,209	6,783	7,337	4,050	4,479	1,550	1,820	2,080
Legal Debt Margin	\$ 157,204	\$ 154,860	\$ 148,613	\$ 151,149	\$ 153,945	\$ 154,596	\$ 156,915	\$ 155,012	\$ 143,271	\$ 142,520
Total Net Debt applicable to limit as a percentage of debt limit	3.50%	3.61%	4.36%	4.63%	2.56%	2.82%	0.98%	1.16%	1.43%	1.69%

Legal Debt Margin Calculation for Fiscal Year 2016

Net (Taxable) Assessed Value on Books	<u>\$ 3,258,090</u>
Debt Limit - 5 Percent of Total Assessed Value	\$ 162,904
DEBT (For which the City's full faith and credit has been pledged)	
Gross Bonded Debt	<u>5,700</u>
LEGAL DEBT MARGIN	<u>\$ 157,204</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
2019	\$ 84,195,248	\$ 56,720,895	\$ 27,474,353	\$ 765,000	\$ 669,785	\$ 1,434,785	19.15
2018	84,235,174	60,595,349	23,639,825	730,000	847,454	1,577,454	14.99
2017	83,943,882	54,748,915	29,194,967	695,000	883,954	1,578,954	18.49
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

Source: City of Dover Financial Records.

NOTES

- | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--------------------|---------------|---------------------------------|---------|---------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Coverage required by the bond resolution is 1.25.</p> <p>2. Calculation of gross revenue for fiscal year 2019 is as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td colspan="2">Gross Revenue:</td> </tr> <tr> <td style="padding-right: 20px;">Operating Revenues</td> <td style="text-align: right;">\$ 83,709,420</td> </tr> <tr> <td>Interest Earned-Operating Funds</td> <td style="text-align: right;">485,828</td> </tr> <tr> <td>Total Gross Revenue</td> <td style="text-align: right; border-top: 1px solid black;">\$ 84,195,248</td> </tr> </table> <p>3. Direct operating expenses do not include depreciation expense.</p> | Gross Revenue: | | Operating Revenues | \$ 83,709,420 | Interest Earned-Operating Funds | 485,828 | Total Gross Revenue | \$ 84,195,248 | <p>4. Figures presented in this table compare the net revenue available for debt service to the debt service requirements of the same fiscal year.</p> <p>5. In November 2011, the City issued Electric Revenue Refunding Bonds in the amount of \$8,810,000 to refund the 2014 Series. This refunding reduced the principal payable by \$2,620,000.</p> <p>6. In August 2018, the City issued Electric Revenue Refunding Bonds in the amount of \$15,700,000 to refund the 2008 Series. This refunding reduced the principal payable by \$2,190,000.</p> |
| Gross Revenue: | | | | | | | | | |
| Operating Revenues | \$ 83,709,420 | | | | | | | | |
| Interest Earned-Operating Funds | 485,828 | | | | | | | | |
| Total Gross Revenue | \$ 84,195,248 | | | | | | | | |

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
2019	\$ 15,278,328	\$ 10,120,815	\$ 5,157,513	\$ 1,132,806	4.55
2018	14,975,823	9,046,827	5,928,996	1,132,806	5.23
2017	15,354,263	8,906,722	6,447,541	1,132,806	5.69
2016	15,005,695	9,621,676	5,438,408	1,132,806	4.80
2015	14,385,625	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

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 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.
5. 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 2003 Water and Wastewater Revenue bonds and provided \$4,005,960 for two capital projects.
6. Gross Revenue includes \$16,017,306 Operating Revenue plus \$190,460 Operating Interest less transfers to the Water & Sewer Impact Fee Reserves \$929,438.

Table 17

**City of Dover, Delaware
Top 10 Water and Wastewater Utility Customers
Fiscal Year Ended June 30, 2019**

Customer	Water Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Garrison Energy Center	328,073	19.04%	\$ 987,279	17.38%
Procter and Gamble	55,996	3.25%	168,048	2.96%
Delaware State University	48,102	2.79%	144,513	2.54%
Dover Downs	45,111	2.62%	135,393	2.38%
Kraft Foods Global	32,775	1.90%	98,385	1.73%
Kent General Hospital	27,515	1.60%	82,815	1.46%
Dover Housing Authority	22,437	1.30%	70,344	1.24%
Alder & Pine Holdings	15,911	1.14%	63,929	1.13%
Bayhealth Medical Center	20,812	0.92%	62,736	1.10%
Sovereign Property Management	19,611	1.21%	59,853	1.05%
Totals for Top 10 Customers	616,343	35.78%	1,873,295	32.97%
All Other	1,106,291	64.22%	3,808,710	67.03%
Total for System	1,722,634	100.00%	\$ 5,682,005	100.00%

Customer	Wastewater Consumption (Tgal)	% of Total Consumption	Revenue Billed	% of Total Revenue
Kraft Foods Global	53,973	4.34%	\$ 350,315	4.13%
Dover Downs	45,111	3.62%	292,830	3.45%
Procter and Gamble	31,342	2.52%	203,500	2.40%
Kent General Hospital	27,515	2.21%	178,842	2.11%
Dover Housing Authority	22,386	1.80%	148,176	1.75%
Bayhealth Medical Center	20,812	1.67%	135,370	1.60%
Sovereign Property Management	19,611	1.58%	128,295	1.51%
Alder & Pine Holdings	15,911	1.28%	117,728	1.39%
Garrison Energy Center	16,240	1.30%	105,458	1.24%
State of Delaware	12,158	0.98%	79,725	0.94%
Totals for Top 10 Customers	265,059	21.29%	1,740,239	20.52%
All Other	979,749	78.71%	6,741,579	79.48%
Total for System	1,244,808	100.00%	\$ 8,481,818	100.00%

NOTES:

- Both the Water and Wastewater revenue billed amounts for each vendor, do not include the monthly flat rate of \$2.50.
- The total Revenue amounts for both Water and Wastewater include the monthly flat rates.

Table 18

**City of Dover, Delaware
Top 10 Electric Utility Customers
Fiscal Year Ended June 30, 2019**

Customer	Kwh	% of Total Kwh	Revenue Billed	% of Total Revenue
Dover Air Force Base	63,102,208	8.5%	\$ 3,763,988	4.7%
Kraft	47,560,937	6.4%	2,011,042	2.5%
Edgewell Personal Care Products	42,621,711	5.7%	2,068,785	2.6%
Delaware State University	29,344,095	3.9%	1,317,295	1.7%
Bay Health/Kent General	25,504,054	3.4%	1,214,268	1.5%
Dover Downs	23,670,424	3.2%	1,065,146	1.3%
State of Delaware	14,513,056	1.9%	870,366	1.1%
Procter & Gamble	13,323,802	1.8%	579,981	0.7%
Capital School District	10,962,442	1.5%	625,183	0.8%
Eden Hill Medical Center	<u>5,265,000</u>	<u>0.7%</u>	<u>355,370</u>	<u>0.4%</u>
Totals for Top 10 Customers	275,867,729	37.0%	13,871,425	17.4%
All Other	469,695,041	63.0%	65,629,789	82.6%
Total for System	745,562,770	100.0%	\$ 79,501,213	100.0%

Note: The revenue billed includes direct base sales and utility Tax.

Table 19

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

Year	Population		Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2019	37,790	\$	921,244,620	\$ 24,378	29.9	6,519	5.7%
2018	38,422		865,182,114	22,707	29.5	6,494	5.8%
2017	37,686		827,207,700	21,950	30.0	6,523	6.2%
2016	37,941		842,783,433	22,213	30.2	6,486	5.7%
2015	37,560		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	37,341		818,158,759	22,379	31.3	7,185	9.9%
2010	36,627		712,212,015	19,445	32.9	7,117	10.2%

Population Source: City Count

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

Per Capita Personal Income Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

Median Age Source: 2012-2016 American Community Survey 5-Year Estimates

Capital School Enrollment Source: Includes kindergarten through 12th grade, as of Summer 2018

Unemployment Rate Source: Delaware Department of Labor Statistics Not Seasonally Adjusted, June 2018

Table 20

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

Industry Description	2018 4th Quarter			2009 4th Quarter		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Government	18,785	1	27.9%	18,697	1	30.9%
Retail trade	9,475	2	14.1%	9,144	2	15.1%
Health care & social assistance	10,219	3	15.2%	7,823	3	12.9%
Accommodation & food services	6,569	4	9.7%	4,803	4	7.9%
Manufacturing	4,892	5	7.3%	3,301	5	5.5%
Arts, entertainment, & recreation	1,474	6	2.2%	2,023	9	3.3%
Construction	2,620	7	3.9%	2,157	6	3.6%
Transportation & warehousing	2,637	8	3.9%	2,152	7	3.6%
Admin and waste services	2,611	9	3.9%	2,559	8	4.2%
Professional & technical services	2,107	10	3.1%	1,331	10	2.2%
	61,389		91.1%	53,990		89.2%
Total - All Industries	67,414			60,554		

Source: Delaware Department of Labor/Office of Occupational and Labor Market Information/Payroll Data/Quarterly Census of Employment and Wages (Geography information is available by County only, not by City)

Note: The names of the top employers & number of employees is confidential and may not be disclosed to the public pursuant to 20 CFR (Code of Federal Regulations) Part 603. As a result, the employment information provided is by industry.

Table 21

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessor	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.5
City Clerk	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
City Manager	5.0	5.0	4.0	4.0	4.0	4.0	3.0	5.0	5.0	5.0
Customer Services	16.0	16.0	13.0	14.0	14.0	15.0	14.0	14.0	15.0	16.0
Facilities Management	5.0	5.0	5.0	7.0	7.0	7.0	9.0	12.0	13.0	13.0
Finance	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Fire	5.0	5.0	5.0	5.0	6.0	8.0	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	3.0	3.0	3.0	4.0
Information Technology	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	7.0	8.0
Library	13.0	13.0	13.0	13.0	14.0	13.0	13.0	12.0	17.5	18.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Parks and Recreation	9.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	8.0	8.0
Police Civilian	33.0	33.0	33.0	33.0	31.0	31.0	29.0	29.0	29.0	29.0
Police Law Enforcement	101.0	101.0	101.0	101.0	93.0	93.0	93.0	93.0	91.0	90.0
Procurement & Inventory	5.0	3.0	3.0	3.0	3.0	4.0	4.0	6.0	6.0	8.0
Public Works, Administration	6.0	6.0	6.0	6.0	5.0	5.0	6.0	5.0	4.0	4.0
Planning, Inspections	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0
Planning, Life Safety	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Economic Development	-	-	-	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Works, Engineering	3.0	3.0	3.0	3.0	3.0	-	-	-	-	-
Planning	6.0	6.0	6.0	6.0	5.0	4.5	4.5	5.0	5.0	6.0
Planning, Code Enforcement	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.5	5.0
Community Development	-	-	-	-	-	0.5	0.5	1.0	1.0	1.0
Public Works, Grounds Maintenance	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0	15.0	16.0
Public Works, Sanitation	10.0	10.0	10.0	10.0	11.0	11.0	11.0	13.0	12.0	13.0
Public Works, Streets	8.0	8.0	8.0	8.0	8.0	8.0	10.0	11.0	11.0	11.0
General Fund Total	281.0	275.0	271.0	277.0	269.0	270.0	269.0	279.0	289.0	298.5
Public Utilities, Electric Administration	3.0	5.0	5.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0
Public Utilities, Electric Engineering	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.5
Public Utilities, Electric System OPS	5.0	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	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	4.0
Public Utilities, Electric Transmission & Distribution	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.0	25.0	28.0
Electric Fund Total	46.0	48.0	48.0	47.0	45.0	45.0	45.0	47.0	47.0	53.5
Public Utilities, Construction	-	-	-	-	3.0	3.0	5.0	6.0	6.0	7.0
Public Utilities, Wastewater Engineering	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	8.0
Public Utilities, Wastewater Management	10.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	9.0	11.0
Public Utilities, Water Management	7.0	6.0	6.0	6.0	4.0	4.0	5.0	4.0	4.0	5.0
Public Utilities, Water Treatment Plant	13.0	13.0	13.0	13.0	11.0	11.0	10.0	10.0	10.0	10.0
Water Meter Reading	-	-	-	-	-	-	-	-	-	1.0
Water/Wastewater Fund Total	35.0	35.0	35.0	35.0	34.0	34.0	36.0	36.0	35.0	42.0
Total Full-Time Equivalents	362.0	358.0	354.0	359.0	348.0	349.0	350.0	362.0	371.0	394.0

Source: City of Dover Budget

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 22

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

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
Land area - Acres	15,193.00	15,191.70	15,191.70	15,191.70	14,914.50	14,909.33	14,909.33	14,909.33	14,909.33	14,909.33
Land area - Square Miles	23.74	23.74	23.74	23.74	23.30	23.29	23.29	23.29	23.29	23.29
Total Miles of Street	170.52	170.33	169.08	168.01	167.78	164.49	164.08	162.81	158.94	159.62
City Maintained Miles of Streets	111.17	110.98	109.73	108.66	108.43	105.14	104.73	103.46	101.59	100.27
State Maintained Miles of Streets	59.35	59.35	59.35	59.35	59.35	53.35	59.35	59.35	57.35	59.35
Dover Population - U. S. Census data	36,047	36,047	36,047	36,047	36,047	36,047	36,047	36,047	36,047	32,043
Dover Population - City Count	37,790	38,422	37,686	37,941	37,560	37,540	36,492	36,267	37,341	36,627
Registered Voters	25,131	24,513	23,942	24,170	22,837	22,779	21,998	22,362	21,454	21,897
Electric Utility:										
Generating Units	2	2	2	4	4	4	4	4	4	4
Co-Generating Unit	0	0	0	0	1	1	1	1	1	1
Total Units	2	2	2	4	5	5	5	5	5	5
Generating Capacity	147 mw	147 mw	147 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Co-Generating Capacity	0 mw	0 mw	0 mw	0 mw	175 mw	175 mw	175 mw	175 mw	175 mw	175 mw
Area of Service	74.8 sq. mi.	74.8 sq. mi.	67.77 sq. mi.	67.77 sq. mi.	67.77 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.	68 sq. mi.
Substations	15	15	15	15	15	15	15	15	15	15
High Peak Load	165.16 mw	162.87 mw	165.9 mw	158.5 mw	158 mw	164.162 mw	171 mw	172 mw	162.6 mw	164.082 mw
Customers:										
Residential	20,899	20,545	20,155	20,065	20,143	19,900	19,990	19,908	19,782	19,785
Commercial	3,541	3,577	3,424	3,310	3,343	3,412	3,412	3,354	3,386	3,370
Primary	36	36	37	37	36	37	37	39	38	36
69 KV Industrial	5	5	5	5	4	5	4	4	4	4
Municipal - Total number of meters	0	0	0	0	0	0	0	0	0	0
Total Customers Sales \$	\$79,501,247	\$80,295,500	\$79,413,094	\$76,657,592	\$78,406,554	\$78,187,300	\$88,329,610	\$91,947,980	\$99,513,157	\$98,081,648
Total Customers Sales kWh	745,562,770	742,240,636	737,014,329	705,214,632	715,001,017	714,150,305	723,106,532	710,327,722	734,102,972	708,530,322
Power Supply										
\$ (Including Plant Operations)	\$44,018,591	\$46,928,628	\$43,406,314	\$42,292,251	\$49,645,951	\$57,003,103	\$55,367,147	\$58,758,032	\$68,852,937	\$72,508,956
kWh	785,285,000	775,661,000	773,550,000	740,871,000	756,867,000	762,254,000	752,869,000	738,190,000	768,254,000	751,250,000
Fire Department:										
Stations	2	2	2	2	2	2	2	2	2	2
Officers	8	8	8	8	8	8	8	8	8	8
Firemen - Membership (Volunteers-Active)	125	125	125	125	125	160	100	100	100	120
Equipment	14	14	10	10	16	15	15	15	14	14
Parks and Recreation:										
Major Parks	3	3	3	3	3	3	3	3	3	3
Small Parks	25	25	25	24	24	24	24	24	22	22

(Continued)

2019 Comprehensive Annual Financial Report for the City of Dover, Delaware
Statistical Section

Table 22
Table 22 (Continued)

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
Police Department:										
Station	1	1	1	1	1	1	1	1	1	1
Uniformed Personnel	97	98	99	100	89	94	93	93	93	90
Automobiles	77	81	80	80	76	77	75	78	67	66
Motorcycles	7	7	7	7	7	7	7	7	7	7
Motor Boats	0	0	0	0	0	0	0	0	1	1
Bicycles	8	8	7	7	12	12	12	12	4	4
Specialty Vehicles	7	7	7	7	7	7	7	7	7	7
Trailers	5	4	3	2	2	2	2	2	3	3
Golf Carts	6	6	6	6	5	0	0	0	0	0
Public Library:										
Books	108,763	113,253	103,187	106,493	106,125	100,262	97,801	93,050	103,091	138,931
Audiovisual Materials (VCRs, DVDs, CDs, Cassettes, Recorded Books)	23,626	24,021	26,158	22,345	22,366	21,008	16,929	15,265	14,409	15,572
Computer Usage*	49,591									
Wireless Usage*	19,355									
Members	31,997	32,256	40,412	41,221	41,348	37,531	34,308	32,717	33,466	36,534
Magazine Subscriptions	138	140	147	161	174	191	187	217	178	201
Newspaper Subscriptions	11	11	11	12	10	10	11	11	19	19
Circulation of Materials	376,380	364,849	377,314	412,969	449,746	463,113	444,333	407,611	400,130	375,632
Electronic Downloads (E-Books)	38,467	32,856	28,397	30,811	24,801	17,219	11,770	2,635	0	0
Water Utility:										
Supply - Wells	21	21	21	21	22	22	22	22	22	22
Storage Tanks	7	7	7	7	6	6	6	6	6	6
Total Storage Capacity (Gallons)	5,250,000	5,250,000	5,250,000	5,250,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Water Mains (miles)	229	226	225	225	225	223	222	217.5 miles	215.7 miles	215.7 miles
Average Day (Gallons Pumped)	5,198,288	5,021,299	5,288,271	4,521,047	4,521,047	4,197,984	4,245,153	4,405,923	4,656,334	4,474,063
Peak Day (Gallons)	7,671,000	7,695,000	8,605,000	7,466,000	7,048,000	6,305,000	7,169,000	8,620,000	8,620,000	6,756,000
Total Water Production (Gallons Pumped)	1,897,375,000	1,832,774,000	1,930,219,000	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
Total Water Consumption (Gallons Billable)	1,722,634,000	1,692,407,000	1,766,064,000	1,648,819,000	1,441,559,000	1,374,855,000	1,410,424,000	1,459,923,000	1,539,590,000	1,466,943,000
Average Day (Gallons Billable)	4,719,545	4,636,732	4,838,531	4,517,312	3,949,476	3,766,726	3,864,175	3,988,861	4,218,055	4,019,022
Number of Metered Customers	12,904	12,729	12,556	12,376	12,365	12,341	12,373	12,385	12,330	13,863
Number of New Connections	175	173	180	11	24	0	0	55	0	488
Wastewater Utility:										
Pumping Stations	44	44	42	45	41	40	40	40	42	42
Sanitary Sewer Mains (Miles)	195.31	192.41	191.00	191.00	191.00	187.59	186.87	186.87	185.00	185.00
Average Day (Gallons Pumped)	5,795,360	4,785,079	4,592,821	4,706,133	4,897,731	4,893,424	4,312,742	4,379,033	4,230,819	5,385,060
Wastewater Discharge (Gallons Pumped)	2,115,306,558	1,746,554,000	1,676,379,600	1,717,738,575	1,787,672,000	1,786,100,000	1,574,151,000	1,602,726,000	1,544,249,000	1,965,547,000
Wastewater Discharge (Gallons Billable)	1,244,808,000	1,224,105,000	1,274,087,000	1,258,961,000	1,264,140,000	1,246,804,000	1,242,238,000	1,316,656,000	1,303,587,000	1,328,195,000
Average Day (Gallons Billable)	3,410,433	3,353,712	3,490,649	3,449,208	3,463,397	3,415,901	3,403,392	3,607,277	3,571,471	3,638,890
Number of New Connections	185	169	179	0	22	0	5	55	0	488
Water Treatment Plant:										
Capacity	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD	4.6 MGD
Sales to Customers:										
Water Fees	\$5,682,005	\$5,584,474	\$5,776,109	\$5,457,061	\$4,889,046	\$4,459,808	\$4,551,840	\$4,707,918	\$4,945,385	\$4,274,966
Wastewater Fees	\$3,720,797	\$3,612,194	\$3,718,736	\$3,745,497	\$3,735,855	\$3,562,400	\$3,564,615	\$3,722,985	\$3,694,020	\$3,015,856
Wastewater Treatment Fees	\$2,902,852	\$2,813,867	\$2,912,660	\$2,936,831	\$2,952,857	\$2,930,333	\$2,926,616	\$3,050,127	\$3,058,656	\$3,100,547
Inflow & Infiltration Surcharge	\$1,858,169	\$1,800,156	\$1,863,151	\$1,878,057	\$1,831,784	\$1,316,209	\$1,314,033	\$1,290,968	\$1,171,376	\$0

Sources: Various City departments

* Newly added reporting

Table 23

City of Dover, Delaware
Summary of Insurance
As of June 30th, 2019

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
<u>Property</u>		
Blanket Building & Contents (Special Form, RC, Agreed Amount)	\$159,809,615	\$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	\$1,000,000	72 Hours
Business Income from Dependent Properties	\$250,000	\$25,000 Deductible
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 (\$18,000 item)	\$100,000	\$250 Deductible
Expediting Expenses	\$250,000	
Exhibitions (Property Damage)	\$50,000	
Extra Expense	\$25,000	
Fine Arts	\$250,000	
Fire Dept. Services Charge	Included	
Fire Protective Equipment Discharge	Included	
Fungus, Wet Rot, Bacteria	\$25,000	
Furs, Fur Garments	\$25,000	
Jewelry, Gold, Silver, Platinum	\$25,000	
Green Bldg Alternatives	1% / Max. \$100,000 each building	
Green Bldg Reengineering & Recertification	\$25,000	
Loss of Master Key	\$25,000	
Newly Acquired or Constructed		
-Buildings Each	\$2,000,000 each building	
-Personal Property at each loc.	\$1,000,000	
Non-Owned Detached Trailers	\$25,000	
Ord & Law Coverage A	\$250,000	
Ord & Law Coverage B	\$250,000	
Ord & Law Coverage D	Included up to Extra Expense Limit	
Outdoor Property	\$250,000	
Outside Signs –Described – Prem.	\$100,000	
Personal Effects	\$50,000	
Personal Property at Undescribed Premises	\$50,000	
Personal Property in Transit out of Coverage Territory	\$50,000	

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- Up to 25%	\$25,000
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
Utility Service Direct Damage	\$50,000
Confiscated Property	\$100,000
Street Lights – Each Item	\$2,500
Street Lights – Max Per Occur	\$50,000
Street Signs – Each Item	\$2,500
Street Signs – Max Per Occur	\$50,000
Traffic Signs and Lights –Each	\$2,500
Traffic Signs and Lights - Max Per Occur	\$50,000
Stadium Lights – Each Item	\$2,500
Stadium Lights – Max Per Occur	\$50,000
Spoilage Coverage Extension	\$50,000
Sewer or Drain Backup	\$250,000

Boiler & Machinery/Equipment Breakdown

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

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
Scheduled Items	\$84,285
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	
<u>Crime</u>		
Employee Theft per Loss	\$500,000	\$500 Deductible
Forgery or Alteration	\$100,000	\$1,000 Deductible
Inside the Premises –		
Theft of Money & Securities	\$100,000	\$500 Deductible
Robbery or Safe Burglary of Other Property	\$100,000	\$500 Deductible
Outside the Premises	\$100,000	\$500 Deductible
Computer Fraud	\$100,000	\$1,000 Deductible
Money Orders & Counterfeit Currency	\$100,000	\$1,000 Deductible

Faithful Performance of Duty Coverage Endorsement – Governmental Employees

Liability Coverage:

Commercial General Liability

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

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

\$300,000

Employee Benefit Plans Administration Liability - Claims Made

Retroactive Date: None		
Aggregate Limit	\$3,000,000	
Each Employee Limit	\$1,000,000	
Deductible- Each Employee		\$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	\$3,000,000
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)	\$1,000 Comp Ded/\$1,000 Collision Ded
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	\$500,000 excess of \$500,000
(Over Policy# 630OB165227)	

Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
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Umbrella Excess Liability Coverage:

Umbrella

General Aggregate Limit	\$6,000,000
Each Occurrence 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

Umbrella Underlying Policies:

General Liability	\$1,000,000
Employment Benefits	\$1,000,000
Auto Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Public Entity Management	\$1,000,000
Employment Practices Liability	
Employers Liability (Safety Nat'l)	\$1,000,000

Cyber Liability Coverage:

Cyber Liability – Claims Made

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:**

Pollution Liability

Each Pollution Event Limit	\$5,000,000
Aggregate Policy Limit	\$10,000,000
Crisis Management Expense Aggregate Limit	\$250,000
Green Mediation 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 Worker's Compensation
Coverage:**

Employers Liability Limit:	\$1,000,000
Specific Limit:	Statutory
Aggregate Excess Limit:	\$3,000,000
\$600,000 Retention (Police)	
\$500,000 Retention (All Other)	

Worker's Compensation-TPA Services

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

Travel Accident Policy

Principal Sum:	\$100,000	\$0 Deductible
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Covered Positions: The Mayor, HR Director, Police Chief, Police Major, Police Captains, IT Director, PW Director, Waste/Wastewater Manager, PW Operations Manager, Electric Director, Engineering and Systems 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 Worker's Compensation - State of Delaware

Limit:	\$750,000
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Bond – Public Officials Bond - Donna Mitchell – Treasurer

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

Limit:	\$100,000
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Bond- Public Officials Bond – Denise Devine – Asst. City Clerk

Limit:	\$100,000
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Bond- Public Officials Bond – Lori Peddicord – Controller

Limit:	\$100,000
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Bond- Public Officials Bond – Kimberly A. Cruz – Asst. Controller/Treasurer

Limit:	\$100,000
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Table 23 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS
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Power Plants – Property & Boiler and Machinery (2 policies 50/50)

Locations: McKee Run Generating Plant

VanSant Station

Policy #1

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

Coverages:

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

Table 21 - Continued

TYPE OF COVERAGE	PROTECTION LIMIT IN DOLLARS	
Unmanned Aircraft Policy:		
Limit of Liability- Each Occ.	\$1,000,000	
Medical Expenses	\$10,000	
Physical Damage- Scheduled Limit	Insured Value, Less Depreciation	
Newly Acquired Aircraft or Scheduled Aircraft Modified during Policy Period	\$10,000	
In Motion Deductible		5%
Not in Motion Deductible		5%
Spare Engine and Spare Parts`	\$1,000	5%

War, Hi-Jacking and Other Perils Exclusion cap \$300,000

Volunteer Special Accident:

Accidental Medical Expense Benefits:		
Maximum Benefits	\$15,000	
Deductible		\$100
Maximum Dental Limit	\$250	